

Annual Report

2012/13



HAMILTON'S 2012/13 ANNUAL REPORT

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from your **MAYOR AND** **CHIEF EXECUTIVE**



WELCOME TO HAMILTON CITY COUNCIL'S 2012/13 ANNUAL REPORT.

WE ARE PROUD TO PRESENT A SUCCESSFUL RESULT FOLLOWING SOME DIFFICULT DECISIONS AND DISCUSSIONS.

In a bid to trim our operating budgets we have had to review our services and our staffing numbers. Unfortunately this has meant a number of job losses across the organisation in the past year. It has also had an impact on some of the services we provide.

However, the Council has been very focussed on setting a strong foundation for the future and making sure we have our finances back on track, and that meant some sacrifices along the way.

In a nutshell we have done what we said we would do.

We are on track to meet our goal of balancing our budget by 2017 and we have kept rates at the level we said we would.

The Council's balanced budget result was \$4.5 million favourable. The main factor influencing this was development contributions. The impact of deferred capital expenditure and lower interest rates on our borrowings also contributed. Any additional revenue goes towards paying off debt.

The following table reconciles the movement between the reported surplus in the Statement of Comprehensive Income and the balanced budget result.

Operating Surplus (Deficit)	\$5.955m
Less Vested Assets	(\$8.400)m
Less Subsidy on the Ring Road	(\$5.000)m
Balanced Budget Surplus (Deficit)	(\$7.500)m

The balanced budget target for the year was a deficit of \$12.0m, therefore the result above reflected a \$4.5m favourable position.

We have been able to manage a number of unanticipated issues within existing budgets and still delivered a positive result.

Some of these unanticipated issues included reduced revenue in parking, theatres and libraries, the District Plan review, insurance savings on underground assets as well as restructuring costs and leaky buildings.

The Council's total overall debt target in 2012/13 was \$431m. We came in \$34.4m under it at \$396.6m. This needs to be tempered with the fact that a number of projects planned for the 2012/13 year were deferred thus affecting the timing of the spend.

As well as managing the financials we are also working with 10 councils from the greater Waikato to look at the potential for closer collaboration and greater efficiencies. The four areas we are looking at are: Spatial Planning, Three Waters, Economic Development and Rooding.

A very real example of successful collaboration was a joint approach to using our collective buying power to negotiate significant savings on insurance premiums. By working with other councils we managed to save nearly \$100,000 for Hamilton city alone.

Our signature event facility, Claudelands Event Centre made us proud this year receiving two accolades in the inaugural New Zealand Commercial Projects Awards taking gold in the Industrial Project category and silver in the Tourism and Leisure section. The Centre also brought in over \$2 million in revenue, 13.6 per cent up on the previous year.

Unexpected costs have arisen from erosion along the riverbank where a stretch of the walkway was severed by slips in 2011. The option for remedial work is expected to cost over \$2m and we have committed to making that happen whilst still keeping our debt within in our set limits.

Our process of selling assets has seen the Council disposing of a number of buildings including the YMCA and three lower standard pensioner housing complexes as well as three surplus land lots. Sales to support our debt reduction position will continue in the coming year.

We invested \$75m in capital projects in the past year including the Ring Road, Waikato Expressway, new roads in Rototuna, Rotokauri and Peacocke growth areas, purchasing land for future parks and open spaces and upgrades to the Wastewater Treatment Plant and our internal information technology systems.

2012/13 has also been a year of planning and reviewing our services. We have directed considerable efforts into making sure we are forward thinking and planning for the future needs of our growing city.

Prudent financial management and sticking to our plan means we are now well positioned for the future.

This could not have happened without the hard working team of staff and leadership of councillors who have had to make some tough decisions to work within the tight financial and resource constraints. Thank you to the team for your ongoing dedication and support.



Julie Hardaker
Mayor



Barry Harris
Chief Executive

“Prudent financial management and sticking to our plan means we are now well positioned for the future.”

YOUR COUNCIL



COUNCIL COMMITTEES

Finance and Monitoring Committee (monitors Council's budget and performance)

CHAIR – Dave Macpherson
DEPUTY – Gordon Chesterman

Operations and Activity Performance Committee (oversees activities Council is responsible for)

CHAIR – Martin Gallagher
DEPUTY – Angela O'Leary

Audit and Risk Committee (monitors audit processes, legal compliance and risk)

CHAIR – External Appointee

Strategy and Policy Committee (oversees Council's strategy and policy direction)

CHAIR – Maria Westphal
DEPUTY – Daphne Bell

Statutory Management Committee (oversees planning and regulatory matters)

CHAIR – John Gower
DEPUTY – Margaret Forsyth



Julie Hardaker - Mayor	021 284 8618	mayor@hcc.govt.nz
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OUR VISION FOR HAMILTON



Our vision is to be a **smart city**, in every way and in everything we do.

We are focusing on three outcomes for Hamilton – ensuring our economy is prosperous and innovative, that our city has outstanding leadership and that people love living here.

Everything the Council does is linked to this Vision and we're working with others in the city to achieve it.

We use a range of measures to track progress towards our Vision, from detailed service performance measures and financial reports, to economic monitoring and our independent Residents Survey.

During the year, the Council also agreed on action plans and progress indicators to support several of the city strategies.

The city strategies underpin the Vision, and were developed in collaboration with a range of agencies and organisations.

They cover the arts, sustainability, social well-being, economic development, sport and recreation, urban growth, transportation. A plan for the Waikato River is also underway.

The strategy action plans will be reported to the Council 6-monthly, more detail can be found at www.hamilton.co.nz/citystrategies.

As well as our detailed measures, we have selected the 12 headline indicators that give us a broad picture progress toward our vision. These indicators are drawn from existing monitoring that we have done throughout the year.

These are the outcomes and goals we are working towards:

Prosperous and Innovative

- Hamilton has a strong, productive economy and we build on our economic strengths.
- We have a thriving CBD.
- It's easy to do business here.
- Our city grows and prospers in a sustainable way.

Outstanding City Leadership

- Hamilton is led by effective, open and responsive governance.
- Council's finances are sustainable for the long term.
- We operate efficiently and provide exceptional service.
- The city takes a leadership role regionally and nationally.

People Love Living Here

- Hamilton embraces the Waikato River and it is the focal point of our city.
- We value, preserve and protect Hamilton's natural, green environment.
- Our city is attractive, well-designed and compact with outstanding architecture and distinctive public spaces.
- Our city is a fun place to live with a vibrant Arts scene.
- Hamilton is a safe city.
- It's easy to get around.
- We celebrate our people and many cultures.



Headline Indicators - How are we doing?

Is Hamilton's economy growing?

Hamilton's Gross Domestic Product:

Product: GDP is a measure of the size of the economy and its output.

2012: \$5.6 billion

2011: \$5.3 billion



Source: Infometrics Ltd

How many businesses are there in the city?

Number of businesses in Hamilton:

Measures the number of businesses or companies in the city's economy.

2012: 13,106

2011: 13,114



Source: Statistics New Zealand

How many jobs are there in the city?

Number of jobs: A measure of economic performance by counting number of people employed in the economy.

2012: 74,970

2011: 74,140



Source: Statistics New Zealand

Are people investing in city development?

Value of building consents:

Measure of growth and development in the city.

2013: \$280.0 billion

2012: \$276.8 billion



Source: Statistics New Zealand

How do residents rate the Council's performance?

Residents Survey:

Respondents' overall satisfaction with the performance of the Council.

2013: 72.2 (satisfaction score)

2012: 71.5 (satisfaction score)



Source: Independent Residents Survey

Are the Council's finances on track?

Balanced budget by 2017: A key measure of Council's financial sustainability.

2012/13 Result: -\$7.5m

2012/13 Target: -\$12m



Source: This Annual Report

Is city debt being managed responsibly?

Total overall debt: Capped at around \$440 million for 10 years (2012-22).

2012/13 Result: \$397m

2012/13 Target: \$431m



Source: This Annual Report

Did the Council stick to its rates commitment?

Total Rates Increase: No more than 3.8% each year to existing ratepayers for 10 years.

2012/13 Result: 3.8%

2012/13 Target: 3.8%



Source: This Annual Report

What do residents think of living in Hamilton?

Residents Survey:

Respondents' satisfaction with Hamilton as a place to live.

2013: 82.9 (satisfaction score)

2012: 83.4 (satisfaction score)



0.5

Source: Independent Residents Survey

Are people choosing to live here?

Population growth:

Population estimates that show Hamilton is a growing city.

2012: 148,200

2011: 145,600



Source: Statistics New Zealand

Is Hamilton an affordable place to live?

Housing affordability: Ratio between median house price and median annual household income.

2013: 4.29

2012: 4.54



-0.25

Sources: interest.co.nz, REINZ, Statistics New Zealand

Is cultural diversity respected and valued?

Survey respondents' agreement:

My neighbourhood is knowledgeable and shows respect for the many and diverse cultures of the people who live here.

2013: 71.0 (index score)

2012: 67.6 (index score)



3.4

Source: Regional Perceptions Survey

For more information about these indicators and the results, please contact the Council's Strategy and Research Unit.



REPORTING BACK

OUR 10-YEAR PLAN SETS OUT THE COUNCIL'S PROGRAMME FOR THE NEXT DECADE, HOW MUCH IT WILL COST AND WHAT WILL BE DELIVERED TO THE CITY.

We are reporting back to you on how we did against the first year of this plan.

The Council is working to a programme of sound financial management – spend less, make savings and manage the city's debt.

Our results for the year show that we are well on the way to achieving our financial goals.

97% of Residents Survey respondents who rated **HAMILTON GARDENS** were satisfied with this much loved city asset.



75% of Hamilton **PRIMARY SCHOOLS** now have an active school travel plan in place.



Finances On Track

The Council is working towards three financial goals:

1. Balancing the budget by 2017.
2. Keeping debt at around \$440 million for 10 years.
3. Providing certainty to ratepayers with a total rates rise of 3.8% each year to existing ratepayers for 10 years.

We met our targets for 2012/13:

1. We are on track to be 'in the black' by 2017, with a balanced budget result \$4.5 million ahead of target.
2. Total overall debt was \$397 million - \$43 million under the cap of \$440 million.
3. The total rates rise was held at 3.8% for existing ratepayers.

The Council is living within its means and delivering on its commitments.

We invested \$75 million in capital projects during 2012/13. Some of the major expenditure included:

- The Ring Road (\$18.4 million).
- Waikato Expressway – Te Rapa (\$1 million).
- Looking after the city's transport network assets (\$8.4 million).
- New roads in the Rototuna, Rotokauri and Peacocke growth areas (\$1.9 million).
- Looking after the city's water supply assets (\$2 million), wastewater assets (\$3 million) and stormwater assets (\$1 million).
- Purchasing land for future parks and open spaces (\$7 million).
- Looking after parks assets (\$1.1 million).
- Upgrading the Wastewater Treatment Plant (\$2.8 million).
- Upgrading the Council's IT systems (\$1.3 million).

Spending on a number of capital projects was deferred where they are dependent on developers or other parties or contract phasing to progress. These total \$24.2 million and are expected to be completed in the 2013/14 financial year.

The following pages provide more detail on our results against what we said we would do during 2012/13.

Balancing the Books

Since 2007/08 the Council has been running at a loss, which means spending more than it is earning and borrowing to pay the difference. To address this, our 2012-22 10-Year Plan includes the goal to balance the books by 2017.

Total rates increases of 3.8% per year to existing ratepayers for 10 years, combined with a programme of reduced spending will achieve this goal.

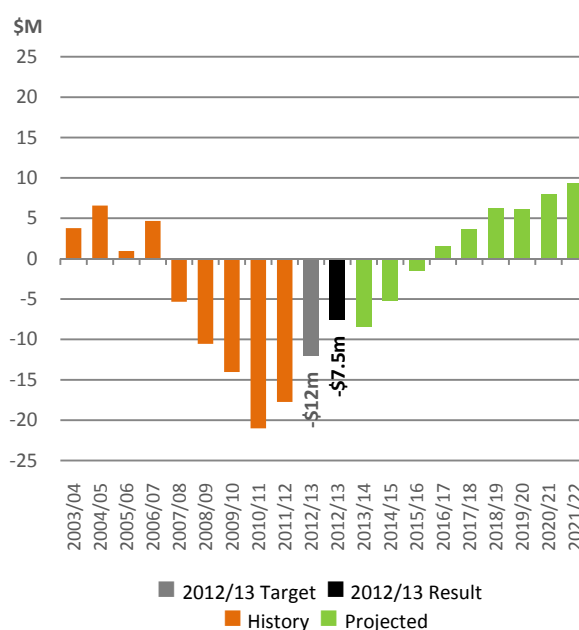
With the budget 'back in the black' the Council will be able to pay for new assets and upgrades without the same amount of borrowing, leaving a better legacy for future generations.

Our 2012/13 result was \$4.5 million ahead of budget. The main reasons for this are better than expected income from developer contributions and lower interest rates on our borrowing. Any additional income goes towards paying off debt.

We are taking a conservative approach to measuring our financial sustainability. In addition to our balanced budget measure, our financial statements report the Council's operating surplus. The difference is the operating surplus includes one-off income, such as subsidies for projects.

Our balanced budget measure excludes these one-off funds to reflect a more transparent financial position. We will return to an operating surplus by 2015, but we won't balance the budget until 2017.

Balanced Budget



Rates

The Council is balancing the city's long-term financial health with the need to keep rates to a minimum and important services maintained.

We also want to provide certainty to ratepayers about their rates bills.

To achieve this, the 2012-22 10-Year Plan increases the total rates collected from existing ratepayers by 3.8% each year.

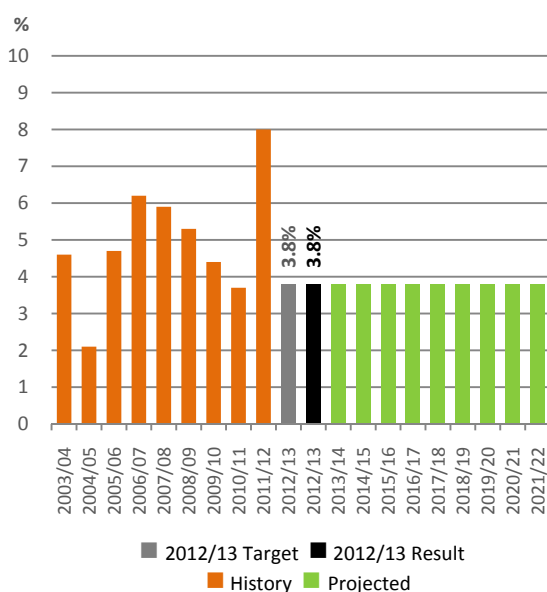
Setting rates at this level is an important part of improving the city's financial position.

To manage debt and balance the books, we need to reduce our reliance on borrowing and pay for more through rates.

As well as increasing rates, we will be saving over \$15 million each year from 2014/15 through service cuts, fee increases and reducing what it costs to run the Council organisation.

To achieve lower rates increases, more cuts to Council services would be needed.

Total Rates Increases to Existing Ratepayers



HAMILTON ZOO had **121,856** visitors during 2012/13.



Debt

Closely managing debt is a high priority and asset sales are also being considered to reduce the debt balance.

In past years the city has grown rapidly and the Council made significant investments in infrastructure, facilities and services. These were funded by borrowing, which means that debt rose to an unsustainable level.

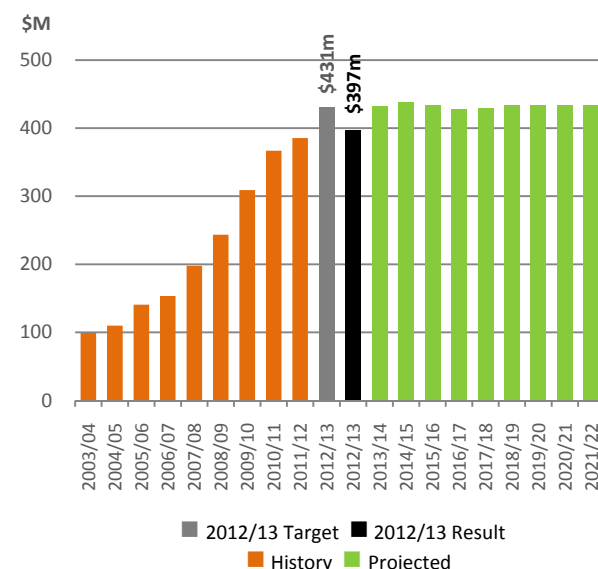
Our 2012-22 10-Year Plan capped total overall debt at about \$440 million for 10 years.

Our total overall debt was \$34 million less than what was budgeted for 2012/13 due to asset sales, additional income from developer contributions and deferred capital expenditure because of factors outside the Council's control.

In everyday dollars, this means we have borrowed about \$2.22 instead of \$2.50 for every dollar collected in rates, user charges and other income streams. By 2022 it is planned that the Council will have borrowed about \$1.80 for every dollar collected.

This will provide more capacity to borrow in the event of any unforeseen events. It also means that the Council will be in a better position in the future to consider investing in new city infrastructure when the time is right.

Total Overall Debt



We received **8,869** noise complaints and **97%** were responded to within 30 minutes.

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within 48 hours



Savings

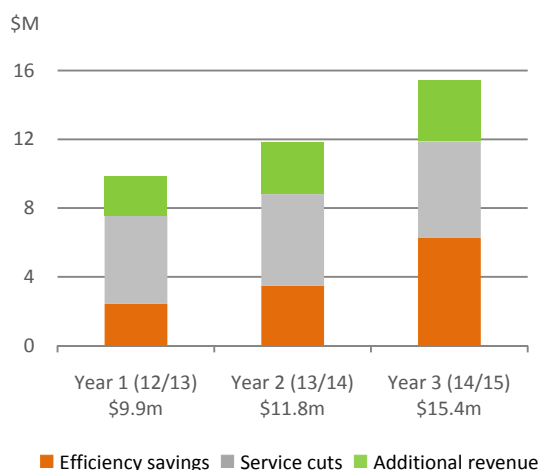
To live within our means and achieve our financial goals a range of measures were agreed through the 10-Year Plan. They included cuts to services, reducing what it costs to run the Council and increasing user pays in some areas.

You can read about these changes in detail in our 10-Year Plan document, which is on our website at www.hamilton.co.nz/10yearplan.

By 2015, and each year after that, we will have reduced what it costs to run the city by over \$15 million compared to 2011/12. The following graph shows how we are working towards this over three years.

We achieved our target of \$9.9 million savings in 2012/13. More information about cuts to services and revenue targets is included in the Service Performance section of this document.

Cumulative savings over three years



Claudeland Events Centre brought in just over **\$2 million** in revenue during 2012/13; **13.6%** more than 2011/12.

Over **18,000** people took part in **554 events and activities** at our libraries.



A Focus on Efficiency

To help the city become more financially sustainable, the Council organisation has also become leaner and is finding ways to be more efficient.

Of the \$15 million we will be saving each year by 2015, around \$6 million of this will be achieved through organisational efficiency savings. We met our target for 2012/13 with approximately \$2.4 million in efficiency savings.

A portion of this has been met by reducing staff numbers; several restructures took place throughout the organisation during the year.

Council departments are working to tight financial controls and we are also looking into other ways to reduce costs and provide services more efficiently.

Of note, we achieved significant savings in energy and insurance costs during the year.

By working with other councils in the region, we saved nearly \$100,000 per year in insurance costs for Hamilton city alone.

We have saved just under \$100,000 per year through energy efficiency initiatives in our buildings. Examples include changes to air-conditioning and lighting at Garden Place Library (\$40,800 saving) and adjusting fans in Garden Place underground car park (\$50,753 saving).

The Council has also recently signed off on a collaborative way of operating the city's transportation maintenance and renewal contracts.

The benefits of the collaborative model include greater efficiencies, improved value for money, joint planning, cost transparency, flexibility, shared responsibility and reduced overheads.

The new approach aligns with the focus on improved efficiency and effectiveness in core infrastructure being sought by local, regional and central government.

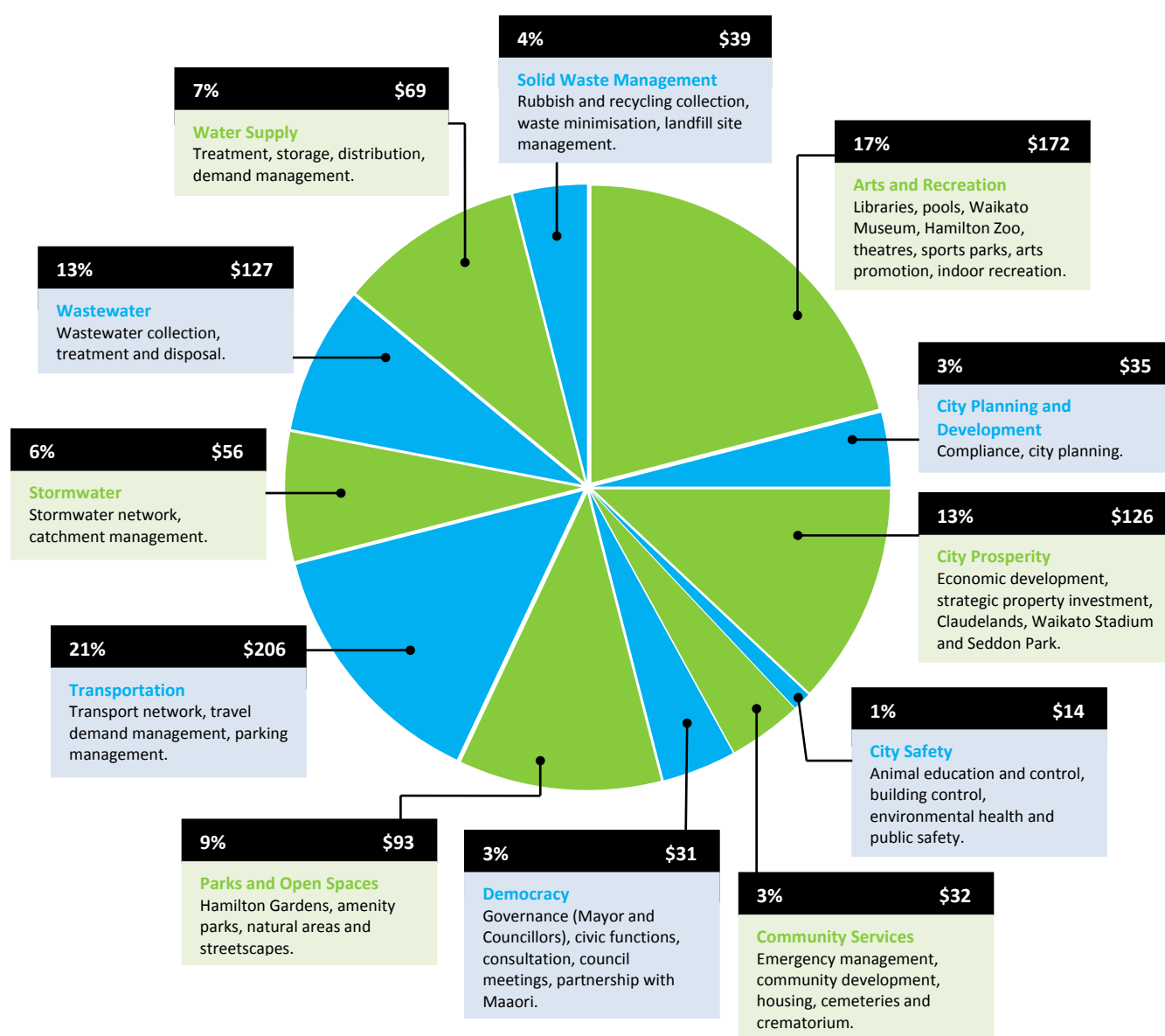
96% of **graffiti removal jobs** were completed within **two working days**.



HOW YOUR RATES WERE SPENT

The Council divides its business into 12 service groups. Each service group is funded by a combination of rates, user charges, loans and subsidies.

This graph shows the percentage of rates (commercial and residential) spent on each service group. The figures are for every \$1,000 of rates paid.



SERVICE PERFORMANCE

THIS PART OF THE
ANNUAL REPORT
COVERS COUNCIL
SERVICES.

HERE YOU CAN READ
ABOUT HOW WE
PERFORMED AGAINST
OUR SERVICE
COMMITMENTS FOR
2012/13.

- The performance measures and targets reported against in this section are from Year 1 (2012/13) of our 10-Year Plan: www.hamilton.co.nz/10YearPlan
- Some of the performance measures are from our Residents Survey, which is carried out by an independent survey company each year. The full survey is on our website at www.hamilton.co.nz/ResidentsSurvey
- Financial information for our services can be found in the finance section of this document - see pages 106 - 117.
- If you want to find out more about the Council's services, policies, projects and plans, there is a wealth of information on our website www.hamilton.co.nz

Our 10-Year Plan includes over 80 measures that we use to report back on our service performance.

This section includes our results, which are shown in **green (achieved)** and **red (not achieved)** so you can see at a glance how we did.

We have also included some updates throughout on key pieces of work and decisions made during the year.

You will see that a common theme is about planning for the future to ensure Council facilities and services continue to meet the needs of our growing city.

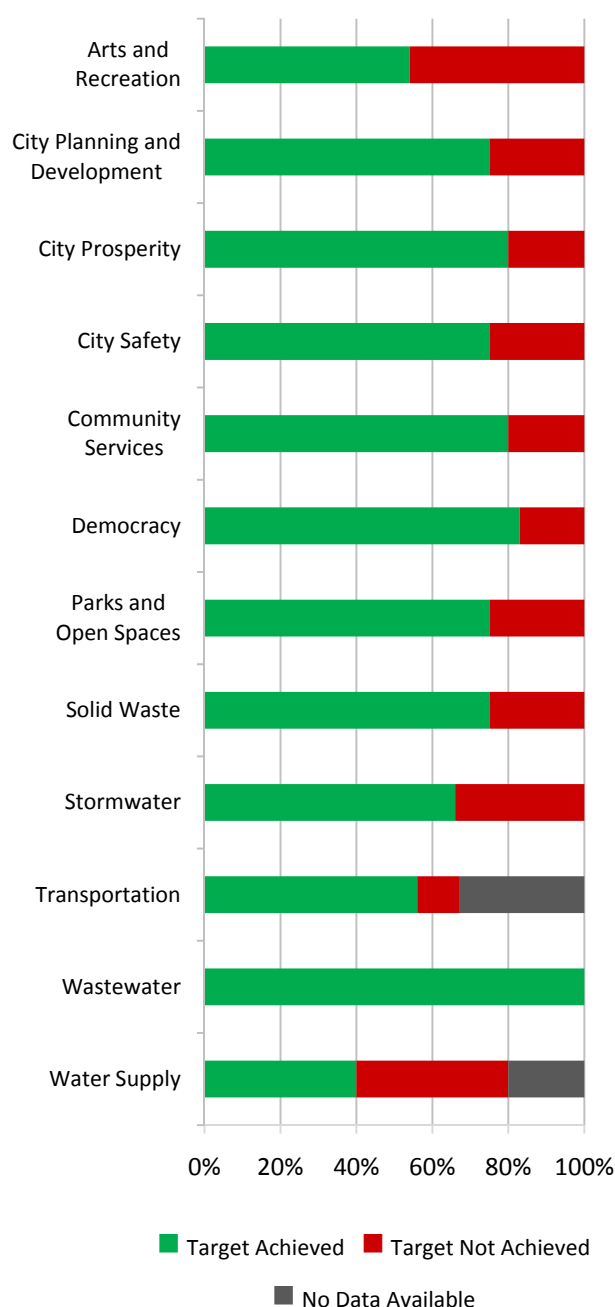


Performance Measures

The Council's business is divided into 12 service groups. Each service group has a set of performance measures.

This is a snapshot of our results, showing the percentage of targets achieved (green) and not achieved (red). It also shows where we do not have data available to report results (grey).

This colour coding is used throughout this section so you can see at a glance whether or not we have achieved our targets.



Living Within Our Means

A range of measures were agreed as part of our 2012-22 10-Year Plan to ensure the Council is living within its means and managing the city's finances responsibly.

This included increases to some user charges and cuts to some services. These changes are itemised in the Council Services section of our 10-Year Plan – www.hamilton.co.nz/10yearplan.

Overall the targeted savings were achieved, ensuring we are on track to have the city's books 'back in the black' by 2017.

USER CHARGES

The Council budgeted for approximately \$2.3 million in additional revenue in 2012/13 from the following services and facilities and our overall revenue budget was achieved.

- Hamilton Zoo admission fees.
- Overdue and reserved book fees at Hamilton libraries.
- Admission fees at pools.
- Building and planning fees.
- Dog registration fees.
- Building consent fees.
- LIM Report fees.
- Burial and crematorium fees.
- Pension housing rents.
- Parks fees and hire charges.
- Commercial water metering fees.
- New fees for roading and corridor access requests and traffic management plan applications.
- New fees for individual waste consents.
- New fees for wastewater tanker disposal.

A shortfall in libraries revenue means we did not achieve the expected additional revenue from overdue book and book reservation charges. The \$250,000 shortfall has been offset by savings in other areas.

It is expected that there will also be a shortfall in 2013/14 and the Council has addressed this by reducing the libraries' collection budget by \$250,000. This still leaves \$998,000 in the libraries' collection budget to purchase new items.

SERVICE REDUCTIONS

The Council budgeted for savings of approximately \$5.1 million from service cuts and overall these savings were achieved, ensuring good progress towards our balanced budget goal.

The service cuts included:

- Public Art Fund contribution stopped for three years, with existing reserve funds to be used in the interim.
- YMCA – funding discontinued and YMCA sites sold.
- Hamilton libraries – reduced book collection budget and opening hours reduced.
- Hamilton pools – winter opening hours reduced.
- Savings from the closure of the Municipal Pool.
- Waikato Museum – Museum Collection Reserve contribution stopped for three years, frequency of exhibitions reduced.
- Economic development and event sponsorship funding reduced.
- Noise control costs cut.
- Three pensioner housing complexes sold.
- Maintenance of street and park trees reduced and plantings halved.
- Cuts to public toilet cleaning, mowing frequencies, planting beds and rubbish bin removal.
- Frequency of open drain cleaning reduced.
- Frequency of mowing and maintenance of roadside areas reduced.
- Increased use of chip seal rather than asphalt.
- Street cleaning reduced, cleaning of suburban shopping centre footpaths stopped.
- State Highway berm cleaning reduced.
- Increased threshold for footpath repairs.
- After hours wastewater, water supply and stormwater services reduced.
- Community grants – funding reduced.

The savings target of \$145,000 for mowing and maintenance of roadside areas was not achieved - we achieved \$36,000 of the target.

Cutting back on planned maintenance resulted in an increase in reactive maintenance. The Council has approved \$150,000 for works to reduce maintenance levels in the long term.

MONITORING EFFECTS ON THE COMMUNITY

We have been monitoring the effects of service cuts and fee increases on the community. Spending cuts and fee increases were focused on areas with minimum possible impact on the community and the Council recognised that the changes would not please everyone.

Overall, there has not been widespread feedback to the changes and most concerns have been limited to pockets of the city or specific users.

We anticipated some dissatisfaction with changes, particularly as they were first implemented. The majority of feedback and complaints have been about changes that are most visible to residents, e.g. grass mowing, street cleaning, landscaping.

The Council had to make some tough decisions to achieve savings and is balancing its service levels with long term financial sustainability.

This is a summary of the areas we received the most feedback about during the year:

- Of the fee increases, increased library charges received the most resistance. Although only nine complaints were received, there was a shortfall in revenue of \$250,000. However a positive effect is that customers are returning their books on time to avoid overdue charges.
- Twelve complaints were made about library opening hours; all recorded in the first half of the year as library users adjusted to the new hours.
- Changes to pool opening hours generated complaints from some regular users; however staff have consulted with key stakeholders and swim clubs and have been able to accommodate their needs.
- Lane space at pools is also at a premium and the closure of the Municipal Pool placed more pressure on Waterworld and Gallagher Aquatic Centre. The Council continues to work with stakeholders on the future of the Municipal Pool.
- Complaints were received from some sports clubs about grass length on sports fields. The quality of playing surfaces has reduced this winter sports season due to the modified mowing regime, but also due to the effects of the summer drought.
- Submissions to our draft 2013/14 Annual Plan included some requests to reinstate community grants; however the Council

retained the existing funding envelope to ensure we meet our financial goals.

- A high number of queries and complaints have been received about street and park trees. Staff are making adjustments to the maintenance schedule to ensure more programmed and less reactive maintenance.
- Even with a reduced programme of street tree planting, positive feedback has been received after new trees were planted in areas of the city.
- Rubbish bins were removed at some locations, which generated some negative feedback at the start of the year as residents noticed initial changes. Staff will continue to monitor complaints and work with contractors to manage any issues that arise.
- Reduced mowing and maintenance of roadside areas has generated an increase in complaints (212 in 2011/12 and 314 in 2012/13). This was largely about weeds in roadside areas, and weeds that have died off and look unsightly after spraying. The Council has approved \$150,000 for works that will reduce the maintenance spend in the longer term.
- Through our 2013/14 Annual Plan, the Council decided to re-introduce a daytime litter collection for Garden Place and other areas in the CBD to keep these areas clean and tidy.
- Reduced street cleaning affected approximately 30 locations. Complaints have mainly been limited to Davies Corner, Five Cross Roads and Dinsdale shops. Council staff are working with shop owners to encourage community ownership.
- Some complaints have been received about litter on state highways. Staff have responded to incidents where there are safety concerns. The New Zealand Transport Agency also continues to maintain these roads to their standards.
- We have seen an increase in footpath complaints, which was anticipated as a result of the reduced maintenance threshold. However safety still remains a high priority for repairs.





Time out...

ARTS AND RECREATION

WHAT WE DO:

- ARTS PROMOTION
- HAMILTON ZOO
- INDOOR RECREATION
- LIBRARIES
- SPORTS PARKS
- SWIMMING FACILITIES
- THEATRES
- WAIKATO MUSEUM

We're involved in arts and recreation to support a fun and creative city with quality artistic and recreational experiences.



OUR SMART CITY VISION

ARTS AND RECREATION CONTRIBUTES TO THIS **OUTCOME** AND **GOAL**:

PEOPLE LOVE LIVING HERE

- Our city is a fun place to live with a vibrant Arts scene.

You can expect...

quality experiences for residents who use Council's arts and recreation facilities

MEASURE

The percentage of Residents Survey respondents who provide a rating, who are satisfied with the Council's arts and recreation facilities.

TARGETS AND RESULTS

	2012/13 Target	2012/13 Result	2011/12 Result
Hamilton Zoo	90%	93%	92%
Libraries:			
Garden Place	85%	95%	90% New measures
St Andrews	84%	98%	
Glenview	84%	95%	
Hillcrest	84%	93%	
Chartwell	84%	90%	
Dinsdale	84%	81%	
Swimming Facilities:			
Waterworld	75%	82%	82%
Gallagher	75%	72%	69%
Theatres:			
Founders	75%	71%	76%
Clarence St	65%	63%	68%
The Meteor	60%	58%	59%
Waikato Museum	80%	86%	85%
Outdoor Sports Areas	65%	77%	79%

WHAT THIS TELLS US

Our Residents Survey provides us with an indication of the satisfaction of residents who use these facilities.

The results for the theatres are below target. The Council is currently reviewing its theatres, to map out the city's long-term needs and to make sure its

performing arts facilities meet the standards of a modern city. You can find out more about this review on our website at www.hamilton.co.nz/theatresreview.

Satisfaction with Gallagher Aquatic Centre also came in slightly under target. The closure of the Municipal Pool has placed pressure on swimming lane space, and lack of car parking has also been an issue.

The car park has now been upgraded with additional spaces and accessibility for disabled patrons. Council is also continuing to work with stakeholder groups on the future of the Municipal Pools.

MEASURE

The number of visits to the Zoo, libraries, swimming facilities and the Museum each year.

TARGETS AND RESULTS

	2012/13 Target	2012/13 Result	2011/12 Result
Hamilton Zoo	120,000	121,856	123,240*
Libraries	1 million	1,062,541	1,165,343
Swimming Facilities	580,000	565,876	639,060 (includes Municipal Pool visits)
Waikato Museum	123,890	111,915	133,373

* This figure was reported incorrectly in the 2011/12 Annual Report as 151,751. An error was found in the data system which has since been fixed. This error had no impact on reported revenue.

WHAT THIS TELLS US

Visitor numbers are influenced by other factors such as economic conditions, but they are still a helpful indicator of the quality of our services.

Pool visits were low over the hotter than usual summer period. Anecdotal evidence indicates that families chose to go to the beach or engage in other outdoor activities.

Waikato Museum visitor numbers were down 5% on the target. The Planet Warriors exhibition was scheduled to open in Quarter 3, but was delayed to Quarter 4, which contributed to less visits.

Municipal Pools Update

The Municipal Pools have been closed since May 2012 because of a series of mechanical and structural issues which require major repair.

Since the closure, the Council has been in discussions with key stakeholders to see if the pools can be repaired, and what any repairs will cost.

The Council has been presented with a three-stage concept plan to refurbish the pools – including estimated costs.

Stage One of the plan includes:

- Demolition of a number of parts of the facility, including the existing large pool, which is considered beyond repair.
- The development of new changing rooms, office space, green space and relocation of the existing plant.
- The projected cost would be \$4.1 million plus GST.

Stage Two of the Concept Plan would see:

- Construction of a new 25-metre pool suitable for junior swimming education.
- Construction of a cafe or restaurant.
- A grandstand upgrade.
- This is expected to cost a further \$1.4 million plus GST.

Stage Three of the concept plan includes:

- Construction of new boutique office space next to the pools and the Celebrating Age Centre.
- This stage is estimated to cost \$1.3 million.

A final report will be presented to the Council in February 2014 as part of its 2014/15 Annual Plan process.

No decisions on any redevelopment will be made until the Regional Sports Facilities Plan is completed. The Council has also obtained legal advice that public consultation will be required on any plans for the future of the facility.

You can expect... facilities that support a range of activities and learning opportunities

MEASURE

The number of events and activities run by or hosted at the libraries, and the number of attendees.

TARGETS AND RESULTS

	2012/13 Target	2012/13 Result	2011/12 Result
Number of events and activities	At least 350	554	New measure
Number of attendees	At least 10,000	18,749	New measure

WHAT THIS TELLS US

The libraries provide and host a wide range of events and activities from playgroups and author evenings to book readings and creative writing workshops.

Events and activities for children are particularly popular. Playgroup sessions across the city attracted an average of 200 attendees weekly. 'Wriggle and Rhyme' sessions for caregivers and babies at Chartwell Library averaged 58 attendees weekly, and participation in Children's Day activities in Garden Place drew 1,600 attendees in one day.

The number of events and activities at libraries has grown substantially as a result of regular programmes such as Kootuitui community space in Garden Place Library.

MEASURE

The number of people participating in education programmes at the Zoo, swimming facilities and Waikato Museum.

TARGETS AND RESULTS

	2012/13 Target	2012/13 Result	2011/12 Result
Hamilton Zoo	8,000	8,380	7,358
Swimming Facilities	30,000	36,129	37,493
Waikato Museum	8,000	4,687	9,506

WHAT THIS TELLS US

The Zoo, swimming facilities and the Museum provide education programmes for schools students and the wider community.

Waikato Museum did not meet the target for 2012/13. The delayed opening of the Planet Warriors exhibition contributed to this, resulting in less education programmes and visits. Council staff will be working with schools and education funders to improve this result for future years.

MEASURE

The number of activities held at the theatres each year.

TARGET AND RESULTS

2012/13 Target	2012/13 Result	2011/12 Result
150 activities	144 activities	146 activities

WHAT THIS TELLS US

Activities include shows, conferences, seminars and social functions. The theatres are operating in difficult market conditions, so being within 4% of the target is still a positive result.

The Council's theatres are currently under review and you can find out more at www.hamilton.co.nz/theatresreview.



You can expect... widely accessible facilities

MEASURE

The percentage of Residents Survey respondents who provide a rating, who are satisfied with library opening hours.

TARGET AND RESULT

	2012/13 Target	2012/13 Result	2011/12 Result
Glenview	At least 75%	96%	New measure
Garden Place		92%	
Hillcrest		87%	
Chartwell		85%	
Dinsdale		74%	
St Andrews		74%	

WHAT THIS TELLS US

Library opening hours were reduced as part of the savings made through our 10-Year Plan. We have been monitoring the changes to make sure a good proportion of library customers are still happy with the opening hours.

Balancing these results with complaint data, there were only 12 complaints received during the financial year across all libraries about opening hours. These complaints were all recorded in the first half of the year and there were none subsequently.

MEASURE

The number of closures of sports grounds for club sport during a season.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
No more than six closures per sports ground during each six month season	No more than six closures for each ground	New measure

WHAT THIS TELLS US

This is a measure of whether our sports grounds are generally accessible for sports clubs.

There are 37 sports grounds used for club sport and throughout the year there were 14 closures due to wet weather, but no more than six for each ground. No competition games were cancelled

due to these closures; games were re allocated to other grounds.

A field within Porritt Stadium had the most closures, with five in total. Issues with water holding due to excessive worm activity and poa annua (a weed grass) made the playing surface unstable.

High rainfall over recent months following a record dry summer has impacted on the quality of some fields. Council staff are working with the sports clubs to monitor the grounds and any major works needed will be prioritised within the sports grounds assets budget over future years.

MEASURE

Zoo and pool entry charges as a percentage of the average charges for other similar New Zealand facilities.

TARGET

Child and adult entry charges to be within 20% of the average of other similar New Zealand zoos and swimming facilities.

RESULTS

	2012/13 Result	2011/12 Result	
Zoo:	94% of the average charge	New measure	
Child:			
Adult:	70% of the average charge	New measure	
Pools:	87% of the average charge		
Child:			
Adult:	98% of the average charge		

WHAT THIS TELLS US

Entry prices are set at a level that sustains patronage and does not compromise the quality of the experience provided.

The result for Hamilton Zoo adult charges did not meet the target due to changes in the zoos we benchmark against. In particular, the closure of Franklin Zoo.

However, underlying bottom line revenues for the Zoo were exceeded, as were average admission revenues.

Mapping out the City's Long-term Needs

Our 2012-22 10-Year Plan signalled that we would be carrying out strategic reviews of the city's arts and recreation facilities. These reviews will map out the city's long term needs and make sure our facilities meet the standards of a modern city. This is an update on progress during 2012/13.

Theatres

We want a city that is a fun place to live with a vibrant arts scene and our theatres make an important contribution to this goal.

As part of the theatres review process, an independent report was created to identify the issues facing our theatres and possible options for the future. This report was presented to the Mayor and Councillors at a Council workshop in February 2013 and was then open for public feedback.

The submission process encouraged open feedback on the report, and in particular sought feedback on the recommended option proposed in the report:

- Upgrade Founders Theatre.
- Sell Clarence Street Theatre.
- Have the Meteor run by the community.
- A reassessment of current fees and charges.

In total, 119 submissions were received. Very few submissions endorsed the status quo and most presented a strong desire for change. The Council will give further consideration to the future direction for theatres in September 2013.

Sports Facilities

We completed a winter sports fields review in May this year which told us:

- We have enough capacity for competition play for the three main sports – rugby, rugby league and football.
- There is insufficient capacity for training for both rugby league and football.
- There is a need to improve the quality of our existing fields.
- We potentially need to provide more fields by 2021 to accommodate predicted population growth.

The work will feed into a combined indoor, outdoor and aquatic plan for the city.

Work has just begun on the aquatic plan specifically looking at pool lane capacity and use of services.

A review of indoor sports facilities is also underway with an expected completion date of April 2014.

Hamilton Gardens

The Council has embarked on a review of the Management Plan and development of a Strategic Plan for Hamilton Gardens.

Because the Gardens are classified as reserve land, Council is obliged to have a Management Plan under the Reserves Act. The review process dovetails with development of a strategic plan for the Gardens.

A strategic plan is required for Hamilton Gardens to identify new revenue opportunities. It is planned to complete this by 2013/14, which will provide opportunities for increased revenue from year three of the 10-Year Plan.

Three visitor surveys on charging have been undertaken and the results reviewed by two consultants. A full background report has been prepared, workshops and open day held and a Council working party established to develop the plan.

A new plan for Hamilton Gardens is expected to be signed off in late February 2014.

Libraries

The Libraries Strategic will be a comprehensive document covering all aspects of the libraries' services and facilities.

It is expected to be underway soon after this year's election.

Looking good...

CITY PLANNING AND DEVELOPMENT



WHAT WE DO:

- CITY PLANNING
- PLANNING GUIDANCE AND COMPLIANCE

We're in the city planning business to protect Hamilton's unique environment and residents' quality of life as the city grows and develops.



OUR SMART CITY VISION

CITY PLANNING AND DEVELOPMENT CONTRIBUTES TO THESE **OUTCOMES** AND **GOALS**:

PROSPEROUS AND INNOVATIVE

- Our city grows and prospers in a sustainable way.
- It's easy to do business here.

PEOPLE LOVE LIVING HERE

- Our city is attractive, well-designed and compact with outstanding architecture and distinctive public spaces.

You can expect...
applications to be processed within agreed timeframes

MEASURE

The percentage of land use and subdivision consent applications processed within agreed timeframes.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
100%	98%	94%

WHAT THIS TELLS US

The Council has legal timeframes that applications must be processed within. We monitor these timeframes to make sure we are meeting and, where possible, exceeding our obligations.

During 2012/13 608 land use and subdivision consents were processed and 10 went over the statutory timeframe. This was due to resourcing issues earlier in the year and some teething problems with a new computer system.

You can expect... regular monitoring of land use consent conditions

MEASURE

The percentage of land use consents monitored.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
85%	100%	95%

MEASURE

The percentage of resource consents monitored that are meeting their conditions.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
80%	87%	80%

WHAT THIS TELLS US

A resource consent may have conditions that control the way an activity is carried out. These conditions are designed to maintain and protect the city's environment. The Council monitors these conditions to make sure they are carried out.

When consent conditions are not being met, staff will determine the appropriate response, which can range from a request to comply through to formal enforcement action.

A strong focus on consent monitoring during the year saw the targets for both of these measures exceeded.

Ruakura Development Plan Change Request

The Ruakura area was brought into Hamilton City in July 2011 to enable the orderly expansion of the city in the east. Ruakura has an area of 822 hectares, of which Tainui Group Holdings (TGH) and Chedworth Park Ltd (CPL) own approximately 500 hectares and 116 hectares respectively.

The Council rejected a private plan change in April this year from TGH that sought to lift prohibitions on development on Ruakura land inherited from Waikato District, in advance of already proposed change under the district plan review.

On 24 June TGH and CPL lodged an application with the Environmental Protection Agency (EPA) requesting a change to the operative Hamilton City District Plan for the Ruakura Inland Port project.

Acknowledging that the inland port is a project of national significance, the Council voted to support the EPA Board of Inquiry process.

The process will ensure the community and affected parties will have the opportunity to have their say. It will also enable the Council to make recommendations to the Board who will hear the application.

The Council noted that the EPA process will provide a quicker decision than the District Plan process would, with the added benefit of savings to the ratepayer by avoiding duplication of Environment Court processes and requirements for parties to be involved in a duplicated process.

On 12 July 2013 the Environmental Protection Agency provided a recommendation to the Minister for the Environment that the plan change is part of a proposal of national significance and should be directed to a board of inquiry.

For further information on the EPA process see www.epa.govt.nz/Resource-management/Ruakura

You can expect... a District Plan that will ensure quality development

MEASURE

The percentage of survey respondents who provide a rating agreeing they have pride in the city's look and feel.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2010/11 Result
60%	78%	60%*

* Quality of Life Survey 2010 -
www.qualityoflifeproject.govt.nz

WHAT THIS TELLS US

This is measured through the Council's independent Residents Survey. Four fifths of the respondents (78%) agreed they had pride in Hamilton's look and feel, including 22% who strongly agreed. Only eight respondents (1.5%) disagreed.

District Plan Review

The District Plan governs the way Hamilton looks and feels and sets the rules for future city development.

It also defines how and where the city grows and how its natural and physical resources are managed.

The Council is now several years into a review of its District Plan with hearings to be held in the coming months.

The proposed plan was formally notified in December 2012 and submissions ran from 10 December 2012 to March 2013. Nearly 1,300 submissions were received containing approximately 6,000 submission points.

Further submissions were then received from 31 May until 2 July 2013.

The submissions will be used to inform evidence for the Proposed District Plan hearings, which will be held from September through to December this year.

Council has appointed an independent Hearing Administrator to administer the hearings and schedule submitters who wish to speak in support of their submission.

From there, decisions will be released and there will be an appeal process before the District Plan is made operative.

You can find out more about the process and the submissions made on our website at www.hamilton.co.nz/districtplan.



Cashing in...

CITY PROSPERITY



WHAT WE DO:

- ECONOMIC DEVELOPMENT
- STRATEGIC PROPERTY INVESTMENT
- CLAUDELANDS
- WAIKATO STADIUM AND SEDDON PARK

We invest in the city's prosperity to support a strong, productive and sustainable local economy.



OUR SMART CITY VISION

CITY PROSPERITY CONTRIBUTES TO THESE **OUTCOMES** AND **GOALS**:

PROSPEROUS AND INNOVATIVE

- Hamilton has a strong, productive economy and we build on our economic strengths.
- We have a thriving CBD.
- It's easy to do business here.

You can expect...

an economic return to the city from events hosted at Council's event facilities

MEASURE

The percentage of people attending ticketed events who are from outside the city.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
60%	59%	New measure

MEASURE

The number of national and international events held at Claudelands, Waikato Stadium and Seddon Park.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
130 events	137 events	124 events

WHAT THIS TELLS US

Visitors to events from outside Hamilton bring an economic benefit to the city. Many stay in the city and buy other services while they are here, providing a flow-on of business.

The percentage of people attending ticketed events from outside the city was only 1% short of the target.

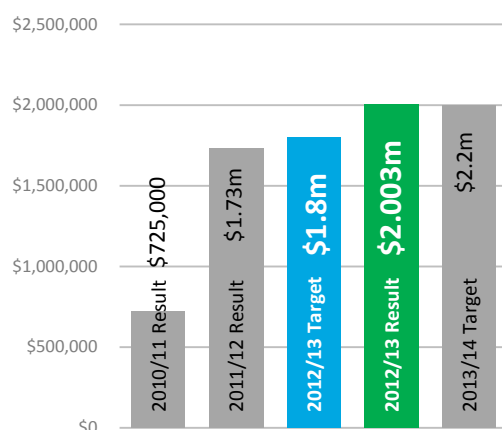
The result for national and international events, showing an increase on the previous year, is primarily due to new business generated at Claudelands Events Centre.

You can expect... the funding for Claudelands from rates to reduce over time

MEASURE

The net revenue received from users of Claudelands.

TARGET AND RESULTS



WHAT THIS TELLS US

Council is aiming for a steady growth in revenue from Claudelands, with more of the funding to come from users of the venue and less from rates.

The 2012/13 revenue target was exceeded by 10%, driven by a mix of achieving net revenue ahead of plan and containing costs across the business. Forward sales for 2013/14 suggest revenue for future years is also looking positive.

You can expect... a financial return from the Council's commercial property investments

MEASURE

The financial return on the Council's commercial property investments.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
8% return	9.04% return	7.49% return

WHAT THIS TELLS US

An 8% increase in net revenue and a 6% decrease in value of the portfolio's assets over the past financial year generated an increase in the overall return.

MEASURE

The percentage of Council's commercial and retail premises that are occupied.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
90%	97.6%	91.1%

WHAT THIS TELLS US

Keeping properties tenanted is key to ensuring we are achieving good financial returns on our commercial and retail property investments. There were minimal tenant vacancies within the portfolio during 2012/13.

Thriving and Prosperous City

Creating an environment that gives business certainty and confidence in investing is a key to the Council's Economic Development Agenda, which was signed-off in November 2012.

The Council sees its role as a facilitator rather than an investor, a co-ordinator rather than an enforcer and to ensure the right policies and plans are in place so doing business in Hamilton is easy.

The Council has identified eight priority areas it will focus on:

- Development of Hamilton's value proposition.
- Provision of key infrastructure and precincts.
- Policy setting.
- Development of a Strategic Investment Plan.
- Delivery of better services to the business community.
- Better collaboration with business on key strategies and economic growth plans.
- Development of a strategic direction for city events and support of city and regional visitor industry, especially event and business tourism.
- Development of a six month economic monitoring report.

You can find out more about this strategy at www.hamilton.co.nz/CityStrategies.

Protecting you...

CITY SAFETY



WHAT WE DO:

- ANIMAL EDUCATION AND CONTROL
- BUILDING CONTROL
- ENVIRONMENTAL HEALTH AND PUBLIC SAFETY

We provide these services to contribute to a safe community by minimising risks to public health and working with others to keep our city safe.



OUR SMART CITY VISION

CITY SAFETY CONTRIBUTES TO THIS **OUTCOME** AND **GOAL**:

PEOPLE LOVE LIVING HERE

- Hamilton is a safe city.

You can expect...

a reliable and timely response to requests for dog control

MEASURE

The percentage of urgent requests involving threats to public safety responded to within 60 minutes.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
95%	100%	100%

MEASURE

The percentage of routine requests for dog control issues responded to within 48 hours.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
90%	100%	100%

WHAT THIS TELLS US

A threat to public safety occurs when someone is intimidated or attacked by a dog. Routine requests for service don't pose an immediate threat to public safety, for example investigating an unregistered dog.

Council staff responded to 149 urgent and 5,852 routine requests for service during 2012/13. The most common reason people call us is to report dogs roaming in either public places or on private property that is not the dog's home.

You can expect... buildings granted consent to comply with construction standards

MEASURE

Maintain the Council's Building Consent Authority (BCA) Accreditation.

TARGET

Maintain our BCA accreditation.

RESULT

Reaccreditation was granted on 17 May 2013.

WHAT THIS TELLS US

Our BCA accreditation is assessed every two years. We cannot provide building control services without this accreditation, which is designed to improve building design, regulatory control and construction.

Accreditation involves an independent assessment by International Accreditation New Zealand (IANZ). The assessment looks at technical competencies, resources, equipment, procedures, systems and processes, and ensures construction standards are maintained.

You can expect... premises selling food and liquor to be regularly monitored

MEASURE

The percentage of premises selling food and liquor monitored annually.

TARGET AND RESULTS

	2012/13 Target	2012/13 Result	2011/12 Result
Premises selling food	100%	75%	84%
Premises selling liquor	100%	70%	84%

WHAT THIS TELLS US

These targets were not met due to resourcing issues earlier in the year. However, risk management strategies were put in place and all Food Control Plans were audited, 96% of high risk food premises were inspected and 100% of high risk premises selling liquor were inspected.

Due to changes in resourcing levels and the legislative environment, these targets have been varied for future years to focus on high risk premises.

Low risk food premises do not need to be inspected annually. This approach is consistent with the risk-based approach adopted in the national domestic food review.

Targeting high risk premises is also consistent with the new Sale and Supply of Liquor Act and the Council's compliance framework.

MEASURE

The percentage of food premise compliance issues resolved within agreed timeframes.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
100%	100%	100%

WHAT THIS TELLS US

If a food premise is not meeting hygiene standards, health officers will make sure action is taken to fix any problems. All compliance issues were resolved within agreed timeframes during 2012/13.

You can expect... a reliable and timely response to excessive noise complaints

MEASURE

The percentage of complaints about excessive noise responded to within 30 minutes.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
95%	97%	95%

WHAT THIS TELLS US

Excessive noise is defined as noise that disturbs someone's peace and comfort. Examples include a loud stereo or party, band practices, a loud alarm or machinery.

In 2012/13 there were 8,869 noise complaints, the most common reason being stereo noise from households.

You can expect...
activity in the CBD to be proactively monitored

MEASURE

The percentage of priority incidents in the CBD area detected and reported by CCTV cameras and City Safe Patrols.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
90%	93%	New measure

WHAT THIS TELLS US

The City Safe Patrols and the CCTV cameras are initiatives provided by the Council to increase people's sense of safety in the CBD.

Priority incidents are the incidents that are causing the main problems, e.g. disorderly behaviour, truancy or liquor ban breaches. These priorities can change over time depending on the needs of the CBD and information we receive from other city safety partners.

Local Alcohol Policy

The Sale and Supply of Alcohol Act 2012 allows territorial authorities to develop Local Alcohol Policies (LAPs).

A LAP is a set of decisions made by a territorial authority in consultation with its community about the sale and supply of alcohol in its geographical area.

Once a LAP is in place, licensing bodies will have to consider the policy when they make decisions on licence applications.

Council has been considering research and stakeholder feedback for the past 3 months and has agreed on some direction for a draft policy.

Restricting the location and trading hours of off-licenses have been the key focus of discussions around developing a LAP for Hamilton

A draft LAP will be presented to the new council after elections in October this year for adoption and to commence public consultation.



Supporting you...

COMMUNITY SERVICES



WHAT WE DO:

- CEMETERIES AND CREMATORIUM
- COMMUNITY DEVELOPMENT
- EMERGENCY MANAGEMENT
- HOUSING

We're involved in community services to support a strong, resilient and connected community.



OUR SMART CITY VISION

COMMUNITY SERVICES CONTRIBUTES TO THESE **OUTCOMES** AND **GOALS**:

PROSPEROUS AND INNOVATIVE

- Our city grows and prospers in a sustainable way.

PEOPLE LOVE LIVING HERE

- Hamilton is a safe city.
- We celebrate our people and many cultures.

You can expect...

professional and people-focused services

MEASURE

The percentage of key stakeholder survey respondents who provide a rating, who are satisfied with the services at Hamilton Park Cemetery.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011 Result
At least 90%	100%	100%

MEASURE

The percentage of housing tenant survey respondents who provide a rating, who are satisfied with Council's landlord service.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011 Result
At least 80%	91%	89%

MEASURE

The percentage of stakeholder survey respondents who provide a rating, who are satisfied with the Council's community development services.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011 Result
At least 85%	88%	95%

WHAT THIS TELLS US

Much of what we do in the community services area is about working with people. Having professional and people-focused services is very important. The results for 2012/13 indicate that key stakeholders are largely satisfied with the service they are receiving from us.

You can expect... the cost of housing to be recovered through rents

MEASURE

The percentage of annual costs of the housing activity recovered through rentals.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011 Result
98%	100%	92%

WHAT THIS TELLS US

Council decided through its 2012-22 10-Year Plan to bring rents in line with similar local government housing providers, while still keeping them affordable for tenants.

The result was slightly ahead of target for 2012/13, due to some additional savings from garden maintenance and an increase in occupancy of units.

WHAT THIS TELLS US

The 2012/3 result is much improved since the last time this was measured in 2010/11.

This measure involves an assessment against the obligations that councils have under the Civil Defence Emergency Management Act 2002. Our assessment was moderated by the Regional Emergency Management Advisor.

A strong focus on reviewing and establishing documented plans and procedures, and some restructuring of emergency management responsibilities for the Waikato region mean we exceeded our target.

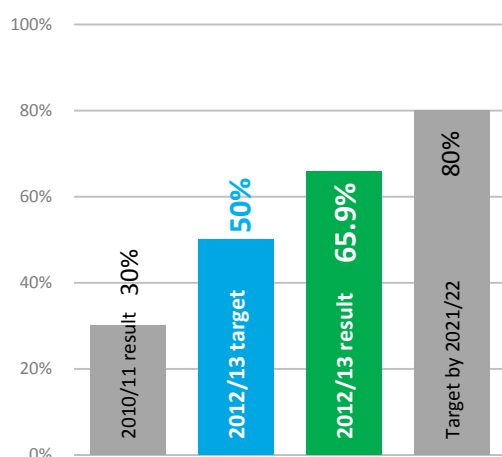
Our future focus will be working to integrate emergency management planning and resilience building into Hamilton communities.

You can expect... Council to always be ready for an emergency

MEASURE

The Ministry of Civil Defence's rating of Hamilton's overall capability for an emergency event.

TARGET AND RESULT



You can expect... Council to work together with others on community issues

MEASURE

The number of inter-agency groups facilitated by the Community Development Team and the total combined number of meetings these groups hold.

TARGET

10 inter-agency groups that meet at least 60 times each year.

RESULT

2012/13 Result	2011/12 Result
10 inter-agency groups met 65 times throughout the year.	11 interagency groups met 75 times throughout the year.

WHAT THIS TELLS US

This measure shows we are actively bringing together community organisations and government agencies in Hamilton on a regular basis to understand local community issues and work together efficiently. Due to budget cuts in this area, we coordinated fewer meetings than in 2011/12.

You can expect... community spaces to be well used

MEASURE

The percentage of bookable time that Enderley Community Centre, the Celebrating Age Centre and Fairfield Hall are used by the community.

TARGETS AND RESULTS

	2012/13 Target	2012/13 Result	2011/12 Result
Enderley Community Centre	90%	74%	90%
Celebrating Age Centre	90%	85.5%	80%
Fairfield Hall	60%	80%	60%

WHAT THIS TELLS US

This measure indicates our community facilities are meeting a need in the community and they are worth the investment from ratepayers.

The target for Fairfield Hall was exceeded. Occupancy improved due to changes in the interior that are attracting dance groups and fitness activities.

The results for Enderley Community Centre and the Celebrating Age Centre were below target.

Enderley Community Centre was impacted by the loss of OSCAR programmes and the youth programme in January 2013, taking away close to 90 participants per day. The Centre's activities are currently under review for future years.

Most of the bookings for the Celebrating Age Centre are during the day, so staff are working on promoting the venue for evening functions and events to maximise usage.



You can expect... a timely response to graffiti removal requests

MEASURE

The percentage of graffiti removal jobs completed within two working days.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
85%	96%	94%

WHAT THIS TELLS US

The Council provides a service where you can call and have graffiti removed from publicly visible sites. Fast removal of tagging is the key to remaining tag-free. Another excellent result was achieved in 2012/13 through a strong focus on exceptional customer service and ensuring good systems and processes are in place.

People Love Living Here

A multi-agency approach has been taken to ensure the success of Hamilton's Social Well-being Strategy, which was signed-off in November 2012.

The strategy, developed in partnership with 17 social development agencies, is designed to strengthen and support our community through strong leadership and direction.

The strategy identifies four priorities that respond to the needs, challenges and opportunities in our city. They are:

- Connecting our communities.
- Training our people for jobs.
- Accessible housing for all, and
- Our homes, our neighbourhoods and our city are safe places.

A Social Well-being Forum has been set up to provide strategic direction, develop action plans and co-ordinate new projects. Action plans will focus on Hamilton's youth, older adults and Maaori.

You can find out more about the strategy at www.hamilton.co.nz/CityStrategies.

Your representatives...

DEMOCRACY

WHAT WE DO:

Democracy is about providing Hamiltonians with excellent governance by offering sound leadership for the city and multiple opportunities for you to be involved in decisions the Council makes.



OUR SMART CITY VISION

DEMOCRACY CONTRIBUTES TO THESE **OUTCOMES** AND **GOALS**:

OUTSTANDING CITY LEADERSHIP

- The city is led by effective, open and responsive governance.
- The city takes a leadership role, regionally and nationally.



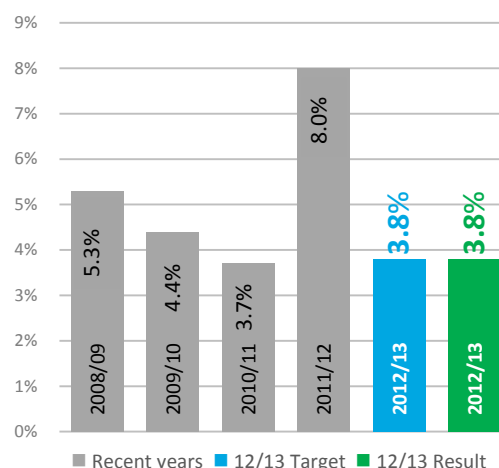
You can expect...

responsible management of the city's finances

MEASURE

The percentage that total rates increase to existing ratepayers each year.

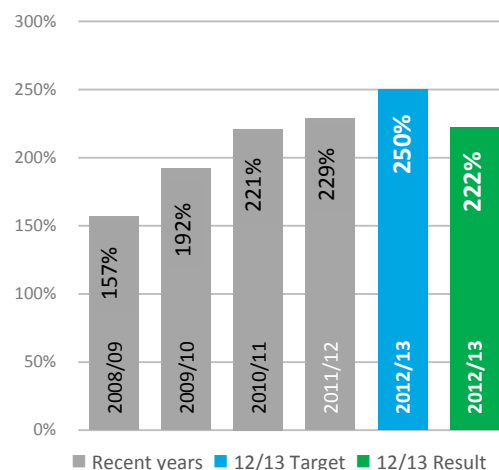
TARGET AND RESULT



MEASURE

The percentage by which the Council's total overall debt exceeds income.

TARGET AND RESULT



WHAT THIS TELLS US

The theme of Council's 2012-22 10-Year Plan is "living within our means". The Council's financial strategy is critical to achieving this goal.

Limits have been set for rates increases and debt levels to provide certainty to ratepayers over their rates bills, and to closely manage borrowing.

Council kept to its rates commitment in 2012/13 with a 3.8% rates increase.

Our total borrowing in 2012-13 was budgeted at \$431 million and result was \$397 million.

In everyday dollars, this means Council has borrowed about \$2.20 instead of \$2.50 for every dollar it collects in rates, user charges and other income streams.

You can expect... timely and open access to public information

MEASURE

The percentage of official information requests responded to within 20 working days.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
100%	95%	100%

WHAT THIS TELLS US

Five responses were completed late out of a total of 114 official information requests received in 2012/13. Council staff have put in place new monitoring processes that will reduce the chance of this happening in future.

MEASURE

The number of complaints about Council withholding information upheld by the Ombudsman.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
0 complaints upheld	0 complaints upheld	0 complaints upheld

WHAT THIS TELLS US

Three complaints were laid with the Ombudsman during 2012/13 but none were upheld.

MEASURE

The percentage of Residents Survey respondents who provide a rating, who are satisfied with the information the Council provides to the community about its services, facilities, projects and plans.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
At least 60%	64%	60%

WHAT THIS TELLS US

Providing information about what we do and what we are planning keeps people informed about the services and facilities the Council provides and provides opportunities to be involved.

The Council uses a wide range of communication tools to reach its numerous stakeholders, including the following key proactive tools.

City News is published fortnightly and is mailed to all Hamilton households and we produce a number of flyers during the year around key issues affecting ratepayers. This year we also produced a wrap around for City News regarding the development of a Management Plan for Hamilton Gardens which attracted over 400 pieces of feedback.

The Council has six Facebook pages and its two main pages 'Hamilton City' Council and 'Hamilton NZ' have nearly 16,000 likes. These pages also link to Twitter pages where we have nearly 4,000 followers.

In a move to be more accessible and transparent council also live feeds its six-weekly full council meetings onto the website.

A new initiative this year was City Bulletin which goes weekly to the media and key stakeholders updating them about what is coming up in the next week.

We will continue to look for these new ways to keep people up-to-date on what's happening in the city and at the Council.

You can expect... opportunities to be involved in decision-making processes

MEASURE

The percentage of Residents Survey respondents who provide a rating, who are satisfied with the opportunities the Council provides for community involvement in decision-making.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
At least 50%	51%	50%

WHAT THIS TELLS US

Council tries to ensure that the community has meaningful input into decision making on significant Council projects, processes and policy.

We met our target for the year, but will continue to seek residents' views on ways we can improve.



Maaori and Decision-making

The Council has partnerships with Maaori organisations which assist the Council in ensuring Hamilton is a city where people from different cultures work together and respect each other's views, heritage, culture and strengths.

We signalled in our 2012-22 10-Year Plan that we would carry out an independent review of Maaori partnerships and representation in 2012/13. The review was carried out by Price Waterhouse Coopers.

The review has resulted in the establishment of Maaori Relationship Advisor role within the Council.

The role is expected to support and advise the Council on issues related to Maaori as well as supporting the development of stronger relationships.

The review also confirmed that the types of relationships that Council has with urban Maaori organisation Te Runanga o Kirikiriroa and mana whenua groups are with the appropriate types of groups.

Implementing the Joint Management Agreement (JMA) with Waikato-Tainui is still in early stages and will continue in the coming year.

Sadly we lost our valued kaumatua Moko Hamiora who passed away last year, but have been fortunate to have the support of interim kaumatua Tame Pokaia.



The great outdoors...

PARKS AND OPEN SPACES

WHAT WE DO:

- AMENITY PARKS
- HAMILTON GARDENS
- NATURAL AREAS
- STREETSCAPES

We provide parks and open spaces to protect, restore and enhance Hamilton's beautiful green landscape, and to offer community spaces for leisure and recreation that everyone can enjoy.



OUR SMART CITY VISION

PARKS AND OPEN SPACES CONTRIBUTE TO THESE **OUTCOMES** AND **GOALS**:

PROSPEROUS AND INNOVATIVE

- Our city grows and prospers in a sustainable way.

PEOPLE LOVE LIVING HERE

- Hamilton embraces the Waikato River and is the focal point of our city.
- We value, preserve and protect Hamilton's natural green environment.
- Our city is attractive and well-designed with distinctive public spaces.
- Our city is a fun place to live.

You can expect...

well presented parks and streetscapes

MEASURE

The percentage of Residents Survey respondents who provide a rating, who are satisfied with parks and gardens in the city.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
At least 75%	85%	87%

WHAT THIS TELLS US

To help balance the Council's books, some cuts were made to the parks and open spaces maintenance budget as part of our 2012-22 10-Year Plan. Because of this, we anticipated an initial decline in residents' satisfaction.

Pleasingly, the Residents Survey result indicates overall satisfaction with the city's parks and gardens has remained high. The service cuts were focused on areas with minimum possible impact on the wider community.

You can expect...

playgrounds in areas of highest demand

MEASURE

The percentage of high demand areas in the city that have a playground.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
At least 97%	97%	97%

WHAT THIS TELLS US

High demand is defined by the Council's Playgrounds Policy. The current policy says that we will provide playgrounds where there are at least 250 children 14 years of age or under within a 500m radius of land with public access.

There are 69 high demand areas in the city. With the completion of Donny Park playground, 67 of the high demand areas have a playground, meeting the target of 97%.

Playgrounds are a valued city asset for many residents and a push for more and better equipped playgrounds around the city has seen a working group of Councillors and staff formed to review the issue.

The move came out of debate at the Council's Annual Plan deliberations in June, where an extra \$33,000 was earmarked for playgrounds, on top of the \$691,000 allocated for 2013/14 capital expenditure.

The working group will review the Playgrounds Policy and associated work programme and report back in September 2013.

**You can expect...
the city's public natural spaces
to be protected and gradually
restored**

MEASURE

The number of hectares planted annually in native vegetation.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
8.7 hectares	7.5 hectares	New measure

WHAT THIS TELLS US

Planting at Waiwhakareke Natural Heritage Park and infill planting around the city both contributed to the 2012/13 result.

An error was made when setting the target for this measure and it has also proven difficult to measure it accurately.

In our 2013/14 Annual Plan we changed this measure for future years.

In future we will measure the total number of native plants planted in natural areas each year. This is a more accurate indication of the Council's contribution to the restoration of Hamilton's natural environment.

River Walkway Repair

The Council decided in June this year to commit \$1.42 million to remediate a section of the Waikato River bank which subsided below the city's popular riverbank walkway.

Land below the walkway eroded in July 2011, forcing the closure of the walkway between London Street and Alma Street due to the risk of further slipping.

The Council will repair the slip on land it owns north of Claudelands Bridge.

This will reduce the length of walkway currently closed, and will require construction of a set of stairs connecting the walkway to Bryce Street. The diversion is reduced to approximately 200 metres.

Preventative work will also be done to ensure the strength of riverbanks surrounding the Claudelands Bridge abutments.

However, the Council chose not to commit ratepayer funds to the larger slip on land owned by Tanui Group Holdings. The cost for this work was estimated to be \$650,000.

Staff will continue discussions with Tainui with a view to a long-term solution being found, re-opening up the entire walkway.

The issue has highlighted the complexity of managing a public walkway which traverses land owned by a number of parties.

You can expect... A high standard of presentation at Hamilton Gardens

MEASURE

The percentage of Residents Survey respondents who provide a rating, who are satisfied with Hamilton Gardens.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
At least 95%	97%	96%

WHAT THIS TELLS US

Hamilton Gardens is a jewel of the city and the Council maintains the gardens to a high standard. This is reflected in our Residents Survey result.

The Council has embarked on a review of the Management Plan and development of a Strategic Plan for Hamilton Gardens. You can read about this along with the other strategic reviews in the Arts and Recreation section of this report.

Parks Plan under Development

How do we manage the city's parks and open spaces as Hamilton continues to grow?

That's one of the key themes of the Open Space Plan, an important piece of work which will set out the 50-year strategic direction for the city's green spaces.

A draft plan was developed during 2012/13 and the Council is currently refining it with input from the community with a view to formally adopting it in September 2013.

The Council owns and manages almost 1,200 hectares of open space across Hamilton, from sports fields to play areas, and from destination parks to restored gullies.

The plan establishes a vision for Hamilton's open spaces, presenting a series of goals, priorities and action plans to meet the needs of the city and its growing population. It is a vital piece of work which will shape management and development of Hamilton's parks and open spaces for decades to come.



Reduce, reuse, recycle...

SOLID WASTE



WHAT WE DO:

- RUBBISH COLLECTION
- WASTE MINIMISATION
- LANDFILL SITE MANAGEMENT

We’re in the waste management business to protect people’s health and our environment by minimising the production of waste and promoting recycling and reuse.



OUR SMART CITY VISION

SOLID WASTE CONTRIBUTES TO THESE **OUTCOMES** AND **GOALS**:

PROSPEROUS AND INNOVATIVE

- Our city grows and prospers in a sustainable way.

PEOPLE LOVE LIVING HERE

- We value, preserve and protect Hamilton’s natural green environment.
- Hamilton is a safe city.

You can expect...
a reliable refuse and recycling collection

MEASURE

The number of weeks with more than 20 complaints about uncollected household rubbish and recycling.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
0 weeks with more than 20 complaints	0 weeks with more than 20 complaints	0 weeks with more than 20 complaints

MEASURE

The percentage of customer complaints about uncollected rubbish and recycling resolved within 24 hours.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
95%	97%	99%

WHAT THIS TELLS US

Making sure our rubbish and recycling collection services are reliable is important. A reliable service stops refuse becoming a health risk and keeps the streets tidy.

The results show that we have exceeded our targets for both of these measures, indicating that reliable service is being provided and the Council is responsive to requests for service.

Horotiu Closed Landfill

The Council manages several closed landfill sites, including one at Horotiu, to prevent adverse effects on the environment and public health.

In 2011/12 the Horotiu closed landfill site received an overall compliance level of 'significant non-compliance'. This was primarily due to the leachate collection at the site.

The Waikato Regional Council issued a formal warning and letter of direction required Hamilton City Council to carry out remedial actions to ensure the site complies with resource consents.

Work completed during 2012/13 has seen the level of compliance improve. Better monitoring equipment has been installed at the site as well as new pumping equipment.

The Horotiu site achieved an overall level of 'partial compliance' with resource consents up to May 2013.

MEASURE

The percentage of waste recovered for recycling.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
34%	32%	New measure

WHAT THIS TELLS US

Over time, these measures will help to tell us how well our waste minimisation initiatives are working, but will need the community's buy-in and help to achieve the targets.

We met our target for the amount of waste being produced per residential property. Long term we are aiming to reduce this further, down to 500kg per residential property by 2021/22.

The percentage of waste recovered for recycling was below target. The Waste Services Review, discussed on this page, will include recommendations to increase recycling in the future.

You can expect... Council to promote and encourage recycling and reuse

MEASURE

The total volume of waste produced per residential property.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
600kg (incorrectly recorded in the 10-Year Plan as 60kg)	592 kg per residential property	600kg per residential property.

Waste Services Review

The Council has developed a Waste Minimisation and Management Plan and wants to be recognised as a national leader in waste minimisation.

The plan contains 46 action points to promote effective and efficient waste minimisation.

One of the high priorities is a Waste Services Review. This review will consider how we currently manage waste within the city and propose new ways to promote the diversion of recyclable materials from our black bags and other waste streams.

We have been working on this review during 2012/13 and recommendations are scheduled to be considered by the Council in 2014.

You can find out more about our Waste Minimisation and Management Plan at www.hamilton.co.nz/wasteminimisation.

Down the drain...

STORMWATER



WHAT WE DO:

- NETWORK MANAGEMENT
- CATCHMENT MANAGEMENT

Stormwater is the run-off of rain from surfaces like roads, buildings and car parks.

We're in the stormwater business to protect people and properties from flooding and to minimise the pollution of waterways.



OUR SMART CITY VISION

STORMWATER CONTRIBUTES TO THESE **OUTCOMES** AND **GOALS**:

PROSPEROUS AND INNOVATIVE

- Our city grows and prospers in a sustainable way.

PEOPLE LOVE LIVING HERE

- We value, preserve and protect Hamilton's natural green environment.
- Hamilton is a safe city.

You can expect...

an effective stormwater system that protects properties from flooding

MEASURE

The number of buildings flooded each year.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
Less than 5 buildings flooded	1 building flooded	New measure

MEASURE

The number of reported incidences of surface water flooding on private residential property that are due to network capacity or maintenance issues.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
Less than 6 reported instances	3 reported instances	New measure

WHAT THIS TELLS US

It is the Council's job to identify and manage flooding hazards within the city. Our piped stormwater network is designed and managed to prevent stormwater flooding on private residential property for a one in two year event. Stormwater from larger storm events is managed via overland flow paths which may be located on private property.

Damage to pipes from tree roots following last summer's drought resulted in surface water flooding events during 2012/13. In all instances the tree roots have been removed.

You can expect... Council to minimise the impact of stormwater on the city's waterways

MEASURE

The percentage of days tested where Council-managed stormwater discharges meet bathing water standards.

TARGET AND RESULTS

2012/13 Target	2012/13 Result	2011/12 Result
50%	14% (based on only 2 months of data)	New measure

WHAT THIS TELLS US

The Council has a resource consent requirement to avoid or minimise pollution in the city's waterways.

Implementation of the monitoring process for Council's Comprehensive Stormwater Consent was delayed, which means there is only two months of data available to report for 2012/13 – May and June.

Gathering longer term trend data and optimising the sampling/testing methodology for this measure will be required to establish reliable results.

Environmental factors, such as rainfall, can affect results. Both May and June were higher rainfall months.



Getting from A to B...

TRANSPORTATION

WHAT WE DO:

- TRANSPORT NETWORK
- TRAVEL DEMAND MANAGEMENT
- PARKING MANAGEMENT

We're in the transportation business to make Hamilton easy to get around by providing a safe, reliable and sustainable transport system that is accessible to everyone.



OUR SMART CITY VISION

TRANSPORTATION CONTRIBUTES TO THESE **OUTCOMES** AND **GOALS**:

PROSPEROUS AND INNOVATIVE

- Hamilton has a strong, productive economy and we build on our economic strengths.
- We have a thriving CBD.
- It's easy to do business here.
- Our city grows and prospers in a sustainable way.

PEOPLE LOVE LIVING HERE

- Hamilton is a safe city.
- It's easy to get around.

You can expect...

roads, cycleways and footpaths to be kept in good condition

MEASURE

The number of potholes, cycleway faults and footpath trip hazards identified each year.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
750	677	529

MEASURE

The number of complaints about the “look and feel” of the network, including cleanliness and landscaping.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
670	1,345 (see below)	1,200

WHAT THIS TELLS US

Quality checking of underlying data during the year identified an error with the data set used for the cleanliness and landscaping measure. This measure comprises two data sets – litter complaints and landscaping complaints. The data set used to set the target for litter complaints was incorrect.

Using the correct data, we received 989 litter complaints in 2011/12 and 1,014 in 2012/13, showing a minor change in complaints between these years.

The data set used for landscaping complaints was correct. This shows an increase in complaints since 2011/12, largely about weeds in roadside areas, and weeds that have died off and look unsightly after spraying.

An increase in complaints was expected as a result of the level of service cuts.

You can expect...

A transport network that is safe to use

MEASURES

- The number of injury crashes per 10,000 people in Hamilton compared to other major urban centres in New Zealand.
- The percentage of crash casualties in urban Hamilton that involve pedestrians, cyclists and motorcyclists compared to other major urban centres in New Zealand.

TARGET

5-year average results that are less than or equal to other major urban centres.

RESULT

No data available.

MEASURE

The percentage of injury crashes occurring when crossing/turning in urban Hamilton compared to other major urban centres in New Zealand

TARGET

To be less than or equal to other major urban centres by the end of 2021/22.

RESULT

No data available.

WHAT THIS TELLS US

These measures rely on data that was published for a number of years by the New Zealand Transport Agency (NZTA). The NZTA have recently stopped publishing this data and we are not able to replicate it.

Variations to these measures were approved by Council as part of the 2013/14 Annual Plan, which can be reported on by staff for future years.

The following provides the results for the new measures. The data is produced on a calendar year basis, so the latest results are for the year ending December 2012.

MEASURE

The number of fatal and serious injury crashes per 10,000 people in Hamilton.

TARGET AND RESULT

2012/13 Target	2008 – 2012 Result	2007 – 2011 Result
A steady or decreasing trend for the 5-year average results.	3.7	3.7

MEASURE

The percentage of fatal and serious casualties in urban Hamilton that involve pedestrians, cyclists and motorcyclists.

TARGET AND RESULT

2012/13 Target	2008 – 2012 Result	2007 – 2011 Result
A steady or decreasing trend for the 5-year average results.	52%	48%

MEASURE

The percentage of fatal and serious casualties occurring as a result of crossing/turning crashes in urban Hamilton.

TARGET AND RESULT

2012/13 Target	2008 – 2012 Result	2007 – 2011 Result
A steady or decreasing trend for the 5-year average results.	32%	31%

40-60-80 Vision

Council's 40-60-80 vision for speed limits is seen as a balance between road safety and economic productivity.

The changes are about giving drivers choices and giving communities safer streets. If people want to travel around the city faster there will be roads for them to take. But if they want to cut through suburbs they will need to go slower.

Some of the changes can seem complicated at the moment because we are in the middle of the change process. As we get closer to the ideal structure for the city limits will get increasingly clearer.

40km/h Safer Speed Areas are for local and collector roads designed for taking traffic from local residential properties to and from the arterial road network. The aim is to provide an environment where the local community feels safe to walk and cycle with their families.

60km/h minor arterial roads are designed for the movement of high volumes of traffic around the city. There's provision for cyclists either via marked on-road cycle lanes or shared paths with pedestrians.

60-80km/h major arterial roads are designed for the movement of high volumes of vehicles around and through the city. There are shared off-road facilities for cyclists and pedestrians. Pedestrian and cyclist facilities are separated at key crossing points. An example is Wairere Drive.

80km/h rural roads tend to have narrow carriageways and ditches for drainage. There is no lighting other than flag lights at intersections and generally no separate provision for pedestrians or cyclists. The majority of these roads had their limits reduced earlier this year.

You can expect... predictable motor vehicle travel times

MEASURE

The percentage of extra time taken to travel key routes in the city during peak travel times.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
50%	48%	48%

WHAT THIS TELLS US

This is a measure of how much longer it takes to get around the city in a motor vehicle during peak traffic. We carry out surveys where travel speed is measured in five key routes during May and November each year. Ring Road and Ruakura Road construction has resulted in some changes to the routes measured. The final result for 2012/13 is an average of the May and November results.

You can expect... enough car parks in the CBD for shoppers and people doing business

MEASURE

The percentage of on-street car parks that are full between 8am – 5pm on weekdays.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
Average of no more than 85%	47%	New measure

WHAT THIS TELLS US

Parking in the CBD needs to be managed to achieve a good balance so there is a reasonable chance of finding a park but not too many empty car parks.

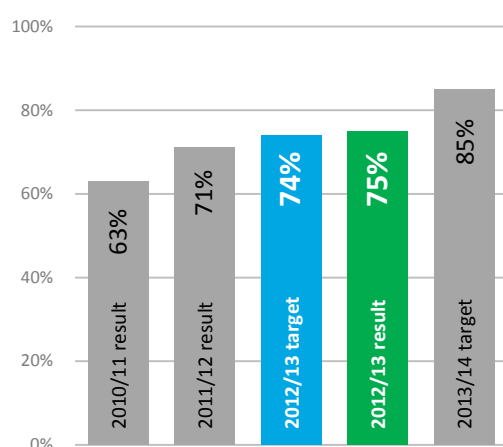
A new measurement method was introduced during the year, which uses a vehicle fitted with number plate recognition technology so we can measure length of stay.

You can expect... transport infrastructure and services that support sustainable travel choices

MEASURE

The percentage of Hamilton primary schools with active school travel plans.

TARGET AND RESULT



WHAT THIS TELLS US

We work with primary schools to develop plans that encourage children and parents to choose ways of getting to school that reduce traffic congestion. This includes walking school buses, cycling, bus, or carpooling.

We met our target for 2012/13 and over the next few years we are aiming to have active travel plans for all primary schools in the city.

MEASURE

The number of bus trips per capita.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
Between 30 and 35 trips per capita each year.	33 trips per capita	33.7 trips per capita

WHAT THIS TELLS US

The Waikato Regional Council runs the bus service, but Hamilton City Council has a substantial investment in bus infrastructure, such as bus stops

and shelters. This is an indicator of whether more people are choosing to travel by bus.

The target for the year was achieved, with results remaining steady compared to 2011/12.

Collaborative Approach to Roding

A more efficient and collaborative way of operating Hamilton city's transportation maintenance and renewal contracts, which is also considered industry best practice, is going ahead.

Downer NZ Ltd has been chosen as the preferred contractor to enter into negotiations towards a contract for a Collaborative Working Agreement (CWA) to lead maintenance and renewal work. Subject to details being sorted out and approved by the Council, the work will begin on 1 October 2013.

The new approach aligns with the focus on improved efficiency and effectiveness in core infrastructure being sought by local, regional and central government.

The benefits include greater efficiencies, improved value for money, joint planning, cost transparency, flexibility, shared responsibility and reduced overheads.

The activities covered by the contract will include: maintenance and renewal of road, footpath, street furniture and kerb and channel areas, road signs and line markings, and footpath and street cleaning.

Ten current Council contracts will be rolled into one under the CWA, with an emphasis on local supply chain, using small and medium-sized contractors. Up to 10 current Council staff will work collaboratively with Downer and their key support contractors under the new system.

Ring Road Enters Final Stage

Progress on the Ring Road around Hamilton has been significant during the past year with work completed on the four-laning of Wairere Drive and links to Ruakura Road. A key achievement has been the four-laning of Pukete Bridge.

The Access Hamilton project aims to improve traffic flows around the city. It is a joint venture, with the New Zealand Transport Agency (NZTA) paying \$46 million and Hamilton City \$38 million.

In December 2012 the Council agreed to enter into a funding agreement with the NZTA for the final Cambridge Road to Cobham Drive section, bringing its completion forward to 2014/15 instead of 2019/20.

As well as significant financial benefits for ratepayers the decision also benefits many road users who will experience better traffic flow as a result.

When the section to Cobham Drive is complete the city will have a major arterial road of 12.4km, with shared walkways and cycleways. It will be easier to get around the city, taking traffic out of residential areas and creating opportunities for walking, cycling and public transport.

Another key part of the project, the four-laning of Wairere Drive from River Road to Resolution Drive, is expected to get under way early this summer in order to take advantage of the drier weather when working through this gully section.

Residents can find out more about this project at www.hamilton.co.nz/AccessHamilton.



Going with the flow...

WASTEWATER



WHAT WE DO:

- WASTEWATER COLLECTION
- WASTEWATER TREATMENT AND DISPOSAL

We're in the wastewater business to provide our city with services that are reliable and which protect people's health and our waterways.



OUR SMART CITY VISION

WASTEWATER CONTRIBUTES TO THESE **OUTCOMES** AND **GOALS**:

PROSPEROUS AND INNOVATIVE

- Hamilton has a strong, productive economy and we build on our economic strengths.
- Our city grows and prospers in a sustainable way.

PEOPLE LOVE LIVING HERE

- We value, preserve and protect Hamilton's natural green environment.
- Hamilton is a safe city.

You can expect...
reliable wastewater services

MEASURE

The number of unplanned interruptions to service.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
No more than 500 unplanned interruptions.	410 unplanned interruptions.	New measure

WHAT THIS TELLS US

Interruptions to our wastewater service are caused by either a pipe failure or due to a blockage. Blockages can be caused by tree roots or material that should not be put into the wastewater system such as rags, nappies and disposable wipes. We did better than our target for 2012/13 due to less incidences of this type of material being put into the network.

MEASURE

The percentage of service interruptions to customers resolved within 8 hours.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
100%	100%	New measure

WHAT THIS TELLS US

This is a measure of how quickly interrupted services are restored, both for planned maintenance and unexpected problems.

In 2012/13 we experienced 410 faults in our network, which resulted in interruptions to the wastewater supply. All of these were responded to and resolved within 8 hours.

You can expect... risks to people's health and our waterways will be minimised

MEASURE

The number of wastewater overflows from pump stations and the treatment plant directly into streams and the Waikato River.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
110 overflows	76 overflows	57 overflows

WHAT THIS TELLS US

Wastewater system and pump station overflows continue to be an area of focus and we did better than our target for the year. In part this can be attributed to the dry weather, as the majority of overflows are triggered by rainfall events. However there has been significant preventative work completed in the network which has also contributed to the reduction.

Sixty-nine overflows occurred at pump stations and seven bypass events (partially treated wastewater) occurred at the Wastewater Treatment Plant.

In addition, restorative justice is also ongoing following a wastewater spill at the Wastewater Treatment Plant in July 2011. The sentence was passed down by the Court in December 2012, following Council's early guilty plea to the spill of 112 cubic metres of partially treated sewerage sludge.

Fencing and riparian planting improvements will be made alongside the Waikato River, downstream from the Treatment Plant.



MEASURE

The percentage of days tested where water discharged from the Wastewater Treatment Plant meets bathing water standards.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
60%	86%	New measure

WHAT THIS TELLS US

The Council has a resource consent that sets quality standards for the water we discharge from the Wastewater Treatment Plant into the Waikato River.

Bathing water standards are measured by the presence of E. coli, which is removed from wastewater by exposing it to UV light. By optimising our UV plant and managing the quality of wastewater entering the UV system we have increased our ability to meet bathing water standards.

New Wastewater Sludge Disposal Method

Wastewater sludge from Hamilton's 145,000 residents is no longer ending up in landfill.

In October 2012 the Council gave the green light to a new vermicomposting proposal, which will see more than 12,000 tonnes of sludge diverted away from landfill each year.

Instead of being transported to landfill at Hampton Downs, the new method sees the city's wastewater sludge sent to a vermicomposting operation at Tokoroa where it is mixed with paper pulp and laid in rows to break down and compost.

Worms introduced to the rows help break down the organic content, with the whole process taking around a year to complete. The end product, known as vermicast, can then be sold to farmers and forestry nurseries as fertiliser or soil conditioner.

A precious resource...

WATER SUPPLY



WHAT WE DO:

- WATER TREATMENT AND DISTRIBUTION
- WATER STORAGE
- WATER DEMAND MANAGEMENT

The Council treats, distributes and manages Hamilton's water supply.

We're in this business to provide Hamiltonians with a high quality, reliable and sustainable supply.



OUR SMART CITY VISION

WATER SUPPLY CONTRIBUTES TO THESE **OUTCOMES** AND **GOALS**:

PROSPEROUS AND INNOVATIVE

- Hamilton has a strong, productive economy and we build on our economic strengths.
- Our city grows and prospers in a sustainable way.

PEOPLE LOVE LIVING HERE

- We value, preserve and protect Hamilton's natural green environment.
- Hamilton is a safe city.

You can expect...
high quality water

MEASURE

Maintain the city's current high Ministry of Health water grade.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
Aa water grade	Aa water grade*	Aa water grade

WHAT THIS TELLS US

Water grades range from Aa to Ee. 'A' refers to the quality of the water treatment and 'a' refers to the quality of the pipe network. Aa graded water supplies are described by the Ministry of Health as "completely satisfactory with a low level of risk".

The Council maintains its water grade through regular monitoring and reporting which is approved by the District Health Board.

*Includes the Hamilton and Temple View Zones, which comprise the majority of the city. A boundary change means some new properties with ungraded supplies that were in Waikato District have now become part of the city.

FLUORIDE: Council held a tribunal style hearing in May/June 2013 to hear views from those for and those against water fluoridation. Fluoride was removed from the city's water supply on 21 June 2013 after a majority Council decision.

This decision was overturned when Council voted to hold a referendum on the issue in response to a petition signed by 2,700 eligible voters.

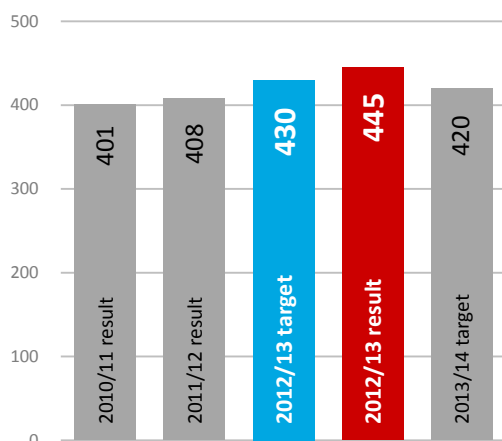
The costs of the referendum will be minimised by holding it in conjunction with the local body elections. A referendum will provide another opportunity for the public to participate in both the election and the fluoridation discussion.

You can expect... a reliable supply

MEASURE

The number of unplanned interruptions to service per year.

TARGET AND RESULT



WHAT THIS TELLS US

There were 445 unplanned interruptions to service in 2012/13. This was above our target of 430, due to an increase in third party damage to our network. Discussions with contractors are ongoing to reduce the number of strikes to our assets.

MEASURE

The percentage of service interruptions to customers resolved within 8 hours.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
100%	97%	100%

WHAT THIS TELLS US

This is a measure of how quickly interrupted services are restored, both for planned maintenance and unexpected problems.

In 2012/13 we experienced 445 faults in our network, which resulted in interruptions to the water supply. Thirteen of these interruptions exceeded the 8 hour resolution target.

You can expect... sustainable management of water resources`

MEASURE

The number of days each year the city's demand for water exceeds the amount the Council is allowed to take from the Waikato River.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
0 days	0 days	0 days

WHAT THIS TELLS US

We have a resource consent for the amount of water we can take from the river each day. This is an important measure of how well our water supply is being managed to ensure we have a secure long-term supply for the city.

The maximum amount the Council can take from the River in one day is 105,000 million litres. We complied with this in 2012/13; the most we took from the river in any one day was 90.6 million litres on 25 February 2013.

MEASURE

Litres of water lost in the network through leaks per connection, per day.

TARGET AND RESULT

2012/13 Target	2012/13 Result	2011/12 Result
Less than 140 litres.	No data available	New measure

WHAT THIS TELLS US

A 5-year programme of physical works to measure and reduce water loss is now underway. Thirty-three bulk meters have been installed in the city's water supply network. This work was delayed to coincide with work on the 3-waters model project, so results are not yet available.

The bulk meters have been installed throughout the city to narrow down where leaks are occurring so further investigation can be carried out. This information will then be used to optimise the Council's asset replacement programme.

The intensive programme of flow monitoring has commenced and results will be available from 2013/14.

Smart Water Use

The 2013 region-wide drought brought challenges to our water supply and serious restrictions to residential and commercial water use.

The city's water restrictions at Water Alert Level 1 came into effect on 27 November 2012 and increased to Water Alert Level 2 on 11 January 2013. A total sprinkler ban at Water Alert Level 3 came into effect on 27 February following a sustained increase in water use, lack of rainfall and forecasts of ongoing hot dry weather. Water restrictions were not lifted until May.

The city's residential, commercial and large water users all responded to the restrictions well, taking the water conservation message on board and using water wisely.

Hamilton City Council also played its part by not washing its fleet of vehicles and its buildings, turning fountains off and reducing the watering of gardens and parks.

A barge carrying pumps was also installed on the Waikato River near the Water Treatment Station in mid-April as the river level fell and fears grew it might drop below the plant's intake level unless rain came. While the rain did come, City Waters staff were able to fully test and modify the process, providing greater confidence in our contingency plans.

Looking ahead, it's important that we all understand that while we have a large river flowing through our city, water is a scarce and limited resource. As the city continues to grow, water availability and the need to conserve it are becoming more important.

Hamilton's water alert level system was developed as a collaborative effort between councils in the region. For more information on it visit www.hamilton.co.nz/smartwateruse



FINANCIAL STATEMENTS

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

		Council			Group	
	Note	Actual 2013	Budget 2013	Actual 2012	Actual 2013	Actual 2012
		\$000	\$000	\$000	\$000	\$000
Revenue						
Rates, excluding targeted water supply rates	2	121,374	120,964	116,426	121,374	116,426
Targeted rates for water supply		8,075	7,327	6,817	8,075	6,817
Revenue from activities	4	40,664	42,849	42,868	40,664	42,868
Subsidies and grants	5	13,510	3,181	32,681	13,510	32,681
Development and financial contributions		9,497	6,256	7,682	9,497	7,682
Other revenue	4	12,555	8,575	13,113	12,731	17,832
Operating revenue (excluding gains)		205,675	189,152	219,587	205,851	224,306
Expenditure						
Personnel costs	7	54,541	54,512	54,882	54,541	54,882
Depreciation and amortisation	21	54,464	56,388	53,789	54,464	53,789
Other expenses	8	67,171	61,422	80,225	67,219	80,244
Finance costs	9	23,544	23,734	23,001	23,544	23,001
Operating expenditure (excluding losses)		199,720	196,056	211,897	199,768	211,916
Operating surplus/(deficit) ¹		5,955	(6,904)	7,690	6,083	12,390
Gains	6	11,659	-	262	12,209	352
Losses	6	(12,351)	-	(17,915)	(12,351)	(17,954)
Share of associates' surplus/(deficit)	23	-	-	-	72	471
Surplus/(deficit) before tax		5,263	(6,904)	(9,963)	6,013	(4,741)
Income tax expense	10	-	-	-	-	-
Surplus/(deficit) after tax		5,263	(6,904)	(9,963)	6,013	(4,741)
Surplus/(deficit) attributable to:						
Hamilton City Council		5,263	(6,904)	(9,963)	6,013	(4,741)
Other comprehensive income						
(Loss)/gain on property revaluations	28	(97)	137,807	(362,216)	(97)	(362,216)
Share of associates' other comprehensive income	23	-	-	-	375	-
Total other comprehensive income		(97)	137,807	(362,216)	278	(362,216)
Total comprehensive income		5,166	130,903	(372,179)	6,291	(366,957)
Total comprehensive income attributable to:						
Hamilton City Council		5,166	130,903	(372,179)	6,291	(366,957)

Explanations of major variances against budget are provided in note 38.

¹ Surplus before gains & losses, share of associates' surplus and tax

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013

	Note	Council			Group	
		Actual 2013 \$000	Budget 2013 \$000	Actual 2012 \$000	Actual 2013 \$000	Actual 2012 \$000
Balance at 1 July		2,718,691	3,116,578	3,090,870	2,749,403	3,116,360
Total comprehensive income for the year		5,166	130,903	(372,179)	6,291	(366,957)
Balance at 30 June	28	2,723,857	3,247,481	2,718,691	2,755,694	2,749,403
<i>Total comprehensive income attributable to:</i>						
Hamilton City Council		5,166	130,903	(372,179)	6,291	(366,957)
Total comprehensive income		5,166	130,903	(372,179)	6,291	(366,957)

The accompanying notes from part of these financial statements.

Explanations of major variances against budget are provided in note 38.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

		Council			Group	
	Note	Actual 2013	Budget 2013	Actual 2012	Actual 2013	Actual 2012
		\$000	\$000	\$000	\$000	\$000
Assets						
Current assets						
Cash and cash equivalents	11	49,817	32,000	26,248	50,122	26,835
Debtors and other receivables	12	14,789	16,000	14,594	14,789	14,594
Prepayments		1,025	-	889	1,025	889
Inventory	13	180	500	325	180	325
Other financial assets	15	7,018	-	265	12,158	4,435
Total current assets		72,829	48,500	42,321	78,274	47,078
Non-current assets						
Property, plant and equipment	19	3,079,367	3,597,707	3,076,058	3,079,367	3,076,058
Intangible assets	20	10,676	9,266	8,826	10,676	8,826
Investment property	22	41,652	53,827	44,019	41,652	44,019
Investment in associates	23	13,430	13,430	13,430	39,839	39,392
Other financial assets	15	8,486	7,516	7,351	8,486	7,351
Investment in subsidiaries	16	1	1	1	-	-
Non-current assets held for sale	14	1,900	-	1,250	1,900	1,250
Total non-current assets		3,155,512	3,681,747	3,150,935	3,181,920	3,176,896
Total assets		3,228,341	3,730,247	3,193,256	3,260,194	3,223,974
Liabilities						
Current liabilities						
Creditors and other payables	24	27,185	17,000	24,959	27,201	24,965
Provisions	25	2,151	1,900	2,146	2,151	2,146
Employee entitlements	26	5,628	5,800	5,807	5,628	5,807
Borrowings	27	110,682	111,913	85,313	110,682	85,313
Derivative financial instruments	18	41	-	133	41	133
Total current liabilities		145,687	136,613	118,358	145,703	118,364
Non-current liabilities						
Provisions	25	8,298	8,900	8,164	8,298	8,164
Employee entitlements	26	1,177	1,800	1,771	1,177	1,771
Borrowings	27	328,199	335,453	313,582	328,199	313,582
Derivative financial instruments	18	21,123	-	32,690	21,123	32,690
Total non-current liabilities		358,797	346,153	356,207	358,797	356,207
Total liabilities		504,484	482,766	474,565	504,500	474,571
Net assets		2,723,857	3,247,481	2,718,691	2,755,694	2,749,403
Equity						
Accumulated funds	28	1,564,634	1,581,331	1,553,089	1,582,133	1,569,838
Other reserves	28	1,159,223	1,666,150	1,165,602	1,173,561	1,179,565
Total equity attributable to Hamilton City Council		2,723,857	3,247,481	2,718,691	2,755,694	2,749,403
Total equity		2,723,857	3,247,481	2,718,691	2,755,694	2,749,403

The accompanying notes form part of these financial statements.
 Explanations of major variances against budget are provided in note 38.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

Note	Council			Group	
	Actual 2013 \$000	Budget 2013 \$000	Actual 2012 \$000	Actual 2013 \$000	Actual 2012 \$000
Cash flows from operating activities					
Cash was provided from:					
Rates revenue	129,378	128,291	123,631	129,378	123,631
Fees, rents and charges	41,471	39,744	46,688	41,471	46,688
Government operating subsidies and grants	-	3,105	4,296	-	4,296
Government capital subsidies and grants	14,831	1,029	26,837	14,831	26,837
Other capital contributions	11,949	7,897	9,453	11,949	9,453
Interest received	964	275	1,541	1,083	1,571
Dividends received	207	-	414	264	432
Net goods and services tax received	-	-	754	-	754
Contribution from Waikato Foundation	-	-	-	-	4,671
Sundry revenue	-	400	-	-	-
	198,800	180,741	213,614	198,976	218,333
Cash was applied to:					
Salaries and wages	55,314	54,512	54,973	55,314	54,973
Payments for suppliers	73,604	61,728	76,318	73,642	76,329
Interest paid	22,765	23,734	22,950	22,765	22,950
Net goods and services tax paid	934	1,800	-	934	-
	152,617	141,774	154,241	152,655	154,252
Net cash flow from operating activities	29	46,183	59,373	46,321	64,081
Cash flows from investing activities					
Cash was provided from:					
Proceeds from loan repayments	419	-	934	419	934
Proceeds from sale of shares	134	-	671	134	671
Proceeds from sale of investment property	1,722	-	7,331	1,764	7,331
Proceeds from sale of property, plant and equipment	7,407	2,741	881	7,407	881
	9,682	2,741	9,817	9,724	9,817
Cash was applied to:					
Acquisition of investments	8,620	-	4,400	9,082	8,521
Purchase of investment property	127	-	388	127	388
Purchase of intangible assets	2,914	-	1,624	2,914	1,624
Purchase of property, plant and equipment	60,621	60,734	74,172	60,621	74,172
	72,282	60,734	80,584	72,744	84,705
Net cash flow from investing activities	(62,600)	(57,993)	(70,767)	(63,020)	(74,888)
Cash flows from financing activities					
Cash was provided from:					
Loans raised	63,584	40,319	30,898	63,584	30,898
Finance leases raised	354	-	372	354	372
	63,938	40,319	31,270	63,938	31,270
Cash was applied to:					
Loan repayments	23,084	19,646	23,898	23,084	23,898
Finance lease repayments	868	1,647	1,011	868	1,011
	23,952	21,293	24,909	23,952	24,909
Net cash flow from financing activities	39,986	19,026	6,361	39,986	6,361
Net increase/(decrease) in cash held	23,569	-	(5,033)	23,287	(4,446)
Opening cash and cash equivalents balance	26,248	32,000	31,281	26,835	31,281
Closing cash and cash equivalents balance	11	32,000	26,248	50,122	26,835

The accompanying notes form part of these financial statements.
 Explanations of major variances against budget are provided in note 38.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2013

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 Group consists of the ultimate parent, Council, and its subsidiaries, Hamilton Properties Ltd (100% owned) and Vibrant Hamilton Trust. The following associates Waikato Regional Airport Ltd and Hamilton Riverview Hotel Ltd are equity accounted.

The primary objective of the 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 public benefit entities as defined under New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of the Council and Group are for the year ended 30 June 2013. The financial statements were authorised for issue by Council on 26 September 2013.

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, which include the requirement to comply with generally accepted accounting practice in New Zealand (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 subsidiaries and associates is New Zealand dollars.

Changes in accounting policies

There have been no changes in accounting policies during the financial year.

Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted

Standards, amendments, and interpretations issued but not yet effective that 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 3 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 cost 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 financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/ deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Council is classified as a Tier 1 reporting entity and it will be required to apply the full Public Benefit Entity Accounting Standards. The effective date for the new standards for public sector entities is for reporting period beginning on or after 1 July 2014. Therefore, the Council will transition to the new standards in preparing its 30 June 2015 financial statements. The Council has not assessed the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial accounting requirements for public benefit entities up until the new Accounting Standards Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements are prepared adding together like items of assets, liabilities, equity, income, and expenses on a line-by-line basis. All significant intragroup balances, transactions, income, and expenses are eliminated on consolidation.

• Subsidiaries

The Council consolidates in the Group financial statements all entities where the Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the subsidiary. This power exists where the Council controls the majority voting power on the governing body or where such policies have been irreversibly pre-determined by the Council or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The consideration transferred in an acquisition of a subsidiary reflects the fair value of the assets transferred by the acquirer and liabilities incurred by the acquirer to the former owner.

The Council will recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. This difference reflects the goodwill to be recognised by the Council. If the consideration transferred is lower than the net fair value of the Council's interest in the identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in the surplus or deficit.

• Associates

The Council's associates are accounted for in the Group financial statements using the equity method. An associate is an entity over which the Council has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount in the group financial statements is increased or decreased to recognise the group's share of the surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment.

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

Where the group transacts with an associate, surpluses or deficits are eliminated to the extent of the group's interest in the associate.

Dilution gains or losses arising from investments in associates are recognised in the surplus or deficit.

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

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.

Revenue from water rates by meter 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

Revenue from traffic and parking infringements is recognised when the infringement notice is 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 contracts 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 and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies 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 the Council. Each asset type includes all items that are required for the network to function.

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

- **Additions**

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

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

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

- **Disposals**

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

- **Subsequent costs**

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

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

Revaluation

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

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive income and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then 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:

Buildings - Structure/ Fit out/Services	40-100 yrs	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 yrs	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%

The residual value and useful life of an asset is reviewed and adjusted if applicable at each financial year end. 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

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

These assets consist of investment properties owned by the Council, funded either from Corporate Funds, the Domain Endowment Fund or the Municipal Endowment Fund.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, all investment property is measured at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, 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 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 that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

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.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

Inventory

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.

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.

Impairment of a receivable is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidations, and default in payments are considered indicators that the debt 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. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

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.

Bank borrowings are shown within borrowings in current liabilities in the statement of financial position.

Other financial assets

Financial assets are initially recognised at fair value plus transactions costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Council and Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council and Group have transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purpose of measurement:

- Loans and receivables
- Fair value through surplus or deficit
- Held to maturity investment
- Fair value through other comprehensive income

The classification of a financial asset depends on the purpose for which the instrument was acquired.

• Loans and receivables

Loans and receivables are non-derivative financial assets (such as general or community loans, deposits and term deposits) with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12

months after the balance date, which are included in non-current assets.

They are measured at initial recognition, at fair value, and subsequently carried at amortised cost less impairment losses. Gains or losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

• Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated into a hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on remeasurement recognised in the surplus or deficit.

• Held-to-maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

• Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are those that are designated into this category at initial recognition or are not classified in any of other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date. The Council and Group includes in this category;

- Investments that it intends to hold long-term but which may be realised before maturity; and
- Shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive income, except for impairment losses, which are recognised in the surplus or deficit.

On derecognition the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

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

- **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.

Creditors and other payables

Short-term creditors and other payables are recorded at their face value.

Borrowings

Borrowings 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.

Borrowings are classified as current liabilities unless the Council or Group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Employee entitlements

Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent it will be used by staff to cover those future absences.

The provision for retirement gratuities has been calculated on an actuarial basis bringing to account what is likely to be payable in the future in respect of service that employees have accumulated up until twelve months after balance date.

Long-term employee entitlements

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

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

Presentation of employee entitlements

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

Superannuation schemes

Defined contribution schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

Derivative financial instruments

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.

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 finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no 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".

• Financial guarantee contracts

A financial guarantee contract is a contract that requires the Council or Group to make specified payments to reimburse the holder of the contract for loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value, even if a payment under the guarantee is not considered probable. If a financial guarantee contract was issued in a stand-alone arms length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, a liability is recognised based on the probability that the Council or Group will be required to reimburse a holder for a loss incurred discounted to the present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation.

However, if it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

Landfill post-closure costs

The Council has legal obligations under resource consent to provide ongoing maintenance and monitoring services at several of its landfill sites. 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 the 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.

Budget figures

The budget figures are those approved by the Council in its 2012-2022 Long Term 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.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions 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 of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Infrastructure assets**

Note 19 provides information about the estimates and assumptions applied in determining the fair value of infrastructure assets.

- **Landfill aftercare provision**

Note 25 provides information about the estimates and assumptions surrounding the landfill aftercare provision.

NOTE 2: RATES, EXCLUDING TARGETED WATER SUPPLY RATES

	Council		Group	
	2013	2012	2013	2012
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
General rates	115,009	114,036	115,009	114,036
Targeted rates attributable to activities:				
- Access Hamilton	5,006	1,202	5,006	1,202
- 100% non-rateable land	875	827	875	827
- 50% non-rateable land	113	103	113	103
- business improvement district	280	200	280	200
- rates penalties	740	737	740	737
Less rates charges to Council properties	(649)	(679)	(649)	(679)
Total rates, excluding targeted water supply rates	121,374	116,426	121,374	116,426

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other Local Authorities rate.

The annual rates income of the Council for the year ended 30 June 2013 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	Council	
	2013	2012
	<i>\$000</i>	<i>\$000</i>
Rates, excluding targeted water supply rates	121,374	116,426
Targeted water supply rates	8,075	6,817
Total annual rates income	129,449	123,243

Rates remissions

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.

	Council		Group	
	2013	2012	2013	2012
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Total gross rates, excluding targeted water supply rates	122,255	116,769	122,255	116,769
Rates remissions:				
- hardship	169	213	169	213
- special values	712	130	712	130
Total remissions	881	343	881	343
Rates (net of remissions), excluding targeted water supply rates	121,374	116,426	121,374	116,426

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 sewerage, water and refuse. The non-rating of non-rateable land does not constitute a remission under the Council's rates remission policy.

NOTE 3: RECLASSIFICATION**Reclassification**

The Council and Group have changed the presentation of items within revenue to comply with the new presentation requirements of the Local Government (Financial Reporting) Regulations 2011.

The effect of the changes to income are shown in the table below:

	Actual 2012		
	Before Reclassification	Reclassification	After Reclassification
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Council			
Income			
Rates	123,243	(123,243)	-
Rates, excluding targeted rates for water supply		116,426	116,426
Targeted rates for water supply		6,817	6,817
Revenue from activities		42,868	42,868
Development and financial contributions		7,682	7,682
Subsidies and grants		32,681	32,681
Other revenue	96,344	(83,231)	13,113
Total income	219,587	-	219,587
Group			
Income			
Rates	123,243	(123,243)	-
Rates, excluding targeted rates for water supply		116,426	116,426
Targeted rates for water supply		6,817	6,817
Revenue from activities		42,868	42,868
Development and financial contributions		7,682	7,682
Subsidies and grants		32,681	32,681
Other revenue	101,063	(83,231)	17,832
Total income	224,306	-	224,306

NOTE 4: OTHER REVENUE

	Council		Group	
	2013	2012	2013	2012
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Revenue by activity				
Arts and Recreation	6,413	6,748	6,413	6,748
City Planning and Development	1,285	953	1,285	953
City Prosperity	9,986	12,966	9,986	12,966
City Safety	7,604	5,872	7,604	5,872
Community Services	3,667	3,718	3,667	3,718
Democracy	26	23	26	23
Parks and Open Spaces	970	1,049	970	1,049
Solid Waste	309	332	309	332
Stormwater	21	52	21	52
Transportation	7,737	8,514	7,737	8,514
Wastewater	4,317	3,579	4,317	3,579
Water Supply	226	583	226	583
	42,561	44,389	42,561	44,389
Less internal revenue	(1,897)	(1,521)	(1,897)	(1,521)
	40,664	42,868	40,664	42,868

Revenue items included in the revenue by activity are noted below:

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
User charges	23,102	20,927	23,102	20,927
Infringements and fines	2,512	2,813	2,512	2,813
Rental income from investment properties	3,661	3,607	3,661	3,607
Other rental income	3,206	3,382	3,206	3,382
Internal revenue	1,897	1,521	1,897	1,521
Other	8,183	12,139	8,183	12,139
	42,561	44,389	42,561	44,389
Other revenue				
Vested assets	8,418	8,999	8,418	8,999
Dividends	207	207	264	225
Investment income	1,058	1,688	1,177	1,718
Contribution Waikato Foundation Trust	-	-	-	4,671
Other contributions	2,452	1,771	2,452	1,771
Other sundry revenue	420	448	420	448
Total other revenue	12,555	13,113	12,731	17,832

NOTE 5: SUBSIDIES AND GRANTS

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
New Zealand Transport Rooding subsidies	13,510	32,556	13,510	32,556
Other grants	-	125	-	125
Total subsidies and grants	13,510	32,681	13,510	32,681

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2012 nil).

NOTE 6: GAINS/(LOSSES)

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Gains				
Investment property revaluation gain	-	262	-	262
Unrealised gain on revaluation of interest rate swaps (note 18)	11,659	-	11,970	90
Realised gain on change in fair value of other financial assets	-	-	239	-
Total gains	11,659	262	12,209	352
Losses				
Property, plant, and equipment loss on disposal	(11,640)	(2,808)	(11,640)	(2,808)
Investment property revaluation loss (note 22)	(711)	-	(711)	-
Unrealised loss on revaluation of interest rate swaps (note 18)	-	(15,107)	-	(15,107)
Realised loss on change in fair value of other financial assets	-	-	-	(39)
Total losses	(12,351)	(17,915)	(12,351)	(17,954)
Total net gains/(losses)	(692)	(17,653)	(142)	(17,602)

NOTE 7: PERSONNEL COSTS

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Salaries and wages	54,695	54,533	54,695	54,533
Defined contribution plan employer contributions *	619	580	619	580
Increase/(decrease) in employee entitlements	(773)	(231)	(773)	(231)
Total employee benefit expenses	54,541	54,882	54,541	54,882

*Employer contributions to defined contribution plans include contributions to Kiwisaver.

NOTE 8: OTHER EXPENSES

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Arts and Recreation	32,330	35,559	32,330	35,559
City Planning and Development	5,771	5,282	5,771	5,282
City Prosperity	28,402	32,359	28,402	32,359
City Safety	9,847	9,539	9,847	9,539
Community Services	8,265	9,249	8,265	9,249
Democracy	4,758	6,659	4,758	6,659
Parks and Open Spaces	15,229	15,387	15,229	15,387
Solid Waste	6,203	6,929	6,203	6,929
Stormwater	9,265	9,544	9,265	9,544
Transportation	48,073	45,740	48,073	45,740
Wastewater	25,469	23,414	25,469	23,414
Water Supply	20,081	17,930	20,081	17,930
	213,693	217,591	213,693	217,591
Less: internal expenses	(1,897)	(1,521)	(1,897)	(1,521)
Less: rates charged to Council properties	(649)	(679)	(649)	(679)
Less: (loss)/gain on disposal of property, plant and equipment	(11,640)	(2,808)	(11,640)	(2,808)
	199,507	212,583	199,507	212,583
Impairment of other financial assets (note 15)	179	134	179	134
Sundry expenditure	34	31	82	50
	199,720	212,748	199,768	212,767
Less: personnel costs (note 7)	(54,541)	(54,882)	(54,541)	(54,882)
Less: depreciation and amortisation (note 21)	(54,464)	(53,789)	(54,464)	(53,789)
Less: finance costs (note 9)	(23,544)	(23,852)	(23,544)	(23,852)
Total other expenses	67,171	80,225	67,219	80,244

Items included in other expenses are noted below:

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Fees to principal auditor:				
Audit fees for annual report	194	187	202	195
Audit fees for 2012-22 10-Year Plan	-	108	-	108
Fees for assurance services*	43	59	43	59
ACC partnership programme	396	524	396	524
Inventories	428	487	428	487
Impairment of property, plant and equipment	74	4,337	74	4,337
Impairment of other financial assets (note 15)	179	134	179	134
Minimum lease payments under operating leases	636	753	636	753
Insurance premiums	1,441	1,312	1,441	1,312
Other operating expenses	63,780	72,324	63,820	72,335
Total other expenses	67,171	80,225	67,219	80,244

* The fees paid to Audit New Zealand in 2013 for assurance services were for a quality assurance service in relation to Project Phoenix and to provide probity assurance services over the procurement of a Transportation Corridor Maintenance Contract. In 2012 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.

NOTE 9: FINANCE COSTS

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Interest expense				
Interest on bank borrowings	22,867	23,166	22,867	23,166
Interest on finance leases	54	99	54	99
Provisions - discount unwinding (note 25)	623	587	623	587
Total interest expense	23,544	23,852	23,544	23,852
Fair value losses/(gains)				
Fair value adjustment for bond borrowings	-	(851)	-	(851)
Total fair value losses/(gains)	-	(851)	-	(851)
Total finance costs	23,544	23,001	23,544	23,001

NOTE 10: TAX

Components of Tax Expense	Council		Group	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Current tax expense	-	-	-	-
Deferred tax expense	-	-	-	-
Tax expense	-	-	-	-
Relationship between tax expense and accounting profit				
Surplus/(deficit) before tax	5,263	(9,963)	6,013	(4,741)
Tax at 28% (2012 28%)	1,474	(2,790)	1,684	(1,327)
Effect of tax exempt income	(1,476)	2,789	(1,635)	1,459
Taxation loss not recognised	2	1	2	1
Equity accounted earnings of associates	-	-	(20)	(116)
Deferred tax adjustment	-	-	(31)	(17)
Tax expense	-	-	-	-

Income tax recognised directly in equity

The amount of current and deferred tax charged or credited to equity during the period was \$nil (2012 \$nil).

Unrecognised deferred tax liabilities

As at 30 June 2013 Council had an unrecognised deferred tax liability of \$nil (2012 \$nil).

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Council		Group	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Tax losses - Council	33	33	33	33
Tax losses - Hamilton Properties Limited	-	-	134	134
	33	33	167	167

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/(liabilities) during the year	Tax Losses	
	2013	2012
	\$'000	\$'000
Balance as at 1 July	167	178
Additions/(reductions) during the year	-	(11)
Recognised during the year	-	-
Balance at 30 June	167	167
Additions/(reductions) during the year	2	-
Recognised during the year	-	-
Balance at 30 June	169	167

NOTE 11: CASH AND CASH EQUIVALENTS

	Council		Group	
	2013	2012	2013	2012
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Cash at bank and on hand	882	833	1,187	1,420
Term deposits with maturities of less than 3 months at acquisition	48,935	25,415	48,935	25,415
Total cash and cash equivalents	49,817	26,248	50,122	26,835

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 2013 the interest rate on the facility was 2.5 percent per annum (2012 2.25 percent 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 2013 the interest rate was 2.25 percent per annum (2012 2.25 percent per annum).

The carrying value of cash at bank and term deposits with maturities less than three months approximate their fair value.

Cash, cash equivalents and bank overdraft includes the following for the purposes of the statement of cash flows:

	Council		Group	
	2013	2012	2013	2012
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Cash at bank and on hand	882	833	1,187	1,420
Term deposits with maturities of less than 3 months at acquisition	48,935	25,415	48,935	25,415
Total	49,817	26,248	50,122	26,835

NOTE 12: DEBTORS AND OTHER RECEIVABLES

	Council		Group	
	2013	2012	2013	2012
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Rates receivables	3,185	3,191	3,185	3,191
Other receivables:				
New Zealand Transport Agency	1,632	2,953	1,632	2,953
Water by meter	1,607	1,431	1,607	1,431
GST refund due	1,977	1,043	1,977	1,043
Sundry debtors	11,884	11,054	11,884	11,054
Gross debtors and other receivables	20,285	19,672	20,285	19,672
Less provision for impairment	(5,496)	(5,078)	(5,496)	(5,078)
Total debtors and other receivables	14,789	14,594	14,789	14,594

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.

Impairment

Council does not provide for any impairment on rates receivables as it has various powers under the Local Government (Rating) Act 2002 to recover outstanding debts. These powers allow Council to commence legal proceedings to cover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within three 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 \$5,109,401 for parking fines being recovered through the Courts (2012 \$4,769,772). Recovery of these debts is not certain and if recoverable may take several years to collect.

The ageing profile of receivables at year end is detailed below:

	2013			2012		
	Gross	Impairment	Net	Gross	Impairment	Net
	\$000	\$000	\$000	\$000	\$000	\$000
Council						
Not past due	11,828	(142)	11,686	11,132	(386)	10,746
Past due 1-60 days	1,992	(219)	1,773	1,671	(97)	1,574
Past due 61-120 days	933	(280)	653	1,267	(351)	916
Past due > 120 days	5,532	(4,855)	677	5,602	(4,244)	1,358
Total	20,285	(5,496)	14,789	19,672	(5,078)	14,594
Group						
Not past due	11,828	(142)	11,686	11,132	(386)	10,746
Past due 1-60 days	1,992	(219)	1,773	1,671	(97)	1,574
Past due 61-120 days	933	(280)	653	1,267	(351)	916
Past due > 120 days	5,532	(4,855)	677	5,602	(4,244)	1,358
Total	20,285	(5,496)	14,789	19,672	(5,078)	14,594

All receivables greater than 30 days in age are considered to be past due.

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	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Individual impairment	329	249	329	249
Collective impairment	5,167	4,829	5,167	4,829
Total provision for impairment	5,496	5,078	5,496	5,078

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	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
0 to 3 months	40	-	40	-
3 to 6 months	15	13	15	13
6 to 9 months	25	13	25	13
9 to 12 months	11	18	11	18
> 12 months	238	205	238	205
Total individual impairment	329	249	329	249

Movements in the provision for impairment of receivables are as follows:

	Council		Group	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
At 1 July	5,078	4,104	5,078	4,104
Additional provisions made during the year	640	1,353	640	1,353
Provisions reversed during the year	(222)	(343)	(222)	(343)
Receivables written off during the period	-	(36)	-	(36)
At 30 June	5,496	5,078	5,496	5,078

NOTE 13: INVENTORY

	Council		Group	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Held for distribution inventory:				
Nursery	154	242	154	242
Utilities	26	25	26	25
Other	-	58	-	58
Total inventory	180	325	180	325

No inventories are pledged as security for liabilities (2012 \$nil).

Held for distribution inventory

The carrying amount of inventory held for distribution is measured at current replacement cost as at 30 June 2013 amounted to \$nil (2012 \$nil).

The write-down of inventories held for distribution amounted to \$nil (2012 \$nil). There were no reversals of write-downs (2012 \$nil).

NOTE 14: NON-CURRENT ASSETS HELD FOR SALE

	Council		Group	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Non-current assets held for sale are:				
- Plant and equipment	-	1,250	-	1,250
- Land and buildings	1,900	-	1,900	-
Total non-current assets held for sale	1,900	1,250	1,900	1,250

The Council owned property at 14 Ruakura Road, also known as the Hamilton Holiday Park, has been presented as held for sale following the approval by Council on 11 December 2012 to sell the premises. The completion date of the sale is expected to be in December 2013.

The accumulated property revaluation reserve recognised in equity for the Ruakura Road property as at 30 June 2013 is \$994,470.

In 2012 Council owned assets created specifically for the running of the V8 Supercars event in Hamilton were presented as held for sale following the signing of the Termination Deed between Hamilton City Council and V8 Supercars Australia Pty Ltd, dated 30 September 2011.

The Termination Deed specifies that the settlement date for this sale is to be the completion of the removal of the assets by the purchaser or on 30 November 2013, whichever is the earlier. Settlement occurred in November 2012, and the disposal was effected at this date.

There is no accumulated revaluation reserve recognised in equity for the V8 plant and equipment subject to this sale.

NOTE 15: OTHER FINANCIAL ASSETS

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Current portion:				
Fair value through surplus/deficit				
Equity securities managed by Gareth Morgan Investments (GMI)	-	-	2,364	1,912
Fixed interest instruments managed by GMI	-	-	2,776	2,258
Loans and receivables				
Loan to Staples Rodway (SR)	18	17	18	17
Loan to Waikato Rugby Union (WRU)	-	248	-	248
Term deposits with maturities less than 1 year	7,000	-	7,000	-
Total current portion	7,018	265	12,158	4,435
Non-current portion:				
Loans and receivables				
Loan to Staples Rodway	261	279	261	279
Loan to Waikato Rugby Union	-	154	-	154
Term deposits with maturities of over 1 year	3,220	1,600	3,220	1,600
Unlisted shares				
Waikato Innovation Park Limited (WIP)	2,400	2,400	2,400	2,400
Local Authority Shared Services Ltd (LASS)	500	598	500	598
NZ Local Government Funding Agency Ltd (NZLGFA)	1,866	2,000	1,866	2,000
NZ Local Government Insurance Co Ltd (NZLGI)	239	320	239	320
Total non-current portion	8,486	7,351	8,486	7,351
Total other financial assets	15,504	7,616	20,644	11,786

Loans and receivables

Staples Rodway was advanced a loan in 2012 in respect of the fit out for the BNZ building they lease from Council.
The Waikato Rugby Union fully repaid the loan balance during the year.

Unlisted shares

Council acquired 2 million \$1 shares in NZ Local Government Funding Agency Ltd (NZLGFA) in December 2011. In November 2012 Council sold down 134,020 of these shares to other Councils.

NZ Local Government Insurance Co Ltd (NZLGI) made a net deficit for the year ended 31 December 2012 of \$1.28 million (31 December 2011 net deficit \$5.39 million).

Council has made an impairment adjustment through surplus/(deficit) to reflect its share of the decrease in net equity of the company resulting from the loss for the year and also the impact of the dilution of shares as Council did not participate in the rights issue during the year. Council's shareholding in NZLGI was diluted from 3.17% to 1.84%.

Impairment

There were no impairment provisions for other financial assets, except as noted for NZ Local Government Insurance Corporation Ltd and Local Authority Shared Services Ltd.

Fair value

Vibrant Hamilton Trust has a portfolio of fixed interest instruments and equity funds managed by Gareth Morgan Investments (GMI). These investments are held for trading and classified as current assets. These investments are managed as a balanced portfolio to an agreed investment mandate. After initial recognition this category of financial assets are measured at fair value with gains and losses on remeasurement recognised in the surplus/(deficit).

Investments in unlisted shares are initially recognised at cost and subsequently measured to fair value with any movements in fair value recognised directly in other comprehensive income.

The carrying amount of other financial assets approximates their fair value.

The details of unlisted shares are summarised as follows:

	Number of Shares	Holding %	Council		Group	
			2013 \$000	2012 \$000	2013 \$000	2012 \$000
Unlisted Shares						
Waikato Innovation Park Ltd	247	19.80	2,400	2,400	2,400	2,400
Local Authority Shared Services Ltd						
- Ordinary	1	7.69	1	1	1	1
- Shared Valuation Data	220,514	13.72	151	181	151	181
- Waikato Regional Transport Model	50,625	37.50	348	416	348	416
NZ Local Government Funding Agency Ltd	1,865,980	8.30	1,866	2,000	1,866	2,000
NZ Local Government Insurance Corporation Ltd	202,729	1.84	239	320	239	320
Total unlisted shares			5,005	5,318	5,005	5,318

The weighted average interest rates for financial assets (current and non-current) were as follows:

	Council		Group	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Loan to CTC Aviation (repaid in June 2012)	-	5.76%	-	5.76%
Loan to Staples Rodway	7.14%	7.14%	7.14%	7.14%
Loan to Waikato Rugby Union	7.00%	7.00%	7.00%	7.00%

Movements in loans are summarised as follows:

2013	Council and Group (\$000)		
	SR	WRU	Total
Opening balance	296	402	698
Advance of loan	-	-	-
Repayment of loan	(17)	(402)	(419)
Impairment of loan	-	-	-
Closing balance	279	-	279

2012	Council and Group (\$000)			
	CTC	SR	WRU	Total
Opening balance	832	-	-	832
Advance of loan	-	300	500	800
Repayment of loan	(832)	(4)	(98)	(934)
Impairment of loan	-	-	-	-
Closing balance	-	296	402	698

Movements in unlisted shares are summarised as follows:

2013	Council and Group (\$000)				
	IWL	LASS	NZLGI	NZLGFA	Total
Opening balance	2,400	598	320	2,000	5,318
Acquisition of shares	-	-	-	-	-
Disposal of shares	-	-	-	(134)	(134)
Impairment of shares (surplus/deficit)	-	(98)	(81)	-	(179)
Closing balance	2,400	500	239	1,866	5,005

2012	Council and Group (\$000)				
	IWL	LASS	NZLGI	NZLGFA	Total
Opening balance	2,400	728	324	-	3,452
Acquisition of shares	-	-	-	2,000	2,000
Impairment of shares (surplus/deficit)	-	(130)	(4)	-	(134)
Closing balance	2,400	598	320	2,000	5,318

NOTE 16: INVESTMENTS IN SUBSIDIARIES

	Council		Group	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Hamilton Properties Ltd (HPL)	1	1	-	-
Vibrant Hamilton Trust (VHT)	-	-	-	-
Total investments in subsidiaries	1	1	-	-

Council has a 100% shareholding in its subsidiary Hamilton Properties Ltd which comprises 1,000 shares.

The Vibrant Hamilton Trust was established as a Council Controlled Organisation as per the requirements under section 64(1) of the Local Government Act 2002 to provide a legal entity which upon incorporation under the Charitable Trusts Act 1957 to receive funds from the Waikato Foundation Trust and be empowered to make distributions of income and capital for the charitable purposes authorised in its Trust Deed.

The Waikato Foundation Trust was disestablished in 2011 and funds were transferred to the Vibrant Hamilton Trust and the Waikato District Community Wellbeing Trust Board.

NOTE 17: INVESTMENTS IN COUNCIL CONTROLLED ORGANISATIONS

Section 4(3) of the Local Government (Financial Reporting) Regulations 2011, requires Council to present a single Council Controlled Organisation (CCO) investment sum in the Statement of Financial Position. As Council is also required to comply with NZ IAS 1 Presentation of Financial Statements, and due to practical reasons, Council has decided to disclose the total CCO investment amount in a note to the financial statements.

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Other financial assets				
Local Authority Shared Services Ltd	500	598	500	598
NZ Local Government Funding Agency Ltd	1,866	2,000	1,866	2,000
Investment in subsidiaries				
Vibrant Hamilton Trust	-	-	-	-
Hamilton Properties Ltd	1	1	-	-
Investment in associates				
Waikato Regional Airport Ltd	7,430	7,430	29,866	29,581
Total Investments in Council Controlled Organisations	9,797	10,029	32,232	32,179

NOTE 18: DERIVATIVE FINANCIAL INSTRUMENTS

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Current liability portion				
Interest rate swaps	41	133	41	133
Total current liability portion	41	133	41	133
Non-current liability portion				
Interest rate swaps	21,123	32,690	21,123	32,690
Total non-current liability portion	21,123	32,690	21,123	32,690
Total derivative financial instruments	21,164	32,823	21,164	32,823

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.

Interest rate swaps

The revaluation of interest rate swaps held by Council shows an unrealised mark-to-market revaluation gain for 2013 of \$11,659,000 (2012 loss \$15,107,000). This non-cash revaluation gain/(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 2013 were \$322,500,000 (2012 \$339,500,000). This includes \$5,000,000 (2012 \$22,000,000) of forward start swaps, leaving \$317,500,000 (2012 \$317,500,000) in actual committed swaps at 30 June 2013.

At 30 June 2013 the fixed interest rates of fair value interest rate swaps varied from 3.14% to 6.48% (2012 3.14% to 6.72%).

Foreign currency forward exchange contracts

Council held no foreign currency forward exchange contracts at 30 June 2013 (2012 \$nil).

NOTE 19: PROPERTY, PLANT AND EQUIPMENT

Council and Group 2013 (\$'000)

	01-Jul-12	Accumulated depreciation & impairment charges	Carrying amount	Cost transfers / reclassifications	Accumulated depreciation / transfers	Gain/(loss) on revaluations	Current year additions	Current year disposals at cost	Current year impairment charges or write offs	Depreciation carried forward	Current year depreciation	Accumulated Depreciation reversed on disposal	Other adjustments	Cost / revaluation	Accumulated depreciation & impairment charges	Carrying amount
	01-Jul-12	01-Jul-12	01-Jul-12											30-Jun-13	30-Jun-13	30-Jun-13
Operational assets																
Land	62,054	-	62,054	(1,602)	-	-	-	(4,118)	(52)	-	-	-	-	56,282	-	56,282
Buildings	267,058	(10,839)	256,219	(344)	46	-	4,932	(6,472)	(10)	-	(10,530)	748	-	265,164	(20,575)	244,589
Land - parks and gardens	308,890	-	308,890	-	-	-	7,792	-	-	-	-	-	-	316,682	-	316,682
Improvements - parks and gardens	52,650	(3,999)	48,651	-	-	-	1,824	(365)	(69)	-	(2,268)	31	-	54,040	(6,236)	47,804
Plant and equipment	43,917	(25,299)	18,618	-	25	-	2,794	(562)	-	-	(3,934)	512	1	46,150	(28,696)	17,454
Vehicles	6,555	(3,656)	2,899	-	-	-	348	(280)	-	-	(369)	197	(1)	6,622	(3,828)	2,794
Library books	18,916	(9,906)	9,010	-	-	-	922	-	-	-	(1,037)	-	-	19,838	(10,943)	8,895
Zoo animals	1,135	(1,030)	105	-	-	-	30	-	-	-	(17)	-	-	1,165	(1,047)	118
Leasehold improvements	2,038	(1,089)	949	-	-	-	-	-	-	-	(315)	-	-	2,038	(1,404)	634
Total operational assets	763,213	(55,818)	707,395	(1,946)	71	-	18,642	(11,797)	(131)	-	(18,470)	1,488	-	767,981	(72,729)	695,252
Restricted assets																
Land	19,751	-	19,751	-	-	-	528	(280)	-	-	-	-	-	19,999	-	19,999
Heritage assets																
Museum and library	34,463	-	34,463	-	-	-	651	-	(40)	-	-	-	1	35,075	-	35,075
Infrastructure assets																
Land	19,693	-	19,693	-	-	-	-	-	-	-	-	-	-	19,693	-	19,693
Refuse	55,077	(765)	54,312	-	-	-	730	-	-	-	(270)	-	-	55,807	(1,035)	54,772
Roads and traffic network	1,281,774	(27,454)	1,254,320	-	-	-	87,541	(4,972)	-	-	(15,519)	329	1	1,364,344	(42,644)	1,321,700
Stormwater system	356,717	(10,848)	345,869	-	-	-	7,356	(181)	-	-	(5,501)	2	-	363,892	(16,347)	347,545
Wastewater system	216,281	(9,430)	206,851	-	-	-	4,058	(589)	-	-	(4,684)	15	-	219,750	(14,099)	205,651
Wastewater treatment plant	56,386	(6,136)	50,250	-	-	-	5,968	-	-	-	(2,489)	-	(1)	62,353	(8,625)	53,728
Water system	243,205	(10,581)	232,624	-	-	-	6,600	(2,450)	-	-	(5,143)	77	-	247,355	(15,647)	231,708
Water treatment station	57,700	(3,813)	53,887	-	-	-	3,004	-	-	-	(1,327)	-	-	60,704	(5,140)	55,564
Total infrastructure assets	2,286,833	(69,027)	2,217,806	-	-	-	115,257	(8,192)	-	-	(34,933)	423	-	2,393,898	(103,537)	2,290,361
Work in progress																
	96,643	-	96,643	¹	²	-	70,934	(128,897)	-	-	-	-	-	38,680	-	38,680
Total property, plant and equipment	3,200,903	(124,845)	3,076,058	(1,946)	71	-	206,012	(149,166)	(171)	-	(53,403)	1,911	1	3,255,633	(176,266)	3,079,367

¹ Transfer to non-current assets held for sale \$(1,946)² Transfer to non-current assets held for sale \$46² Reverse transfer to non-current assets held for sale during 2012 financial year \$(25)

	01-Jul-11	Cost/ revaluation	Accumulated depreciation & impairment	Charges	Carrying amount	01-Jul-11	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	Depreciation carried forward	Current year depreciation	Accumulated depreciation reversed on disposal	Other adjustments	Cost / revaluation	30-Jun-12	Accumulated depreciation & impairment	Charges	Carrying amount
Operational assets																						
Land	58,677			-	58,677		9,998		-	(6,621)	-	-	-	-	-	-	-	-	62,054		-	62,054
Buildings	303,773		(38,629)	-	265,144		(50)	6	(1,684)	(1,684)	3,896	(254)	-	-	(10,845)	6	-	267,058	(10,839)	-	-	256,219
Land - parks and gardens	669,373		-	-	669,373		(13,617)	-	-	(346,866)	-	-	-	-	-	-	-	-	308,890	-	-	308,890
Improvements - parks and gardens	48,614		(1,913)	-	46,701		(70)	5	-	-	4,484	(383)	-	-	(2,104)	13	5	52,650	(3,999)	-	-	48,651
Plant and equipment	49,101		(24,680)	-	24,421		(4,657)	3,504	-	-	4,189	(379)	(4,337)	-	(4,485)	362	-	43,917	(25,299)	-	-	18,618
Vehicles	6,604		(3,589)	-	3,015		-	-	-	-	458	(507)	-	-	(475)	408	-	6,555	(3,656)	-	-	2,899
Library books	17,252		(8,842)	-	8,410		275	-	-	-	1,389	-	-	-	(1,064)	-	-	18,916	(9,906)	-	-	9,010
Zoo animals	1,121		(1,018)	-	103		-	-	-	-	20	(6)	-	-	(16)	4	-	1,135	(1,030)	-	-	105
Leasehold Improvements	2,038		(774)	-	1,264		-	-	-	-	-	-	-	-	(315)	-	-	2,038	(1,089)	-	-	949
Total operational assets	1,156,553		(79,445)		1,077,108		(8,121)	3,515		(355,171)	14,436	(1,529)	(4,337)	-	(19,304)	793	5	763,213	(55,818)			707,395
Restricted assets																						
Land	26,426		-	-	26,426		140	-	-	(7,178)	363	-	-	-	-	-	-	19,751	-	-	-	19,751
Heritage assets																						
Museum and library	29,021		(1)	-	29,020		(189)	(5)	5,377	-	260	-	-	-	-	-	-	34,463	-	-	-	34,463
Infrastructure assets																						
Land	20,695		-	-	20,695		3,479	-	-	(4,481)	-	-	-	-	-	-	-	19,693	-	-	-	19,693
Refuse	55,077		(592)	-	54,485		-	-	-	-	-	-	-	-	(173)	-	-	55,077	(765)	-	-	54,312
Roads and traffic network	1,259,876		(13,553)	-	1,246,323		-	-	-	-	24,130	(2,232)	-	(66)	(13,964)	129	-	1,281,774	(27,454)	-	-	1,254,320
Stormwater system	354,785		(5,408)	-	349,377		-	-	-	-	1,932	-	-	(6)	(5,434)	-	-	356,717	(10,848)	-	-	345,869
Wastewater system	205,108		(4,577)	-	200,531		-	-	-	-	11,281	(108)	-	(56)	(4,813)	16	-	216,281	(9,430)	-	-	206,851
Wastewater treatment plant	46,004		(3,397)	-	42,607		-	-	-	-	10,568	(186)	-	-	(2,739)	-	-	56,386	(6,136)	-	-	50,250
Water system	238,279		(5,275)	-	233,004		(74)	-	-	-	5,047	(47)	-	(37)	(5,273)	4	-	243,205	(10,581)	-	-	232,624
Water treatment station	57,299		(2,608)	-	54,691		-	-	-	-	401	-	-	-	(1,205)	-	-	57,700	(3,813)	-	-	53,887
Total infrastructure assets	2,237,123		(35,410)		2,201,713		3,405	-		(4,481)	53,359	(2,573)	-	(165)	(33,601)	149	-	2,286,833	(69,027)			2,217,806
Work in progress																						
Work in progress	87,737		-	-	87,737		-	-	-	-	79,073	(70,167)	-	-	-	-	-	96,643	-	-	-	96,643
Total property, plant and equipment	3,536,860		(114,856)		3,422,004		(4,765)	3,510		(361,453)	147,491	(74,269)	(4,337)	(165)	(52,905)	942	5	3,200,903	(124,845)			3,076,058

* (1) Transfer to Intangible assets \$(5)

Transfer to Non-current assets held for sale \$(4,760)

* (2) Transfer to Non-Current assets held for sale \$3,510

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 2011.

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 C Jenkins BE (Civil) (First Class Honours) of SPM Consultants Ltd, K Stewart Val Prof Urb, PG Dip Env Audit, MBA, FPINZ of Darroch Ltd and E Botje MBA, Btech Env Ag, of Hamilton City Council and are subject to an independent review by B Smith of Brian Smith Advisory Services Ltd. The valuation was effective as at 1 July 2011.

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 is subject to an independent review by Dr R J Watt. The last revaluation was effective as at 1 July 2011.

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 (Auckland) and Dunbar Sloane (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 2011.

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.
- Where possible, replacement rates have been based on the recent actual construction costs. Where this information wasn't available, rates have been calculated based on those used in the last revaluation adjusted by the appropriate cost adjustment factor, which was calculated based upon the methodology defined in Appendix A of the New Zealand Standards for Conditions of Contract for Buildings and Civil Engineering Construction, NZS 3910.
- The default construction date was assumed to be 50% of the Total Useful Life (TUL) – unless it is otherwise stated – and only used where there was no construction date.
- 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 roading assets (excluding land)

Water reticulation, wastewater reticulation and pump stations, stormwater, refuse, water and wastewater treatment plants, water reservoirs and roading assets (excluding land) are valued at 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 and minor roading assets (excluding land) was performed by C McCormack BE (Natural Resources), of MWH New Zealand Ltd, and the valuation was effective 1 July 2010.

The most recent valuation for water and wastewater treatment plants and water reservoirs was performed by C McCormack BE (Natural Resources), of MWH New Zealand Ltd, and the valuation was effective as at 1 July 2009.

The most recent valuation for refuse was performed by E Botje MBA, Btech Env Ag, of MWH New Zealand Ltd, and the valuation was effective as at 1 July 2007.

The most recent valuation for major roading 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.

Disposals

During the year, three lower standard pensioner housing complexes were sold for \$3.7 million. Two of these complexes were sold on the open market, and one was purchased by a social housing provider. Proceeds after costs will go towards looking after the remaining pensioner housing stock, and the net gain on the disposal of land and buildings was \$508,120.

The YMCA and neighbouring sites in Pembroke Street were sold to YMCA Auckland for \$1.9 million. The proceeds after

costs from this sale have been used to pay off debt, and the net loss on the disposal of land and buildings was \$98,782.

Roading assets with a carrying value of \$759,976 were removed as part of the construction of the Te Rapa section of the Waikato Expressway and the extension of Wairere Drive through to Ruakura Road. The carrying amount of \$759,976 was recognised as a loss on disposal.

Infrastructure assets (for roading, water supply, waste-water and stormwater reticulation) were replaced during the year due to failure, or obsolescence. The carrying amount of \$5,344,144 was recognised as a loss on disposal.

The net loss on disposal of property, plant and equipment (\$11.7 million) has been recognised in the Statement of comprehensive income in the line item "Property, plant, and equipment losses on disposal".

Impairment

Impairment losses totalling \$170,824 (2012 \$4,337,271) have been recognised for Property, plant and equipment.

Of this \$40,000 relates to the sculpture 'Passing Red', which was damaged during a vehicle accident. This impairment has been recognised in Other expenses in the Statement of comprehensive income, and was calculated as being 25% of the carrying amount of the asset at the time of damage.

\$33,881 relates to the replacement of Park assets that have deteriorated and require replacement much earlier than planned. This has also been recognised in Other expenses in the Statement of comprehensive income, and the impairment was calculated as being 100% of the asset's carrying amount as at balance date.

Impairment losses of \$61,572 relate to the pending sale of the land and buildings associated with the Hamilton Holiday Park, and have been applied prior to the assets transferring to the category of Non-current assets held for sale. 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 impairment losses have been treated as a revaluation decrease.

The remaining \$35,371 comprises \$30,289 relating to fountains that also require early replacement (the recoverable amount calculated as being 80% of the carrying amount of the asset at balance date) and \$5,082 relating to assets suffering from erosion (the recoverable amount calculated as being 85% 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 impairment losses have been treated as a revaluation decrease.

Finance leases

The net carrying amount of plant and equipment held under finance leases is \$647,385 (2012 \$1,208,316) and relates to information and communication technology.

Uninsured assets

As at 30 June the assets defined as Infrastructure have no insurance cover. This is due to the nature of these assets and economics of establishing an insurance policy.

However as at 1 July 2013 Council has put in place cover for material damage for the underground pipe networks, bridges and reservoirs. This is cover in the event of a major incident or disaster. The road network assets remain uninsured.

Work in progress

The total amount of Property, plant and equipment in the course of construction is \$38,680,189 (2012 \$96,642,995). The decrease in value relates to the completion of a significant section of Wairere Drive, known as the Hamilton Ring Road project

NOTE 20: 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	Resource Consents	Total
	\$'000	\$'000	\$'000
Cost			
Balance as at 1 July 2012	7,833	6,292	14,125
Additions	212	-	212
Disposals	-	(3)	(3)
Change in WIP	2,889	(187)	2,702
Balance as at 30 June 2013	10,934	6,102	17,036
Balance as at 1 July 2011	6,507	6,036	12,543
Additions	1,624	836	2,460
Disposals	-	-	-
Change in WIP	(298)	(580)	(878)
Balance as at 30 June 2012	7,833	6,292	14,125
Accumulated amortisation and impairment			
Balance as at 1 July 2012	(3,645)	(1,654)	(5,299)
Amortisation charge	(715)	(346)	(1,061)
Amortisation reversed on disposal	-	-	-
Balance as at 30 June 2013	(4,360)	(2,000)	(6,360)
Balance as at 1 July 2011	(3,209)	(1,206)	(4,415)
Amortisation charge	(436)	(448)	(884)
Amortisation reversed on disposal	-	-	-
Balance as at 30 June 2012	(3,645)	(1,654)	(5,299)
Carrying amounts			
Balance as at 1 July 2011	3,298	4,830	8,128
Balance as at 30 June and 1 July 2012	4,188	4,638	8,826
Balance as at 30 June 2013	6,574	4,102	10,676

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 2013 (2012 \$nil).

NOTE 21: DEPRECIATION AND AMORTISATION EXPENSES BY GROUP OF ACTIVITY

	Council	
	Actual	Actual
	2013	2012
	\$'000	\$'000
Directly attributable depreciation and amortisation expense by group of activity		
Arts and Recreation	2,557	2,563
City Planning and Development	-	-
City Prosperity	2,788	3,232
City Safety	78	60
Community Services	124	131
Democracy	-	-
Parks and Open Spaces	1,473	1,316
Solid Waste	361	263
Stormwater	5,463	5,478
Transportation	15,908	14,363
Wastewater	7,323	7,839
Water Supply	6,599	6,552
Total directly attributable depreciation and amortisation by group of activity	42,674	41,797
Depreciation and amortisation not directly related to group of activities	11,790	11,992
Total depreciation and amortisation expense	54,464	53,789

NOTE 22: INVESTMENT PROPERTY

	Council		Group	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	44,019	50,819	44,019	50,819
Additions from acquisitions	127	388	127	388
Disposals	(1,783)	(7,450)	(1,783)	(7,450)
Fair value gains/(losses) on valuation (note 6)	(711)	262	(711)	262
Balance at 30 June	41,652	44,019	41,652	44,019

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 Curnow Tizard Ltd, registered valuers and property consultants. Both Telfer Young (Waikato) Ltd and Curnow Tizard Ltd are experienced valuers with extensive market knowledge in the types and locations of investment properties owned by Council.

The methodology for determining the fair value of investment property is as follows:

Commercial and Industrial Improved 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 the holding, its position, zoning, surrounding vales and the types of the surrounding development.

Council sold its investment property at 32 Kaimiro Street for \$7.33 million in August 2011.

Council sold its investment property at 109 Ward Street for \$1.783 million in July 2012.

	Council		Group	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Rental income	3,661	3,607	3,661	3,607
Expenses from investment property generating income	526	723	526	723

NOTE 23: INVESTMENTS IN ASSOCIATES

	Council		Group	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Hamilton Riverview Hotel Ltd	6,000	6,000	9,973	9,811
Waikato Regional Airport Ltd	7,430	7,430	29,866	29,581
Total	13,430	13,430	39,839	39,392

Hamilton Fibre Network Ltd

Council sold its shares in Hamilton Fibre Network Ltd to Ultrafast Fibre Ltd on 26 August 2011. Council received part of the sale proceeds of \$621,751 on the 26 August 2011 and cash proceeds of the company of \$49,007 on the 7 September 2011.

The balance of the sale proceeds of \$231,649 was held in a Trust Account with Norris Ward McKinnon Solicitors as at 30 June 2012 to cover potential warranty claims from Ultrafast Fibre Ltd that may arise in the twelve month period from the sale date. As there were no warranty claims, Council received the full balance of the sale proceeds plus interest on 7 September 2012.

Hamilton Riverview Hotel

Hamilton Riverview Hotel has a balance date different from 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 2013 (which have been reviewed but not audited) and the annual audited results for the year to 31 December 2012 adjusted to reflect only the final six months of the year.

Impairment

There have been no impairment losses for the year ended 30 June 2013 (2012 \$nil).

Summarised financial information of associate companies presented on a gross basis:

	Hamilton Riverview Hotel	Waikato Regional Airport
	\$000	\$000
2013		
Assets	43,647	79,700
Liabilities	19,546	19,967
Revenue	14,025	7,225
Surplus/(deficit)	623	(179)
Dividend paid	(500)	-
Deferred tax credit/(expense) adjustment	269	-
Group's interest	41.38%	50.00%
Number of shares	6,000,000	2,486,802
Balance date	31 Dec	30 June
2012		
Assets	45,646	78,235
Liabilities	21,938	19,073
Revenue	15,416	7,983
Surplus/(deficit)	1,042	378
Deferred tax credit/(expense) adjustment	139	-
Group's interest	41.38%	50.00%
Number of shares	6,000,000	2,486,802
Balance date	31 Dec	30 June

Associates contingencies

Details of any contingent liabilities arising from the group's involvement in an associate are disclosed separately in note 31.

NOTE 24: TRADE CREDITORS AND OTHER PAYABLES

	Council		Group	
	2013	2012	2013	2012
	\$000	\$000	\$000	\$000
Trade payables	5,903	8,462	5,903	8,470
Deposits and bonds	433	467	433	467
Accrued expenses	16,968	12,620	16,986	12,620
Agency funds	356	70	356	70
Income in advance	3,503	3,324	3,503	3,324
Amounts due to related parties	22	16	20	14
Total creditors and other payables	27,185	24,959	27,201	24,965

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 25: PROVISIONS

	Council		Group	
	2013	2012	2013	2012
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Current portion				
Weathertight homes resolution services claims	1,513	1,409	1,513	1,409
Landfill aftercare	638	737	638	737
Total current portion	2,151	2,146	2,151	2,146
Non-current portion				
Weathertight homes resolution services claims	200	-	200	-
Landfill aftercare	8,098	8,164	8,098	8,164
Total non-current portion	8,298	8,164	8,298	8,164
Total provisions	10,449	10,310	10,449	10,310

Weathertight homes resolution services claims provision

At 30 June 2013 there were 10 claims (2012 19 claims) lodged with the Weathertight Homes Resolution Service, and 3 claims (2012 2 claims) lodged via the court system outstanding with an estimated exposure of \$1,712,500 (2012 \$1,162,500), an overall increase of \$550,000 for the year.

The insurer (RiskPool) will pay out a maximum of \$500,000 in any one year. Only claims notified to RiskPool before 1 July 2009 are covered, claims after this date are not.

No additional provision for the 2012/13 year (2012 \$246,007) has been included for the Call from RiskPool for contributions to the shortfall in the mutual pool's funds.

	Council		Group	
	2013	2012	2013	2012
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Movements in weathertight homes resolution service provision				
Opening balance	1,409	1,021	1,409	1,021
Additional provisions made	948	588	948	588
Additional provision for RiskPool Call	-	246	-	246
Amounts resolved	(644)	(446)	(644)	(446)
Closing balance	1,713	1,409	1,713	1,409

Landfill aftercare provision

Council is responsible for three closed landfill sites. They are Horotiu, Willoughby and Cobham Drive.

Council's aftercare responsibilities include ongoing maintenance and monitoring 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 landfills are expected to occur until 2043. 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% (2012 7.0%)
- inflation rate of 3.2% (2012 3.2%)

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Movements in landfill aftercare provision				
Opening balance	8,901	8,389	8,901	8,389
Actual aftercare costs	(866)	(639)	(866)	(639)
Increase/(decrease) due to aftercare cost assumption	78	564	78	564
Discount unwinding (note 9)	623	587	623	587
Closing balance	8,736	8,901	8,736	8,901

ACC partnership programme

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 balance 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 mitigating actions
- identification of work place hazards and implementation of appropriate safety procedures

NOTE 26: EMPLOYEE ENTITLEMENTS

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Current employee entitlements				
Accrued pay	1,323	1,323	1,323	1,323
Annual leave	3,921	4,138	3,921	4,138
Retiring gratuities	196	149	196	149
Sick leave	188	197	188	197
Total current employee entitlements	5,628	5,807	5,628	5,807
Non-current employee entitlements				
Retiring gratuities	1,177	1,771	1,177	1,771
Total non-current employee entitlements	1,177	1,771	1,177	1,771
Total employee entitlements	6,805	7,578	6,805	7,578

Retiring gratuities that are due to be settled beyond 12 months after the end of the financial year have been calculated on an actuarial basis.

The calculations are based on:

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

NOTE 27: BORROWINGS

	Council		Group	
	2013	2012	2013	2012
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Current				
Secured loans	110,204	84,500	110,204	84,500
Lease liabilities	478	813	478	813
Total current borrowings	110,682	85,313	110,682	85,313
Non-current				
Secured loans	328,000	313,204	328,000	313,204
Lease liabilities	199	378	199	378
Total non-current borrowings	328,199	313,582	328,199	313,582
Total borrowings	438,881	398,895	438,881	398,895

Total overall debt

Total overall debt is Council's debt performance measure that was put in place for the 2012-22 10-Year Plan. It nets off cash investments not linked to restricted reserves and the housing upgrade reserve.

	Council		Group	
	2013	2012	2013	2012
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Total borrowings (excluding bank overdraft)	438,881	398,895	438,881	398,895
less: Cash investments (note 11)	(48,935)	(25,415)	(48,935)	(25,415)
less: Term deposits (note 15)	(10,220)	(1,600)	(10,220)	(1,600)
plus: Restricted reserves and housing upgrade reserve	16,759	13,537	16,759	13,537
Total overall debt	396,485	385,417	396,485	385,417

Fixed rate debt

Council has \$50,204,000 of its total debt of \$438,204,000 issued at fixed rates of interest (2012 \$53,204,000 of \$397,704,000).

Floating rate debt

The remainder of Council's debt, \$388,000,000 (2012 \$344,500,000), is at a floating interest rate. Council uses synthetic instruments (swaps and FRAs) to manage the interest rate risk profile based on independent professional advice (see note 18).

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 three 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 a first registered mortgage over the property.

The \$20,000,000 of Commercial Paper instruments that have a maturity of 3 months or less.

Finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Fair values of non-current borrowings

	Carrying amount		Fair value	
	2013	2012	2013	2012
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Secured loans	328,000	313,204	327,415	313,853
Total	328,000	313,204	327,415	313,853

The fair values are based on cash flows discounted using a rate based on the borrowing rates of 4.78% (2012 5.99%).

The carrying amounts of borrowings repayable within one year approximate their fair value, as the effect of discounting is not significant.

Analysis of lease liabilities

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Total minimum finance lease payments payable:				
Not later than one year	502	861	502	861
Later than one, not later than five years	211	388	211	388
Later than five years	-	-	-	-
Total minimum finance lease payments	713	1,249	713	1,249
Future finance charges	(36)	(58)	(36)	(58)
Present value of minimum finance lease payments	677	1,191	677	1,191
Present value of minimum finance lease payments payable:				
Not later than one year	478	813	478	813
Later than one, not later than five years	199	378	199	378
Later than five years	-	-	-	-
Total minimum finance lease payments	677	1,191	677	1,191
Current portion	478	813	478	813
Non-current portion	199	378	199	378
Total finance lease liability	677	1,191	677	1,191

Interest rate

The interest rates applying to lease liabilities for 2013 range from 3.10% to 6.67% (2012 range from 4.50% to 5.0%).

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 19.

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 arrangements.

Internal borrowings

Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

	Balance 1 July \$000	Repaid \$000	Borrowed \$000	Interest \$000	Balance 30 June \$000
2013					
Arts and Recreation	627	(107)	54	35	609
City Planning and Development	12	(13)	3	1	3
City Prosperity	64	(65)	10	2	11
City Safety	5	(5)	1	-	1
Community Services	11	(12)	3	-	2
Democracy	11	(11)	2	-	2
Parks and Open Spaces	6,153	(2,607)	817	296	4,659
Solid Waste	441	(570)	390	10	271
Stormwater	377	(322)	270	24	349
Transportation	2,581	(5,109)	5,198	242	2,912
Wastewater	151	(184)	35	8	10
Water Supply	25	(25)	5	1	6
Total internal borrowings	10,458	(9,030)	6,788	619	8,835

	Balance 1 July \$000	Repaid \$000	Borrowed \$000	Interest \$000	Balance 30 June \$000
2012					
Arts and Recreation	1,069	(1,182)	669	71	627
City Planning and Development	124	(231)	111	8	12
City Prosperity	(13,801)	(267)	14,773	(641)	64
City Safety	50	(92)	44	3	5
Community Services	729	(1,550)	790	42	11
Democracy	110	(205)	98	8	11
Parks and Open Spaces	5,258	(1,445)	2,027	313	6,153
Solid Waste	170	(258)	506	23	441
Stormwater	1,566	(2,384)	1,103	92	377
Transportation	7,210	(9,127)	4,113	385	2,581
Wastewater	2,070	(4,498)	2,458	121	151
Water Supply	1,726	(3,579)	1,777	101	25
Total internal borrowings	6,281	(24,818)	28,469	526	10,458

NOTE 28: EQUITY

	Council		Group	
	2013	2012	2013	2012
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Accumulated funds				
Balance 1 July	1,553,089	1,573,977	1,569,838	1,585,504
Surplus/(deficit) for the year	5,263	(9,963)	6,013	(4,741)
Transfer from property revaluation reserve on disposal	7,572	1,371	7,572	1,371
Transfers from restricted and Council created reserves	12,261	24,291	12,261	24,291
Transfers to restricted and Council created reserves	(13,551)	(36,587)	(13,551)	(36,587)
Balance at 30 June	1,564,634	1,553,089	1,582,133	1,569,838
Restricted and Council created reserves				
Balance at 1 July	24,304	12,008	24,304	12,008
Transfers from accumulated funds	13,551	36,587	13,551	36,587
Transfers to accumulated funds	(12,261)	(24,291)	(12,261)	(24,291)
Balance at 30 June	25,594	24,304	25,594	24,304
Revaluation reserve				
Balance at 1 July	1,141,298	1,504,885	1,155,261	1,518,848
Transfer to accumulated funds on disposal of assets	(7,572)	(1,371)	(7,572)	(1,371)
Impairment (note 19)	(97)	-	(97)	-
Revaluation gains/(losses) - property, plant and equipment	-	(362,216)	-	(362,216)
Revaluation gains/(losses) - share of associates' reserves	-	-	375	-
Balance at 30 June	1,133,629	1,141,298	1,147,967	1,155,261
Property revaluation reserves for each class consist of:				
Operational assets				
Buildings	67,842	69,562	67,842	69,562
Heritage assets	11,706	11,706	11,706	11,706
Land	33,661	36,110	33,661	36,110
Parks and gardens improvement	12,968	13,117	12,968	13,117
Parks and gardens land	174,712	174,712	174,712	174,712
Restricted assets				
Land	10,839	10,998	10,839	10,998
Infrastructure assets				
Land	13,527	13,527	13,527	13,527
Refuse	40,397	40,397	40,397	40,397
Roads and streets	292,961	295,140	292,961	295,140
Stormwater	206,443	206,491	206,443	206,491
Wastewater	116,483	116,832	116,483	116,832
Wastewater treatment station	11,915	11,915	11,915	11,915
Water treatment station	7,335	7,335	7,335	7,335
Water Supply	132,840	133,456	132,840	133,456
Other reserves				
Share of associates' reserves	-	-	14,338	13,963
Total	1,133,629	1,141,298	1,147,967	1,155,261
Total other reserves	1,159,223	1,165,602	1,173,561	1,179,565
Total equity	2,723,857	2,718,691	2,755,694	2,749,403

Information about reserve funds held for a specific purpose is provided below:

Reserve	Activities to which the reserve relates	Balance 1 July \$000	Transfers into fund \$000	Transfers out of fund \$000	Balance 30 June \$000
2013					
Cemetery plot maintenance in perpetuity reserve	Cemeteries and Crematorium	2,084	120	(468)	1,736
Domain Endowment Fund	Parks and Open Spaces	2,779	127	(762)	2,144
Project Watershed emergency works reserve	Parks and Open Spaces and Stormwater	1,029	54	(1,083)	-
Municipal Endowment Fund	Strategic property investment	7,637	2,271	(473)	9,435
Waikato art gallery endowment reserve	Arts promotion	8	-	-	8
Dame Hilda Ross Children's Library Memorial Fund	Libraries	1	-	-	1
Roman Catholic Schools Library Fund	Libraries	2	-	-	2
Total restricted reserves - 2013		13,540	2,572	(2,786)	13,326
Access Hamilton reserve	Transport network	2,077	5,351	(5,015)	2,413
Bus shelter reserve	Travel demand management	202	55	(18)	239
EECA loans	City Prosperity	19	-	(19)	-
Project Watershed operating reserve	Parks and Open Spaces and Stormwater	715	576	(603)	688
Housing upgrade reserve	Housing	305	3,575	(447)	3,433
Museum collection reserve	Waikato Museum	232	13	-	245
Public art reserve	Arts Promotion	165	9	(6)	168
Rail infrastructure reserve	Transport network	264	14	-	278
Retiring gratuity reserve	Staff benefits	356	94	(367)	83
Rotokauri land sale reserve	Strategic property investment	1,957	111	-	2,068
Septic tank reserve	Waste Water	106	31	(137)	-
Reserves contribution fund	Strategic property investment	3,769	705	(2,271)	2,203
Waste minimisation reserve	Waste minimisation	427	396	(555)	268
Zoo animal purchases reserve	Hamilton zoo	170	49	(37)	182
Total Council created reserves - 2013		10,764	10,979	(9,475)	12,268
Total restricted and Council created reserves - 2013		24,304	13,551	(12,261)	25,594

Reserve	Activities to which the reserve relates	Balance 1 July \$000	Transfers into fund \$000	Transfers out of fund \$000	Balance 30 June \$000
2012					
Cemetery plot maintenance in perpetuity reserve	Cemeteries and Crematorium	1,962	122	-	2,084
Domain Endowment Fund	Parks and Open Spaces	2,813	158	(192)	2,779
Project Watershed emergency works reserve	Parks and Open Spaces and Stormwater	-	1,029	-	1,029
Municipal Endowment Fund	Strategic property investment	671	7,673	(707)	7,637
Waikato art gallery endowment reserve	Arts promotion	7	1	-	8
Dame Hilda Ross Children's Library Memorial Fund	Libraries	1	-	-	1
Roman Catholic Schools Library Fund	Libraries	2	-	-	2
Total restricted reserves - 2012		5,456	8,983	(899)	13,540

Reserve	Activities to which the reserve relates	Balance 1 July \$000	Transfers into fund \$000	Transfers out of fund \$000	Balance 30 June \$000
2012					
Access Hamilton reserve	Transport network	4,381	1,606	(3,910)	2,077
Asset renewal reserve	All activities	3,175	3,308	(6,483)	-
Berm levy reserve	Water	115	12	(127)	-
Bus shelter reserve	Travel demand management	134	68	-	202
Disaster recovery reserve	3 Waters and Transport	5,533	483	(6,016)	-
Development contributions	3 Waters, Transport, Community Services, Parks and Open Spaces	(244)	7,253	(7,009)	-
EECA loans	City Prosperity	18	1	-	19
Project Watershed operating reserve	Parks and Open Spaces and Stormwater	1,377	722	(1,384)	715
Housing upgrade reserve	Housing	271	17	17	305
Municipal camping ground	Parks and Open Spaces	47	2	(49)	-
Museum collection reserve	Waikato Museum	213	45	(26)	232
Public art reserve	Arts Promotion	79	86	-	165
Rail infrastructure reserve	Transport network	-	264	-	264
Retiring gratuity reserve	Staff benefits	372	104	(120)	356
Rotokauri land sale reserve	Strategic property investment	1,850	107	-	1,957
Septic tank reserve	Waste Water	57	49	-	106
Reserves contribution fund	Strategic property investment	3,156	648	(35)	3,769
Storm damage reserve	Parks and Open Spaces	97	86	(183)	-
V8 reserve	City Prosperity	(14,322)	13,697	625	-
Waikato Stadium events reserve	City Prosperity	57	3	(60)	-
Waste minimisation reserve	Waste minimisation	31	396	-	427
Water reticulation reserve	Water	13	5	(18)	-
Zoo animal purchases reserve	Hamilton Zoo	142	48	(20)	170
Total Council created reserves - 2012		6,552	29,010	(24,798)	10,764
Total restricted and Council created reserves - 2012		12,008	37,993	(25,697)	24,304

Purpose of each reserve fund

Cemetery plot maintenance in perpetuity reserve - To maintain and provide for improvements to the cemeteries.

Domain endowment fund reserve - To provide a capital endowment fund for domain land for investment in property. Rental income and interest earned from domain endowment land is used to fund parks and reserves operating costs.

Project Watershed emergency works reserve - To fund emergency works for which Waikato Regional Council (WRC) pays a flat contingency sum per year. If an event does occur, permission needs to be sought from WRC before funding can be utilised from this reserve.

Municipal Endowment Fund - To provide a capital fund for Crown endowment land vested in the council for investment in property. Rental income and interest earned from the land and property may be used for council purposes to offset rates.

Waikato Art Gallery Endowment reserve - To provide funds for the acquisition of works of art for the Waikato Museum of Art and History.

Dame Hilda Ross Children's Library Memorial Fund - To manage a bequest by Dame Hilda Ross given for the purpose of extending the children's collection in the Dame Hilda Ross Memorial Arts Centre (Children's Library). Only the interest from the fund may be used for purchases.

Roman Catholic Schools Library Fund - To manage a bequest made for the purpose of extending the children's collection in the Children's Library. The interest income from the fund may be used for children's book collection purchases.

Access Hamilton reserve - To fund transport network improvements as approved by the council, from the accumulated funds of the Access Hamilton targeted rate.

Asset renewal reserve - This reserve was created to set funds aside for longer term asset renewals funding and as an interim step towards addressing the balanced budget requirement. This reserve may be used to fund one-off asset renewal projects by approval of Council.

Berm levy reserve - This fund derives from Council on levying subdividers and developers for provision of services to new subdivisions and developments. This reserve is now closed.

Bus shelter reserve - To manage the income generated from advertising in bus shelters to provide, maintain and enhance passenger infrastructure.

Development contributions - From 1 July 2005 the costs associated with new or upgraded infrastructure required to meet city growth has been funded by development contributions collected under the Local Government Act 2002, to provide funding for community and network infrastructure.

Disaster recovery reserve - The purpose of the fund is to re-establish the city's infrastructural assets following a disaster in conjunction with funds received from central government. This reserve is now closed

EECA loans - This reserve held interest free EECA loans received for specific energy saving projects. Loan repayments to EECA were paid out of this reserve. All loans have now been repaid.

Project Watershed operating reserve - To fund works relating to river flood protection and erosion control (Project Watershed). Waikato Regional Council is the funding agency and Hamilton City Council carries out agreed works within the city boundary

Housing upgrade reserve - To assist in improving council owned housing. There is no specific plan to use this reserve for the coming ten years while the council considers its future role in this activity

Municipal camping ground - Funds are derived from the sale of land to Peachgrove Playcentre Group. Surplus funds following demolition of Peachgrove Lounge building and subdivision of Peachgrove Lounge site are to be held in reserve for future development of the larger

Museum collection reserve - To enable funds to accumulate across years for the purchase of new items for the museum collection.

There is no specific expenditure plan for the coming ten years - each item identified for purchase requires the council's approval.

Public art reserve - To enable funds to accumulate across years for the purchase of public art, including investigation and construction

Rail infrastructure reserve - To provide for infrastructure that would be required to support a commuter rail service between Hamilton and Auckland. The funds came from the transfer from the Access Hamilton Reserve

Retiring gratuity reserve - To manage funds relating to staff retirement gratuities for those staff that have an entitlement. An annual transfer is made from the general fund and the reserve is used to balance out the varying number of retirements between years.

Rotokauri land sale reserve - To manage funds derived from the sale of land in Foreman Road. These funds are for a purchase of land reserves in the Rotokauri growth cell.

Septic tank reserve - To assist in septic tank cleaning every three years. The programme has been funded by rates collected from rural properties. The reserve will be disestablished from 2013/14 as the last year of the current cycle of cleaning is 2013/14

Storm damage reserve - This reserve is to be used to repair storm damage throughout the city. Contributions to the reserve are to be made from Council general funds to the value of \$75,000 per annum, and any contributions to the reserve when the balance is in excess of \$200,000 are to be transferred to the Infrastructural Disaster Recovery Fund. Expenditure from the reserve is only permitted with the approval of the Chief Executive. This reserve is now closed

Reserves contribution fund - This fund receives contributions from Council policy on levying sub-dividers and developers for provision of reserves. Payment may be in kind (land) or a pro rata levy on the value of the development. The balance of the fund is used for the purchase of land for reserves (or the development of same). Reserve contributions were levied on sub-divisions approved prior to the advent of development contributions for reserves which came into effect on 1 July 2006

V8 reserve - This reserve was established as part of the funding mechanism for the circuit infrastructure surrounding the V8s. This reserve is now closed.

Waikato Stadium reserve - This reserve was created with the surplus attained from events held at Council's facilities. Council may resolve to address any shortfall in future events by way of a transfer from this reserve.

Waste minimisation reserve - To encourage a reduction in the amount of waste generated and disposed of in New Zealand, and to lessen the environmental harm of waste. The reserve was created in 2009 as a result of the Waste Minimisation Act 2008. Funding is distributed to local authorities by the Ministry of Environment and expenditure includes grants to others, waste minimisation initiative operating expenses and recycling contract.

Water reticulation reserve - This fund derives from Council policy on levying subdividers and developers for provision of services to new subdivisions and developments. This reserve is now closed.

Zoo animal purchases reserve - To enable funds to accumulate across years for the purchase of zoo animals.

NOTE 29: RECONCILIATION OF NET SURPLUS/(DEFICIT) AFTER TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Net surplus/(deficit) after tax	5,263	(9,963)	6,013	(4,741)
Add/(less) non-cash items:				
Depreciation and amortisation	54,464	53,789	54,464	53,789
(Gains)/losses in fair value of bank borrowings	-	(851)	-	(851)
(Gains)/losses in fair value of interest rate swaps	(11,659)	15,107	(11,659)	15,107
(Gains)/losses in fair value of investment properties	711	(262)	711	(262)
(Gains)/losses realised on fair value of other financial assets			(239)	39
(Gains)/losses unrealised on fair value of other financial assets			(311)	(90)
Impairment of other financial assets	179	134	179	134
Share of associates (surplus)/ deficit	-	-	(72)	(471)
Vested assets	(8,418)	(8,999)	(8,418)	(8,999)
Total non-cash items	35,277	58,918	34,655	58,396
Add/(less) items classified as investing or financing activities:				
Change in capital expenditure accruals	(7,477)	5,112	(7,477)	5,112
(Gains)/losses on disposal of property, plant and equipment	11,640	2,808	11,640	2,808
Impairment of property, plant and equipment	74	4,337	74	4,337
Total items classified as investing or financing activities	4,237	12,257	4,237	12,257
Add/(less) movements in working capital:				
Trade debtors and other receivables	(195)	2,978	(195)	2,978
Inventory	145	26	145	26
Prepayments	(136)		(136)	
Trade creditors and other payables	2,226	(5,597)	2,236	(5,589)
Employee entitlements	(773)	(91)	(773)	(91)
Provisions	139	845	139	845
Total movements in working capital	1,406	(1,839)	1,416	(1,831)
Net cash inflow from operating activities	46,183	59,373	46,321	64,081

NOTE 30: CAPITAL COMMITMENTS AND OPERATING LEASES

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Capital commitments				
Property, plant and equipment	42,151	63,447	42,151	63,447
Total capital commitments	42,151	63,447	42,151	63,447

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

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 payable under non-cancellable operating leases are as follows:

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Not later than one year	555	636	555	636
Later than one year and not later than five years	535	708	535	708
Later than five years	339	110	339	110
Total non-cancellable operating leases	1,429	1,454	1,429	1,454

The total minimum future sublease payments expected to be received under subleases at balance date is \$nil (2012 \$nil). 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 placed on Council by any of the leasing arrangements.

Operating leases as lessor

Investment property is leased under operating leases.

The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Not later than one year	3,010	3,175	3,010	3,175
Later than one year and not later than five years	9,003	9,204	9,003	9,204
Later than five years	5,981	7,723	5,981	7,723
Total non-cancellable operating leases	17,994	20,102	17,994	20,102

No contingent rents have been recognised during the period.

NOTE 31: 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	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Lending institution:				
ASB Bank	39	58	39	58
Bank of New Zealand	325	489	325	489
Westpac	16	46	16	46
Total loans guaranteed	380	593	380	593

Insurance and liability claims:

Council was involved as defendant in various public liability and professional indemnity claims at 30 June 2013. Council's potential liability, if at all, would be its insurance excess. Council has also estimated its other liability claims.

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Insurance claim excess	5	210	5	210
Other liability claims	20	37	20	37
Total insurance and liability claims	25	247	25	247

Unquantified 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.

The Supreme Court decision in October 2012 on Council's liability for non-residential buildings may affect the liability of the Council for weathertightness claims for non-residential buildings. The impact of the decision is yet to be quantified by the Council. The Council has received two claims as a result of this ruling.

Weathertight homes resolution services and court claims:

A provision for potential liability for the 10 claims (2012 19 claims) that are outstanding with the weathertight homes resolution service, and three claims (2012 2 claims) made via the court system have been made per note 25. There may be further claims in future but these are unable to be quantified at this point in time.

Uncalled capital:

Council has contingent liabilities in respect of uncalled capital for the entities as follows:

	Council		Group	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Uncalled capital				
Waikato Regional Airport Ltd	4,800	4,800	4,800	4,800
New Zealand Local Government Funding Agency Ltd	1,866	2,000	1,866	2,000
Total uncalled capital	6,666	6,800	6,666	6,800

Waikato Regional Airport Limited

During May 2004, the shareholders of Waikato Regional Airport Limited (WRAL) of which Hamilton City Council has a 50% shareholding, authorised the company issuing further shares totalling \$21.6 million 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 for \$10.8 million 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 payment made in July 2009 from all five shareholders. Hamilton City Council's share of this call was \$6 million with the contingent liability being 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.

New Zealand Local Government Funding Agency Limited

Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+.

Council is one of 30 local authority shareholders and 8 local authority guarantors of the NZLGFA. In that regard it has uncalled capital of \$1.866 million as at 30 June 2013 (2012 \$2 million). When aggregated with the uncalled capital of other shareholders, \$20 million is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2013, NZLGFA had borrowings totalling \$2.475 billion (2012 \$835 million).

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable value for the guarantee, and therefore has not recognised a liability.

The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- Council is not aware of any local authority debt default events in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligation if further funds were required.

Associate's contingencies:

There are no contingent liabilities arising from Council's involvement in its associates for 2013 (2012 nil).

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 percent share.

NOTE 32: 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.

Council has significant influence over Waikato Regional Airport Ltd and Hamilton Riverview Hotel Ltd (Novotel) as associates. Council sold its shares in Hamilton Fibre Network Ltd on 26 August 2011, and received part of the proceeds from the sale in August 2011 and the balance in September 2012. Refer to note 23, investments in associates for further detail.

Related party transactions (excluding GST) with associates and CCO's are summarised as follows:

	2013 \$	2012 \$
ASSOCIATES		
Waikato Regional Airport Ltd		
Services provided by Council	20	29
Services provided to Council	396	481
Accounts payable to Council - current	1	3
Hamilton Riverview Hotel Ltd (Novotel)		
Services provided to Council	-	1
Services provided by Council	47	48
Rates paid to Council	124	120
Hamilton Fibre Network Ltd		
Services provided by Council	-	3
SUBSIDIARIES		
Vibrant Hamilton Trust		
Accounts receivable from Council	2	2
Accounts payable to Council	8	-
UNLISTED SHARES		
Local Authority Shared Services Ltd		
Services provided to Council	240	115
Accounts receivable from Council	20	14

Transactions with 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).

	2013 \$	2012 \$
Salaries and other short term employee benefits	3,014	2,662
Post employment benefits	-	-
Other long term benefits	29	21
Termination benefits	-	292
Total key management personnel compensation	3,043	2,975

Key management personnel include the Mayor, Councillors, Chief Executive and other members of the senior management team.

Barry Harris (CEO) is a Director of:

- Local Authority Shared Services Ltd (LASS), and transactions between Council and LASS for the year are noted above.
- Barry Harris was also a Director of Hamilton Riverview Hotel Ltd and resigned in April 2012.

Jason Dawson (General Manager Customer Relationships) is an Executive Board Member of:

- The Association of Local Government Information Management. Council made payments to ALGIM of \$13,789 (2012 \$nil).

Richard Briggs (Chief Financial Officer) is a Director of Hamilton Riverview Hotel since 21 March 2013, and transactions between Council and HRH for the year are noted above.

Peter Bos (Councillor) is a Director of:

- Hamilton Riverview Hotel Ltd (HRH) until his resignation on 20 August 2012, and transactions between Council and HRH for the year are noted above.

Gordon Chesterman (Deputy Mayor) was the Chair at Wintec and resigned on 30 April 2012. Council made payments to this entity for 2012 of \$13,381.

Martin Gallagher (Councillor) has declared an interest in:

- Waikato Community Broadcasting, and Council made total payments of \$12,483 (2012 \$10,356) to this entity for the year.

David Macpherson (Councillor) has declared an interest in:

- Waikato Community Broadcasting, and Council made total payments of \$12,483 (2012 \$10,356) to this entity for the year.
- Waikato Regional Volleyball Association, and Council made total payments of \$16,000 (2012 \$14,050) to this entity for the year.
- Western Community Centre, and Council made total payments of \$101,297 (2011 \$76,681) to this entity for the year.

Margaret Forsyth (Councillor) is a Board Member of Waikato Bay of Plenty Netball. Council made total payments to this entity for the year of \$2,300 (2012 \$nil).

Maria Westphal (Councillor) was a Trustee of:

- The Hamilton Tulip Festival Trust. Council made payments of \$2,626 in 2013 (2012 \$nil) to this entity for the year.
- Fuel Festival Trust. Council made total payments to this entity for the year of \$5,000 (2012 \$nil).

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties.

NOTE 33: REMUNERATION

Elected members

Elected members received the the following remuneration:

	Council		Group	
	2013	2012	2013	2012
	\$	\$	\$	\$
Mayor				
Julie Hardaker				
Salary	142,134	138,634	142,134	138,634
Vehicle	5,466	5,466	5,466	5,466
Councillors				
Daphne Bell	71,570	73,433	71,570	73,433
Peter Bos	71,570	70,713	71,570	70,713
Gordon Chesterman	78,570	77,713	78,570	77,713
Margaret Forsyth	71,570	72,833	71,570	72,833
Martin Gallagher	78,570	77,713	78,570	77,713
John Gower	78,570	84,463	78,570	84,463
Roger Hennebry	71,570	73,433	71,570	73,433
Dave Macpherson	78,570	77,713	78,570	77,713
Pippa Mahood	71,570	70,713	71,570	70,713
Angela O'Leary	71,570	70,713	71,570	70,713
Maria Westphal	78,570	78,314	78,570	78,314
Ewan Wilson	71,570	71,773	71,570	71,773
Total Elected Members' remuneration	1,041,440	1,043,627	1,041,440	1,043,627

The remuneration received by elected members for 2013 totalled \$1,041,440. This amount was within the allowable remuneration pool determined by the Remuneration Authority for the year ended 30 June 2013. It is noted that elected members did not receive fees for attending resource consent hearings for 2013.

The remuneration for 2012 totalled \$1,043,627, which included fees of \$15,970 for attending resource consent hearings.

Councillor Peter Bos was a director of Hamilton Riverview Hotel Limited for part of the year, for which he received director's fees of \$1,077 (2012 \$7,000). He resigned on 20 August 2012. Director's fees have been excluded from the above table.

Chief Executive

The Chief Executive received the following remuneration:

	2013	2012
	\$	\$
Barry Harris		
Salary	352,641	354,001
Vehicle	17,056	16,717
Superannuation contribution	7,885	7,080
Total Chief Executive's remuneration	377,582	377,800

Barry Harris resigned as a Director of Hamilton Riverview Hotel Limited on 20 April 2012 and therefore Council did not receive any directors fees for the year ended 30 June 2013 (2012 \$8,400).

Council employees

The total annual remuneration by band for employees as at 30 June :

	2013	2012
	No	No
< \$60,000	699	758
\$60,000 - \$79,999	188	181
\$80,000 - \$99,999	85	73
\$100,000 - \$119,999	34	31
\$120,000 - \$139,999	20	16
\$140,000 - \$179,999	8	9
\$180,000 - \$259,999	6	5
> \$300,000	1	1
Total employees	1,041	1,074

The total remuneration includes non-financial benefits provided to employees.

There are 5 or fewer employees in the bands \$140,000 - \$159,999, \$160,000 - \$179,999 and \$180,000 - \$199,999, therefore the numbers for those bands have been combined with the next highest band of \$140,000 - \$179,999 and \$180,000 - \$259,999.

At balance date, the Council employed 669 full-time employees (2012 634), with the balance of staff representing 187 full-time equivalent employees (2012 215). A full-time employee is determined on the basis of a 40 hour working week.

NOTE 34: SEVERANCE PAYMENTS

For the year ended 30 June 2013 the Council made severance payments to seven employees totalling \$88,796 (2012 six employees \$70,568).

The value of each of the severance payments was \$24,873, \$17,500, \$14,000, \$12,900, \$12,000, \$6,867 and \$656.

The amounts disclosed above represent any payment made in addition to the terms of the employment contract for each staff member.

NOTE 35: EVENTS AFTER BALANCE DATE

Council resolved on the 4th of July to commence a formal sales process of its shareholding in Hamilton Riverview Hotels (Novotel).

On the 15th of August 2013 Council resolved that Innovation Waikato Limited and Waikato Innovation Park Limited will be recognised as Council Controlled Organisations under the Local Government Act 2002. This has resulted from accepting the transfer of all the assets from Katolyst Trust making Council the sole shareholder in both companies.

NOTE 36: FINANCIAL INSTRUMENTS

Financial Instrument Categories

	Council		Group	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000
FINANCIAL ASSETS				
Fair value through surplus/deficit - held for trading				
Equity securities	-	-	2,364	1,912
Fixed interest instruments	-	-	2,776	2,258
Loans and receivables				
Cash and cash equivalents	49,817	26,248	50,122	26,835
Debtors and other receivables	14,789	14,594	14,789	14,594
Other financial assets:				
- community loans	279	698	279	698
- term deposits	10,220	1,600	10,220	1,600
Total loans and receivables	75,105	43,140	75,410	43,727
Fair value through other comprehensive income				
Other financial assets:				
- Unlisted shares	5,005	5,318	5,005	5,318
Total fair value through other comprehensive income	5,005	5,318	5,005	5,318
FINANCIAL LIABILITIES				
Fair value through surplus or deficit				
Derivative financial instrument liabilities (note 18)	21,164	32,823	21,164	32,823
Financial liabilities at amortised cost				
Creditors and other payables (note 24)	27,185	24,959	27,201	24,965
Borrowings: (note 27)				
- bank overdraft	-	-	-	-
- secured loans	438,204	397,704	438,204	397,704
Total financial liabilities at amortised cost	465,389	422,663	465,405	422,669

Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) - Financial instruments with quoted prices 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 analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position.

	Valuation technique			
	Total	Quoted market price	Observable inputs	Significant non-observable inputs
	\$'000	\$'000	\$'000	\$'000
30 June 2013 - Council				
Financial assets				
Shares (note 15 and 16)	5,006	-	-	5,006
Financial liabilities				
Derivatives (note 18)	21,164	-	21,164	-
30 June 2013 - Group				
Financial assets				
Shares	5,005	-	-	5,005
Equity securities	2,364	2,364	-	-
Fixed interest instruments	2,776	2,776	-	-
Financial liabilities				
Derivatives	21,164	-	21,164	-
30 June 2012 - Council				
Financial assets				
Shares	5,319	-	-	5,319
Financial liabilities				
Derivatives	32,823	-	32,823	-
30 June 2012 - Group				
Financial assets				
Shares	5,318	-	-	5,318
Equity securities	1,912	1,912	-	-
Fixed interest instruments	2,258	2,258	-	-
Financial liabilities				
Derivatives	32,823	-	32,823	-

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 provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

	Council		Group	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	5,319	3,453	5,318	3,452
Gain and (losses) recognised in the surplus or deficit	(179)	(134)	(179)	(134)
Gain and (losses) recognised in other comprehensive income	-	-	-	-
Purchases	-	2,000	-	2,000
Sales	(134)	-	(134)	-
Transfers into level 3	-	-	-	-
Transfers out of level 3	-	-	-	-
Balance at 30 June	5,006	5,319	5,005	5,318

Changing a valuation assumption to a reasonable possible assumption would not significantly change fair value.

FINANCIAL INSTRUMENT RISKS

The Council's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. Council has policies to manage risks associated with financial instruments and seeks to minimise exposure from its treasury activities. Council has established Council approved investment and liability management 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 or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Equity securities price risk arises on listed equity investments, which relate to Vibrant Hamilton Trust and are classified as financial assets held at fair value through surplus/deficit. 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 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. Council is exposed to foreign currency movements through the Vibrant Hamilton Trust investment portfolio to the extent that \$1,533,163 of the equity securities are not hedged (2012 \$1,262,539).

Interest rate risk*Fair value interest rate risk*

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates expose Council to fair value interest rate risk. Council's Investment and Liability Management policy outlines the level of borrowing that is to be secured using fixed interest rate instruments.

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 issued 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.

Credit risk

The council is exposed to credit risk as a guarantor of all of LGFA's borrowings. Information about this exposure is explained in note 31.

Credit risk is the risk that a third party will default on its obligation to 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 short term deposits with registered banks and has loaned funds to Staples Rodway. The Vibrant Hamilton Trust is consolidated into Council's Group financial statements and also includes cash and fixed interest securities that are a credit risk.

Maximum exposure to credit risk

Council's maximum exposure to credit risk for each class of financial instrument is as follows:

	Council		Group	
	2013	2012	2013	2012
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Cash and cash equivalents	49,817	26,248	50,122	26,835
Debtors and other receivables	14,789	14,594	14,789	14,594
Equity securities	-	-	2,364	1,912
Fixed interest instruments	-	-	2,776	2,258
Community and related party loans	279	698	279	698
Term deposits	10,220	1,600	10,220	1,600
Financial guarantees	380	593	380	593
Total credit risk	75,485	43,733	80,930	48,490

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:

		Council		Group	
	Rating	2013	2012	2013	2012
		\$000	\$000	\$000	\$000
Counterparties with credit ratings					
Cash and cash equivalents	AA-	49,817	26,248	50,122	26,835
Term deposits	AA+	10,220	1,600	10,220	1,600
Fixed interest instruments	AAA	-	-	55	-
	AA	-	-	632	897
	AA-	-	-	839	474
	A+	-	-	117	61
	A	-	-	147	116
	A-	-	-	172	109
	BBB+	-	-	136	114
	BBB	-	-	20	-
	BB+	-	-	3	-
	BB-	-	-	-	24
Total fixed interest instruments		-	-	2,121	1,795
Counterparties without credit ratings					
Fixed interest instruments					
- existing counterparty with no defaults in the past		-	-	243	463
Community and related party loans and mortgages					
- existing counterparty with no defaults in the past		279	296	279	296
- existing counterparty with defaults in the past		-	402	-	402
Total community and related party loans and mortgages		279	698	279	698

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 NZ Clear (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 Investment and Liability Management Policy.

Liquidity risk

Liquidity risk is the risk that Hamilton City Council will encounter difficulty raising 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 an Investment and Liability Management Policy. These policies have been adopted as part of Council's 10-Year Plan.

Council has a maximum amount that can be drawn down against its overdraft facility of \$500,000 (2012 \$500,000). There are no restrictions on the use of this facility. Council also has \$478,204,000 (2012 \$425,704,000) of committed borrowing facilities, with available headroom of \$99,055,000 (2012 \$55,015,000) at balance date.

The Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 31.

Contractual maturity analysis of financial liabilities

The table below analyses 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 are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000
Council 2013					
Creditors and other payables	27,185	27,185	27,185	-	-
Bank overdraft	-	-	-	-	-
Secured loans	438,204	509,530	126,613	256,690	126,227
Finance leases	677	713	501	212	-
Financial guarantees	380	380	380	-	-
Net settled derivatives	21,164	43,997	3	6,940	37,054
Total	487,610	581,805	154,682	263,842	163,281
Group 2013					
Creditors and other payables	27,201	27,201	27,201	-	-
Secured loans	438,204	509,530	126,613	256,690	126,227
Finance leases	677	713	501	212	-
Financial guarantees	380	380	380	-	-
Net settled derivatives	21,164	43,997	3	6,940	37,054
Total	487,626	581,821	154,698	263,842	163,281
Council 2012					
Creditors and other payables	24,959	24,959	24,959	-	-
Secured loans	397,704	452,704	79,683	252,486	120,535
Finance leases	1,191	1,249	861	388	-
Financial guarantees	593	593	593	-	-
Net settled derivatives	32,823	45,136	77	13,088	31,971
Total	457,270	524,641	106,173	265,962	152,506
Group 2012					
Creditors and other payables	24,965	24,965	24,965	-	-
Secured loans	397,704	452,704	79,683	252,486	120,535
Finance leases	1,191	1,249	861	388	-
Financial guarantees	593	593	593	-	-
Net settled derivatives	32,823	45,136	77	13,088	31,971
Total	457,276	524,647	106,179	265,962	152,506

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. The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000
Council 2013					
Cash and cash equivalents	49,817	49,817	49,817	-	-
Debtors and other receivables	14,789	14,789	14,789	-	-
Community and related party loans	279	401	37	149	215
Term deposits	10,220	10,882	7,160	1,876	1,846
Total	75,105	75,889	71,803	2,025	2,061
Group 2013					
Cash and cash equivalents	50,122	50,122	50,122	-	-
Debtors and other receivables	14,789	14,789	14,789	-	-
Community and related party loans	279	401	37	149	215
Term deposits	10,220	10,882	7,160	1,876	1,846
Total	75,410	76,194	72,108	2,025	2,061
Council 2012					
Cash and cash equivalents	26,248	26,248	26,248	-	-
Debtors and other receivables	14,594	14,594	14,594	-	-
Community and related party loans	698	864	306	306	252
Term deposits	1,600	1,952	40	585	1,327
Total	43,140	43,658	41,188	891	1,579
Group 2012					
Cash and cash equivalents	26,835	26,835	26,835	-	-
Debtors and other receivables	14,789	14,789	14,789	-	-
Community and related party loans	698	864	306	306	252
Term deposits	1,600	1,952	40	585	1,327
Total	43,922	44,440	41,970	891	1,579

Sensitivity analysis

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on Council's financial instrument exposures at balance date.

Council	2013				2012			
	-100bps		+100bps		-100bps		+100bps	
	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
INTEREST RATE RISK								
Financial assets								
Cash and cash equivalents	(498)	-	498	-	(262)	-	262	-
Financial liabilities								
Borrowings - secured loans	1,157	-	(1,157)	-	582	-	(582)	-
Derivative financial instruments	15,569	-	(14,743)	-	15,439	-	(14,597)	-
Total sensitivity to interest rate risk	16,228	-	(15,402)	-	15,759	-	(14,917)	-

Group	2013				2012			
	-100bps		+100bps		-100bps		+100bps	
	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
INTEREST RATE RISK								
Financial assets								
Cash and cash equivalents	(501)	-	501	-	(268)	-	268	-
Financial liabilities								
Borrowings - secured loans	1,157	-	(1,157)	-	582	-	(582)	-
Derivative financial instruments	15,569	-	(14,743)	-	15,439	-	(14,597)	-
Total sensitivity to interest rate risk	16,225	-	(15,399)	-	15,753	-	(14,911)	-

Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonably possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease of 100bps is equivalent to a decrease in interest rates of 1%.

The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of +/- 100bps.

Group	2013				2012			
	-10%		+10%		-10%		+10%	
	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
FOREIGN EXCHANGE RISK								
Financial assets								
Equity securities	(151)	-	151	-	(126)	-	126	-
Total	(151)	-	151	-	(126)	-	126	-

Group	2013				2012			
	-10%		+10%		-10%		+10%	
	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
EQUITY PRICE RISK								
Financial assets								
Equity securities	-	(278)	-	278	-	(191)	-	191
Total	-	(278)	-	278	-	(191)	-	191

Explanation of foreign exchange risk sensitivity

The foreign exchange sensitivity is based on a reasonably possible movement in foreign exchange rates, with all other variables held constant, measured as a percentage movement in the foreign exchange rate.

Explanation of equity price risk sensitivity

The sensitivity for equity securities has been calculated based on a -10%/+10% movement in the quoted share price at year end for the listed shares.

NOTE 37: CAPITAL MANAGEMENT

The Council's capital is its equity (or ratepayers' funds), which comprises 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 principle 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 Plan (LTP) 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 LTP.

Hamilton City Council has the following Council created reserves:

- reserves for different areas of benefit;
- 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.

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 38: EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variances from Council's budget figures in the 2012-22 Long Term Plan are as follows.

Statement of comprehensive income

The Council result is a surplus of \$5 million, which is \$12 million ahead of the budgeted net deficit of \$6.9 million.

Major favourable variances were recorded in revenue of \$6.0 million, of which \$3.5 million came from additional development contributions, \$2.5 million came from the service areas Water Supply (higher demand from metered water), Wastewater Management (additional trade waste revenue and contribution for the Shared Service) and City Safety (higher volume of Building consents processed). Other favourable variances reported were \$1.9 million against depreciation, \$9.3 million in additional Capital revenue, mainly from NZTA Subsidies applied to Roding and gains in interest swaps of \$10.8 million. Interest costs were \$0.8 million favourable due to timing of borrowing for capital works.

Off setting these, expenditure in the activity areas was \$2.3 million greater than budget, this occurred across Transportation (emergency maintenance works and professional fees), Wastewater (costs of operating the Shared Service) and City Safety (higher processing costs and weather tight home resolutions). Other unfavourable items were losses on disposal of assets, these came about from the replacement of infrastructure and property based assets, the loss represents the residual book value of the assets replaced and \$3.4 million in work in progress write offs, as the expenditure did not meet the criteria for capital expenditure.

Statement of changes in equity

The level of equity as at 30 June 2013 was \$523.7 million less than budget. This was mainly due to the impact of assets values that were written down in 2012 as part of the revaluation and valuation gain in 2013 that did not occur.

Statement of financial position

Total assets as at 30 June 2013 were \$501 million less than budget. Current assets were \$24.3 million greater than budget due to favourable cash balances of \$24.8 million on term deposits of less than three months. Non-current assets are less than budget as a result of a loss on property revaluations that occurred in the previous financial year. Total liabilities as at 30 June 2013 were \$21 million greater than budget. The major reason being the unrealised gain in interest rate swaps for 2013.

Statement of cash flows

The overall movement in cash held was \$25 million more than budget. Net cash inflows from operating activities was \$10 million more than budget. The main favourable variances were government capital subsidies and grants of \$10.5 million received above the budget and addition capital contributions from developers of \$4 million. Payments for suppliers and services were \$9.1 million ahead of budget. Net cash outflows from investing activities was \$0.5 million unfavourable to budget. Net cash inflows from financing activities was \$21.0 million better than budget mainly due to higher loans raised of \$23 million for the year.

COUNCIL - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2013

	Actual	Annual Plan	Actual	Annual Plan
	2013	2013	2012	2012
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	115,100	115,498	114,094	114,509
Targeted rates (other than targeted rate for water supply)	6,274	6,258	2,327	2,334
Subsidies and grants for operating purposes	4,225	3,380	5,143	4,969
Fees charges and targeted rates for water supply	41,487	44,543	39,544	53,647
Interest and dividends from investments	1,265	275	1,895	237
Local authorities fuel tax, fines, infringement fees, and other receipts	5,825	4,174	5,476	6,131
Total operating funding	174,176	174,128	168,480	181,827
Applications of operating funding				
Payments to staff & suppliers	112,715	117,964	124,227	131,681
Finance costs	22,921	23,733	23,852	26,434
Other operating funding applications	1,585	1,273	651	449
Total applications of operating funding	137,221	142,970	148,730	158,564
Surplus/(deficit) of operating funding	36,955	31,158	19,749	23,263
Sources of capital funding				
Subsidies and grants for capital expenditure	12,694	1,029	30,276	8,185
Development and financial contributions	9,497	7,897	7,656	8,679
Increase/(decrease) in debt	39,987	20,673	14,992	28,842
Gross proceeds from the sale of assets	10,066	2,741	9,817	200
Lump sum contributions	-	-	-	-
Total sources of capital funding	72,244	32,340	62,741	45,906
Application of capital funding				
Capital expenditure				
- to meet additional demand	15,370	12,420	12,205	14,781
- to improve the level of service	34,010	23,177	37,871	51,607
- to replace existing assets	25,604	25,138	21,711	4,343
Increase/(decrease) in reserves	1,290	1,116	12,296	(4,062)
Increase/(decrease) of investments	32,925	1,647	(1,593)	2,500
Total application of capital funding	109,199	63,498	82,490	69,169
Surplus/(deficit) of capital funding	(36,955)	(31,158)	(19,749)	(23,263)
Funding balance	-	-	-	-

A classification issue has been identified in the Funding Impact Statements that were presented in the 2012 to 2022 LTP. Payments to staff and suppliers were understated and internal charges and overheads applied were overstated. The LTP figures have been re-stated so that they are presented consistently with the actual 2012/13 figures to enable comparability.

ARTS AND RECREATION - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2013

	Actual	Long Term Plan	Long Term Plan
	2013	2013	2012
	\$000	\$000	\$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	19,797	19,900	21,813
Targeted rates (other than targeted rate for water supply)	220	217	215
Subsidies and grants for operating purposes	258	-	-
Fees charges and targeted rates for water supply	5,335	6,814	6,655
Internal charges and overheads recovered	417	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	413	-	-
Total operating funding	26,440	26,931	28,683
Applications of operating funding			
Payments to staff & suppliers	22,755	20,835	21,423
Finance costs	394	653	2,393
Internal charges and overheads applied	2,014	5,409	6,069
Other operating funding applications	89	34	38
Total applications of operating funding	25,252	26,931	29,923
Surplus/(deficit) of operating funding	1,188	-	(1,240)
Sources of capital funding			
Subsidies and grants for capital expenditure	17	-	-
Development and financial contributions	-	274	1,329
Increase/(decrease) in debt	697	3,919	707
Gross proceeds from the sale of assets	-	-	200
Lump sum contributions	-	-	-
Total sources of capital funding	714	4,193	2,236
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	66
- to improve the level of service	706	1,288	3,858
- to replace existing assets	3,356	2,965	822
Increase/(decrease) in reserves	(19)	(60)	(3,750)
Increase/(decrease) of investments	(2,141)	-	-
Total application of capital funding	1,902	4,193	996
Surplus/(deficit) of capital funding	(1,188)	-	1,240
Funding balance	-	-	-

A classification issue has been identified in the Funding Impact Statements that were presented in the 2012 to 2022 LTP. Payments to staff and suppliers were understated and internal charges and overheads applied were overstated. The LTP figures have been re-stated so that they are presented consistently with the actual 2012/13 figures to enable comparability.

CITY PLANNING AND DEVELOPMENT - FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Actual	Long Term Plan	Long Term Plan
	2013	2013	2012
	\$000	\$000	\$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	4,028	3,650	3,350
Targeted rates (other than targeted rate for water supply)	38	40	33
Subsidies and grants for operating purposes	-	-	-
Fees charges and targeted rates for water supply	1,174	1,051	966
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	111	-	-
Total operating funding	5,351	4,741	4,349
Applications of operating funding			
Payments to staff & suppliers	4,438	4,240	4,011
Finance costs	(51)	4	51
Internal charges and overheads applied	425	1,004	958
Other operating funding applications	18	-	-
Total applications of operating funding	4,830	5,248	5,020
Surplus/(deficit) of operating funding	521	(507)	(671)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(91)	765	680
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	(91)	765	680
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	84	126	98
- to replace existing assets	226	133	127
Increase/(decrease) in reserves	(10)	(1)	(216)
Increase/(decrease) of investments	130	-	-
Total application of capital funding	430	258	9
Surplus/(deficit) of capital funding	(521)	507	671
Funding balance	-	-	-

A classification issue has been identified in the Funding Impact Statements that were presented in the 2012 to 2022 LTP. Payments to staff and suppliers were understated and internal charges and overheads applied were overstated. The LTP figures have been re-stated so that they are presented consistently with the actual 2012/13 figures to enable comparability.

CITY PROSPERITY - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2013

	Actual	Long Term Plan	Long Term Plan
	2013	2013	2012
	\$000	\$000	\$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	14,503	14,610	9,224
Targeted rates (other than targeted rate for water supply)	157	159	94
Subsidies and grants for operating purposes	-	-	-
Fees charges and targeted rates for water supply	7,239	9,639	20,979
Internal charges and overheads recovered	1,747	-	-
Interest and dividends from investments	1,265	275	237
Local authorities fuel tax, fines, infringement fees, and other receipts	1,020	-	-
Total operating funding	25,931	24,683	30,534
Applications of operating funding			
Payments to staff & suppliers	14,489	14,909	23,193
Finance costs	7,061	7,002	944
Internal charges and overheads applied	1,024	2,229	3,313
Other operating funding applications	65	377	15
Total applications of operating funding	22,639	24,517	27,465
Surplus/(deficit) of operating funding	3,292	166	3,069
Sources of capital funding			
Subsidies and grants for capital expenditure	181	-	-
Development and financial contributions	-	196	-
Increase/(decrease) in debt	11,962	1,819	2,427
Gross proceeds from the sale of assets	6,834	265	-
Lump sum contributions	-	-	-
Total sources of capital funding	18,977	2,280	2,427
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	389	505	611
- to replace existing assets	906	768	359
Increase/(decrease) in reserves	762	(474)	2,026
Increase/(decrease) of investments	20,212	1,647	2,500
Total application of capital funding	22,269	2,446	5,496
Surplus/(deficit) of capital funding	(3,292)	(166)	(3,069)
Funding balance	-	-	-

A classification issue has been identified in the Funding Impact Statements that were presented in the 2012 to 2022 LTP. Payments to staff and suppliers were understated and internal charges and overheads applied were overstated. The LTP figures have been re-stated so that they are presented consistently with the actual 2012/13 figures to enable comparability.

CITY SAFETY - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2013

	Actual	Long Term Plan	Long Term Plan
	2013	2013	2012
	\$000	\$000	\$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,611	1,663	1,739
Targeted rates (other than targeted rate for water supply)	19	18	17
Subsidies and grants for operating purposes	137	99	35
Fees charges and targeted rates for water supply	7,271	6,755	5,705
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	197	-	-
Total operating funding	9,235	8,535	7,496
Applications of operating funding			
Payments to staff & suppliers	7,111	7,042	5,763
Finance costs	19	40	26
Internal charges and overheads applied	573	1,621	1,981
Other operating funding applications	7	2	-
Total applications of operating funding	7,710	8,705	7,770
Surplus/(deficit) of operating funding	1,525	(170)	(274)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	33	294	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	33	294	-
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	156	58	74
- to replace existing assets	386	61	66
Increase/(decrease) in reserves	(4)	5	(414)
Increase/(decrease) of investments	1,020	-	-
Total application of capital funding	1,558	124	(274)
Surplus/(deficit) of capital funding	(1,525)	170	274
Funding balance	-	-	-

A classification issue has been identified in the Funding Impact Statements that were presented in the 2012 to 2022 LTP. Payments to staff and suppliers were understated and internal charges and overheads applied were overstated. The LTP figures have been re-stated so that they are presented consistently with the actual 2012/13 figures to enable comparability.

COMMUNITY SERVICES - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2013

	Actual	Long Term Plan	Long Term Plan
	2013	2013	2012
	\$000	\$000	\$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,684	3,696	5,273
Targeted rates (other than targeted rate for water supply)	38	40	52
Subsidies and grants for operating purposes	260	53	249
Fees charges and targeted rates for water supply	3,237	3,431	3,062
Internal charges and overheads recovered	20	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	149	-	(1)
Total operating funding	7,388	7,220	8,635
Applications of operating funding			
Payments to staff & suppliers	6,277	6,341	7,638
Finance costs	48	98	115
Internal charges and overheads applied	690	1,144	1,793
Other operating funding applications	17	5	1
Total applications of operating funding	7,032	7,588	9,547
Surplus/(deficit) of operating funding	356	(368)	(912)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	893	-	687
Increase/(decrease) in debt	85	441	194
Gross proceeds from the sale of assets	3,232	2,476	-
Lump sum contributions	-	-	-
Total sources of capital funding	4,210	2,917	881
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	527	583	171
- to replace existing assets	446	270	200
Increase/(decrease) in reserves	3,119	1,696	(402)
Increase/(decrease) of investments	474	-	-
Total application of capital funding	4,566	2,549	(31)
Surplus/(deficit) of capital funding	(356)	368	912
Funding balance	-	-	-

A classification issue has been identified in the Funding Impact Statements that were presented in the 2012 to 2022 LTP. Payments to staff and suppliers were understated and internal charges and overheads applied were overstated. The LTP figures have been re-stated so that they are presented consistently with the actual 2012/13 figures to enable comparability.

DEMOCRACY - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2013

	Actual	Long Term Plan	Long Term Plan
	2013	2013	2012
	\$000	\$000	\$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,568	3,638	4,674
Targeted rates (other than targeted rate for water supply)	37	40	46
Subsidies and grants for operating purposes	-	-	-
Fees charges and targeted rates for water supply	26	28	29
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding	3,631	3,706	4,749
Applications of operating funding			
Payments to staff & suppliers	1,871	1,428	1,386
Finance costs	(46)	6	71
Internal charges and overheads applied	161	2,781	4,224
Other operating funding applications	16	-	-
Total applications of operating funding	2,002	4,215	5,681
Surplus/(deficit) of operating funding	1,629	(509)	(932)
Sources of capital funding			
Subsidies and grants for capital expenditure	5	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(81)	763	-
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	(76)	763	-
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	21	126	143
- to replace existing assets	80	132	177
Increase/(decrease) in reserves	(8)	(4)	(1,252)
Increase/(decrease) of investments	1,460	-	-
Total application of capital funding	1,553	254	(932)
Surplus/(deficit) of capital funding	(1,629)	509	932
Funding balance	-	-	-

A classification issue has been identified in the Funding Impact Statements that were presented in the 2012 to 2022 LTP. Payments to staff and suppliers were understated and internal charges and overheads applied were overstated. The LTP figures have been re-stated so that they are presented consistently with the actual 2012/13 figures to enable comparability.

PARKS AND OPEN SPACES - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2013

	Actual	Long Term Plan	Long Term Plan
	2013	2013	2012
	\$000	\$000	\$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	10,704	10,753	11,363
Targeted rates (other than targeted rate for water supply)	119	117	112
Subsidies and grants for operating purposes	170	-	-
Fees charges and targeted rates for water supply	703	911	915
Internal charges and overheads recovered	83	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	14	-	(50)
Total operating funding	11,793	11,781	12,340
Applications of operating funding			
Payments to staff & suppliers	8,215	8,996	7,879
Finance costs	1,373	1,476	2,901
Internal charges and overheads applied	878	1,453	2,781
Other operating funding applications	48	79	50
Total applications of operating funding	10,514	12,004	13,611
Surplus/(deficit) of operating funding	1,279	(223)	(1,271)
Sources of capital funding			
Subsidies and grants for capital expenditure	657	-	-
Development and financial contributions	1,186	459	756
Increase/(decrease) in debt	2,426	5,195	3,538
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	4,269	5,654	4,294
Application of capital funding			
Capital expenditure			
- to meet additional demand	4,285	1,386	3,664
- to improve the level of service	4,169	2,261	8,662
- to replace existing assets	1,807	1,780	431
Increase/(decrease) in reserves	(1,458)	4	(9,734)
Increase/(decrease) of investments	(3,255)	-	-
Total application of capital funding	5,548	5,431	3,023
Surplus/(deficit) of capital funding	(1,279)	223	1,271
Funding balance	-	-	-

A classification issue has been identified in the Funding Impact Statements that were presented in the 2012 to 2022 LTP. Payments to staff and suppliers were understated and internal charges and overheads applied were overstated. The LTP figures have been re-stated so that they are presented consistently with the actual 2012/13 figures to enable comparability.

SOLID WASTE - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2013

	Actual	Long Term Plan	Long Term Plan
	2013	2013	2012
	\$000	\$000	\$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	4,489	4,551	4,156
Targeted rates (other than targeted rate for water supply)	50	50	41
Subsidies and grants for operating purposes	-	-	-
Fees charges and targeted rates for water supply	309	308	851
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	(7)
Total operating funding	4,848	4,909	5,041
Applications of operating funding			
Payments to staff & suppliers	5,092	4,360	4,536
Finance costs	94	152	466
Internal charges and overheads applied	440	728	521
Other operating funding applications	20	8	7
Total applications of operating funding	5,646	5,248	5,530
Surplus/(deficit) of operating funding	(798)	(339)	(489)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	167	1,077	(89)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	167	1,077	(89)
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	246	607	352
- to replace existing assets	376	336	157
Increase/(decrease) in reserves	(170)	(205)	(1,087)
Increase/(decrease) of investments	(1,083)	-	-
Total application of capital funding	(631)	738	(578)
Surplus/(deficit) of capital funding	798	339	489
Funding balance	-	-	-

A classification issue has been identified in the Funding Impact Statements that were presented in the 2012 to 2022 LTP. Payments to staff and suppliers were understated and internal charges and overheads applied were overstated. The LTP figures have been re-stated so that they are presented consistently with the actual 2012/13 figures to enable comparability.

STORMWATER - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2013

	Actual	Long Term Plan	Long Term Plan
	2013	2013	2012
	\$000	\$000	\$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	6,445	6,468	6,182
Targeted rates (other than targeted rate for water supply)	69	70	61
Subsidies and grants for operating purposes	-	-	-
Fees charges and targeted rates for water supply	21	24	24
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	269
Total operating funding	6,535	6,562	6,536
Applications of operating funding			
Payments to staff & suppliers	1,944	1,222	1,213
Finance costs	326	404	1,853
Internal charges and overheads applied	190	314	274
Other operating funding applications	1,098	21	32
Total applications of operating funding	3,558	1,961	3,372
Surplus/(deficit) of operating funding	2,977	4,601	3,164
Sources of capital funding			
Subsidies and grants for capital expenditure	282	-	-
Development and financial contributions	497	533	330
Increase/(decrease) in debt	577	(3,265)	456
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	1,356	(2,732)	786
Application of capital funding			
Capital expenditure			
- to meet additional demand	156	291	768
- to improve the level of service	419	592	1,256
- to replace existing assets	1,122	1,233	234
Increase/(decrease) in reserves	(1,058)	(247)	1,692
Increase/(decrease) of investments	3,694	-	-
Total application of capital funding	4,333	1,869	3,950
Surplus/(deficit) of capital funding	(2,977)	(4,601)	(3,164)
Funding balance	-	-	-

A classification issue has been identified in the Funding Impact Statements that were presented in the 2012 to 2022 LTP. Payments to staff and suppliers were understated and internal charges and overheads applied were overstated. The LTP figures have been re-stated so that they are presented consistently with the actual 2012/13 figures to enable comparability.

TRANSPORTATION - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2013

	Actual	Long Term Plan	Long Term Plan
	2013	2013	2012
	\$000	\$000	\$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	23,711	23,850	26,548
Targeted rates (other than targeted rate for water supply)	5,276	5,260	1,463
Subsidies and grants for operating purposes	3,400	3,228	4,685
Fees charges and targeted rates for water supply	4,112	4,489	4,068
Internal charges and overheads recovered	46	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	3,449	3,774	5,469
Total operating funding	39,994	40,601	42,233
Applications of operating funding			
Payments to staff & suppliers	15,976	12,256	17,178
Finance costs	6,853	6,962	9,037
Internal charges and overheads applied	1,987	3,289	2,222
Other operating funding applications	106	374	157
Total applications of operating funding	24,922	22,881	28,594
Surplus/(deficit) of operating funding	15,072	17,720	13,639
Sources of capital funding			
Subsidies and grants for capital expenditure	10,998	1,029	8,185
Development and financial contributions	2,653	2,319	1,704
Increase/(decrease) in debt	12,108	8,405	12,795
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	25,759	11,753	22,684
Application of capital funding			
Capital expenditure			
- to meet additional demand	6,364	7,803	4,746
- to improve the level of service	22,178	12,118	23,304
- to replace existing assets	9,461	9,299	1,006
Increase/(decrease) in reserves	295	253	7,267
Increase/(decrease) of investments	2,533	-	-
Total application of capital funding	40,831	29,473	36,323
Surplus/(deficit) of capital funding	(15,072)	(17,720)	(13,639)
Funding balance	-	-	-

A classification issue has been identified in the Funding Impact Statements that were presented in the 2012 to 2022 LTP. Payments to staff and suppliers were understated and internal charges and overheads applied were overstated. The LTP figures have been re-stated so that they are presented consistently with the actual 2012/13 figures to enable comparability.

WASTEWATER - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2013

	Actual	Long Term Plan	Long Term Plan
	2013	2013	2012
	\$000	\$000	\$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	14,618	14,703	12,917
Targeted rates (other than targeted rate for water supply)	163	160	128
Subsidies and grants for operating purposes	-	-	-
Fees charges and targeted rates for water supply	3,781	3,490	3,296
Internal charges and overheads recovered	474	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	450	400	405
Total operating funding	19,486	18,753	16,746
Applications of operating funding			
Payments to staff & suppliers	10,984	7,733	7,434
Finance costs	3,894	3,967	4,056
Internal charges and overheads applied	872	1,588	717
Other operating funding applications	66	213	70
Total applications of operating funding	15,816	13,501	12,277
Surplus/(deficit) of operating funding	3,670	5,252	4,469
Sources of capital funding			
Subsidies and grants for capital expenditure	235	-	-
Development and financial contributions	2,507	2,266	2,181
Increase/(decrease) in debt	6,881	1,639	1,961
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	9,623	3,905	4,142
Application of capital funding			
Capital expenditure			
- to meet additional demand	3,443	2,678	1,666
- to improve the level of service	1,615	1,492	6,242
- to replace existing assets	4,210	4,787	489
Increase/(decrease) in reserves	(140)	200	214
Increase/(decrease) of investments	4,165	-	-
Total application of capital funding	13,293	9,157	8,611
Surplus/(deficit) of capital funding	(3,670)	(5,252)	(4,469)
Funding balance	-	-	-

A classification issue has been identified in the Funding Impact Statements that were presented in the 2012 to 2022 LTP. Payments to staff and suppliers were understated and internal charges and overheads applied were overstated. The LTP figures have been re-stated so that they are presented consistently with the actual 2012/13 figures to enable comparability.

WATER SUPPLY - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2013

	Actual	Long Term Plan	Long Term Plan
	2013	2013	2012
	\$000	\$000	\$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	7,942	8,016	7,265
Targeted rates (other than targeted rate for water supply)	88	87	72
Subsidies and grants for operating purposes	-	-	-
Fees charges and targeted rates for water supply	8,279	7,603	7,097
Internal charges and overheads recovered	-	-	-
Interest and dividends from investments	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	22	-	315
Total operating funding	16,331	15,706	14,749
Applications of operating funding			
Payments to staff & suppliers	6,534	5,771	4,880
Finance costs	2,956	2,969	4,521
Internal charges and overheads applied	562	1,272	559
Other operating funding applications	35	160	80
Total applications of operating funding	10,087	10,172	10,040
Surplus/(deficit) of operating funding	6,244	5,534	4,709
Sources of capital funding			
Subsidies and grants for capital expenditure	319	-	-
Development and financial contributions	1,761	1,850	1,692
Increase/(decrease) in debt	5,223	(379)	6,174
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	7,303	1,471	7,866
Application of capital funding			
Capital expenditure			
- to meet additional demand	1,122	263	3,869
- to improve the level of service	3,500	3,421	6,837
- to replace existing assets	3,228	3,376	275
Increase/(decrease) in reserves	(19)	(55)	1,594
Increase/(decrease) of investments	5,716	-	-
Total application of capital funding	13,547	7,005	12,575
Surplus/(deficit) of capital funding	(6,244)	(5,534)	(4,709)
Funding balance	-	-	-

A classification issue has been identified in the Funding Impact Statements that were presented in the 2012 to 2022 LTP. Payments to staff and suppliers were understated and internal charges and overheads applied were overstated. The LTP figures have been re-stated so that they are presented consistently with the actual 2012/13 figures to enable comparability.

INFORMATION ON COUNCIL CONTROLLED ORGANISATIONS

Hamilton City Council is involved and represented in a number of organisations to assist in meeting its vision for the city. Council Controlled Organisations (CCOs) are any organisation in which one or more local authorities control 50% or more of the voting rights or appoint 50% or more of the directors. Council has an interest in five CCOs, Hamilton Properties Ltd, Local Authority Shared Services Ltd, New Zealand Local Government Funding Agency Ltd, Waikato Regional Airport Limited and its subsidiaries Hamilton & Waikato Tourism Ltd and Titanium Park, and Vibrant Hamilton Trust. The following tables explain the various organisations significant policies and objectives, nature and scope of activities, key performance targets and outcomes for the 2012-13 year.

It should be noted that the key performance targets disclosed in the tables below for Local Authority Shared Services Limited and New Zealand Local Government Funding Agency Limited may be slightly different compared to the targets disclosed in the Long Term Plan (LTP) 2012-22, as the organisations have either developed additional targets or modified the way in which they present the targets, since the LTP was prepared.

Hamilton Properties Limited (HPL)

Ownership 100%

Representation (total members) 1(1)

Significant policies and objectives

Council has retained this company with the view to utilising its tax losses in the future.

Nature and scope of activities

This is a non-operating company that is no longer trading.

Key performance targets

Exempt as a CCO for performance monitoring under Section 7 (3-5) LGA 2002 by Council resolution on 2 July 2013.

Local Authority Shared Services Limited (LASS)

Ownership 24.58 % of total shareholdings (comprising 13.72% SVDS shares and 37.5% WTRM Service shares). Balance of shares owned by other Local Authorities.

Representation (total members) 1(12)

Significant policies and objectives

To make a regional leadership contribution and seek opportunities to operate more efficiently by participating with the region's local authorities on shared services, particularly in respect of information collection and management, with the aim of reducing the cost of those activities, streamlining of work processes and improved level and quality of service.

Gains have been realised by shareholders in the Shared Valuation Data Service (SVDS), the Waikato Regional Transport Model (WRTM) and through joint procurement contacts.

Nature and scope of activities

The company is used as an umbrella company to investigate opportunities for future development of shared services. The specific objectives of the company are agreed each year in accordance with the constitution and the Statement of Intent.

The past year has been one of both continued consolidation for the existing shared services i.e. Shared Valuation Data Service (SVDS) and the Waikato Regional Transport Model (WRTM), and starting to focus on its becoming an initiator of shared services in the region.

During the year the company entered into a contract for additional shared services. A contract was entered for a joint insurance brokers and number of shared insurance policies. A joint contract was completed for postal and courier services and another for fleet tracking systems.

Key performance targets

Performance targets are specified in the LASS Statement of Intent for 2012-13 and are summarised with the actual results below:

Performance Targets	Actual Outcome
To carry out an annual survey of shareholders to assist Directors in developing improvements on behalf of shareholders and to receive majority shareholder approval of the service provided.	Annual survey was completed in June 2013 with all twelve Councils responding. Ten Councils responded that the concept of LASS was still delivering benefits to their Council. Three Councils responded that they were satisfied with the efforts being made by LASS to advance shared service opportunities and nine were fairly satisfied. Those Councils that responded fairly satisfied were generally satisfied with existing services but considered more could be achieved through shared service opportunities.
Administration expenditure not exceed budget by more than 5%, unless prior approval obtained from Directors.	Achieved, actual expenditure was \$13,727 favourable to budget.
The company maintains a positive cash flow position.	Achieved. Cash and cash equivalents at end of year were \$571,147.
The Board will provide a written report on the business operations and financial position of LASS as a minimum on six monthly basis.	Six monthly reports have been sent to shareholders.
There will be an annual report to directors that all statutory requirements of LASS being adhered to.	All parties have confirmed that there were no legislative breaches during the year and this will be reported to the LASS Board in the August meeting when the annual report is presented.
That SVDS is available to users at least 99% of normal working hours.	SVDS was available 99.93% of working hours.
That at least 98% of agreed timelines are met for sale and property files that have been delivered to FTP server for access to customers.	99.9% of Sales and Property files were supplied to Property IQ on time.
All capital SVDS enhancement work is supported by a business case approved by the Advisory Group	All capital enhancement work was approved by the SVDS Advisory Group.
That all required WRTM modelling reports are actioned within the required timeframe.	Achieved. No complaints received.
That a full report on progress of the WRTM model be provided to the LASS Board twice a year.	Achieved.
In response to requests from shareholders, the Company will provide regular reports and updates to the Regional Governance group regarding progress with shared service initiatives.	The Company has provided when requested, reporting to the Waikato Mayoral Forum on shared service initiatives.

New Zealand Local Government Funding Agency Limited (LGFA)

Ownership 8.3%

Representation (total members) 1(19)

Significant policies and objectives

- The primary objective of LGFA is to optimise debt funding terms and conditions for participating Councils.
- Other objectives include:
 - To ensure LGFA is successful and sustainable in the long term.
 - To enhance the certainty of access to debt markets for participating Councils.
 - To achieve financial forecasts per section 4 of the Statement of Intent.

Nature and scope of activities

- LGFA raises debt funding either domestically and/or offshore in either NZ dollars or foreign currency and provide debt funding to New Zealand Local Authorities, and may undertake any other activities considered by the Board to be reasonably related or incidental to, or in connection with, that business.
- The LGFA will only lend to local authorities that enter into all the relevant arrangements with it (participating local authorities) and comply with the LGFA's lending policies.

Key performance targets

Performance targets are specified in the LGFA Statement of Intent for 2012-13 and are summarised with the actual results below:

Financial Performance Measures:	Actual Result for 2012/13	Statement of Intent forecast for 2012/13
	\$ million	\$ million
Total net income	6.53	3.9
Overheads	(3.00)	(2.7)
Net surplus	3.53	1.2
Borrower note interest	(0.86)	(0.5)
Surplus before dividend payment	2.67	0.7

Other Measures:	Actual Result for 2012/13	Statement of Intent Targets for 2012/13	Outcome
Average cost of funds relative to New Zealand Government Securities	0.84%	<0.50%	Not met
Average margin above LGFA's cost of funds	0.23%	<0.40%	Met
Annualised operating overheads	\$3.0 million	<\$3.2 m	Met
Lending to participating councils	\$2.481 million	>\$900 m	Met
Number of council shareholders	30	>or=30	Met
Number of eligible borrowers	39*	>or=40	Not met

*Although only 39 councils had joined as at 30 June 2013, 42 Councils had been approved as borrowers by this date.

Waikato Regional Airport Limited (WRAL) and its Subsidiaries, Hamilton & Waikato Tourism Ltd and Titanium Park Ltd

Ownership 50%

Representation (total members) 0(5)

Significant policies and objectives

- To support the delivery of sustainable airport operations for the region
- To support and enable a strong, productive economy where it is easy to do business.

Nature and scope of activities

- Deliver sustainable airport operations for the central North Island
- Protect and grow Hamilton airport's national & international connectivity according to demand
- Utilise airport property to enable economic development in the region
- Protect and develop airport capability
- Deliver value to its customers (airlines, travellers and tenants)
- Enable our people to deliver
- Support regional tourism

Key performance targets

Performance targets are specified in the WRAL Statement of Intent for 2012-13 and are summarised with the actual results below:

Non Financial Performance Measures:

Performance Targets	Actual Outcome
To achieve the Airport Certification Standards as required by the Civil Aviation Authority.	The Civil Authority of New Zealand (CAA) carries out an annual survey audit of Aerodrome Safety and Operational Compliance and of Security Compliance against requirements of Civil Aviation, Part 139, certification approvals. The Audit carried out on 27 August 2012 confirmed compliance approval by CAA.
To achieve above average customer satisfaction ratings through the conduction of a bi-annual ACI International benchmarking survey.	No survey was carried out during the year. In the prior year the ACI International benchmarking survey was completed and showed that overall customer satisfaction is well in excess of industry averages for nearly all core airport measures.
Collect, document and act (where viable) on customer feedback forms to continuously monitor and improve the customer experience. Maintain a database to ensure recurring negative feedback is promptly acted upon.	Customer feedback cards are positioned in the terminal. From 1 July 2012 to 30 June 2013 there were 71 customer feedback cards collected and documented. All items are considered by the management team and addressed where appropriate. Personal complaints are responded to.
Introduce a new domestic carrier to promote competition and consequently competitive pricing options for travellers.	The airport continues to monitor relative pricing of domestic airfares and encourage availability of competitive pricing.

Financial Performance Measures:

	Actual Result for 2012/13	Statement of Intent Targets for 2012/13
Earnings before interest, taxation and depreciation	\$2.313m	\$2.304m
Net surplus/(deficit) after tax (total comprehensive income)	\$570,261	\$200,000
Net profit after tax to shareholders' funds	0.96%	0.34%
Net surplus after tax to total assets	0.72%	0.26%
Percentage of non-landing charges revenue	81.16%	82.06%
Total liabilities/shareholders funds: debt equity ratio	25:75	23:77
Interest rate cover (parent company and calculated on the basis of interest from TPL and revaluations being excluded)	2.56	2.70

Net surplus after tax (total comprehensive income) target of \$200,000, includes a revaluation of land of \$549,000, an interest rate swaps valuation gain of \$222,000, and a gross margin on Titanium land sales of \$323,000. The actual results for the year includes a revaluation on land of \$751,000 (+\$202,000), interest swaps valuation gain \$393,000 (+\$171,000), and gross margin on Titanium Park land sales of \$191,000 (-\$132,000).

Vibrant Hamilton Trust (VHT)

Ownership	Incorporated Society and Charitable Trust
Representation (total members)	5(5)

Significant policies and objectives

The Vibrant Hamilton Trust was established as a Council Controlled Organisation as per the requirements under section 64(1) of the Local Government Act 2002 to provide a legal entity which upon incorporation under the Charitable Trusts Act 1957 may receive funds from the Waikato Foundation Trust and be empowered to make distributions of income and capital for the charitable purposes authorised in its Trust Deed.

The Waikato Foundation Trust was disestablished in 2011 and funds were transferred to the Vibrant Hamilton Trust and the Waikato District Community Wellbeing Trust Board.

Nature and scope of activities

The Vibrant Hamilton Trust is a Charitable Trust established for the primary reason of grant distribution.

Key performance targets

Performance targets are specified in the VHT Statement of Intent for 2012-13 and are summarised with the actual results below:

Performance Target	Actual Outcome
Ensure that the total grant disbursement does not exceed the net income (plus 10% of the capital) for the prior year after expenses have been met.	No grants were distributed for the year ended 30 June 2013. The Trustees have focused on defining the framework for the applications process and the Distribution Policy to ensure the applications process is robust and efficient, and the grant disbursements are sustainable in the long term. This work was finalised by the Trustees on 19 June 2013. The grant disbursements will commence in the 2013-14 financial year.
Ensure that no more than 10% of the capital is distributed in any one year	No grants were distributed for the year ended 30 June 2013.
Identify opportunities to grow the fund.	No opportunities to grow the funds during the year, as the Trustees wanted to focus on developing the applications process and distribution policy.
Establish a process for promoting the fund availability and allocating the fund.	The process was established and approved at the Trustees meeting on 19 June 2013..
Monitor the performance of investments by receiving and considering financial information, at least a quarterly basis, and receiving regular updates.	Monthly performance reports from Gareth Morgan Investment (GMI) were distributed to all Trustees during the year. A review of investment portfolio is a standing agenda item for Trustee meetings. The GMI Account Manager attended the Trustees meeting on 7 November 2012 to discuss and confirm the Trusts investment strategy.

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 New Zealand equivalents to 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.

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 and non 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 2013, and the results of its operations and cash flows and the service performance achievements for the year ended on that date.



Julie Hardaker
Hamilton Mayor
26 September 2013



Barry Harris
Chief Executive
26 September 2013

Independent Auditor's Report

To the readers of Hamilton City Council and group's annual report for the year ended 30 June 2013

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 audit:

- the financial statements of the City Council and group that comprise:
 - the statement of financial position as at 30 June 2013 on page 56;
 - the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ending 30 June 2013 on pages 55 and 57; and
 - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 58 to 105;
- the statement of service provision (referred to as service performance) of the City Council on pages 14 to 53 and each group of activities carried out by the City Council on pages 18 to 53.
- the funding impact statements in relation to each group of activities of the City Council on pages 107 to 118;
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the City Council on pages 107 to 118; and
- the funding impact statement of the City Council on page 106;

In addition, the Auditor-General has appointed me to report on whether the City Council and group's annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
 - internal borrowing on page 89;
 - reserve funds on pages 91 to 93;
 - remuneration paid to the elected members and certain employees of the City Council on pages 97 and 98;
 - employee staffing levels and remuneration on pages 97 and 98; and

- severance payments on page 98;
- council-controlled organisations on pages 119 to 123;
- a report on the activities undertaken by the City Council and group to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 36; and
- a statement of compliance signed by the mayor or chairperson of the Council, and by the City Council and group's chief executive on page 124.

Opinion

Audited information

In our opinion:

- the financial statements of the City Council and group on pages 55 to 105:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the City Council and group's financial position as at 30 June 2013; and
 - the results of its operations and cash flows for the year ended on that date.
- the service performance of the City Council on pages 14 to 53:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the City Council's levels of service for the year ended 30 June 2013, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term plan; and
 - the reasons for any significant variances between the actual service and the expected service.
- the funding impact statements in relation to each group of activities of the City Council on pages 107 to 118, fairly reflects by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's long-term plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the City Council on pages 107 to 118, fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the City Council's long-term plan or annual plan.

- the funding impact statement of the City Council on page 106, fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's annual plan.

Compliance with the other requirements of schedule 10

In our opinion, which is not an audit opinion, the City Council and group's annual report complies with the Other Requirements of schedule 10 that are applicable to the annual report.

Our audit was completed on 26 September 2013. 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 we 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 information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and service performance. 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 information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the City Council and group's preparation of the information we audited that fairly reflect the matters to which they relate. We consider internal control in order to design 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 information we audited;
- determining the appropriateness of the reported service performance within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements. As a result we do not express an audit opinion on the City Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate evidence to provide a basis for our opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and service performance 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;
- funding impact statements in relation to each group of activities that fairly reflects by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the City Council's long-term plan or annual plan; and
- a funding impact statement that fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's annual plan;
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

The Council's responsibilities arise under the Local Government Act 2002.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on, the information we are required to audit, and whether the Council has complied with the Other Requirements of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out this audit, which includes our report on the Other Requirements, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to the audit, which includes our report of the Other Requirements, we have carried out assignments to provide project management assurance over the City Council's system replacement project (Project Phoenix) and the City Council's wider programme of IT projects and provide probity assurance over the procurement of a Transportation Corridor Maintenance contract, which are compatible with those independence requirements. Other than 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