Hamilton City Council
Te kaunihera o Kirikiriroa

ANNUAL REPORT 2013/14

HAMILTON'S 2013/14 ANNUAL REPORT

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From your MAYOR AND CHIEF EXECUTIVE

We are pleased to report that in 2013/14 Council has continued to deliver on its financial plan.

The 10-Year Plan's financial strategy set out a framework to prudently manage the Council's finances. Our finances are becoming more sustainable and we are on track to deliver on our commitments.

This year we continued to perform well against the 'Balancing the Books' target, and we have ended the year $8.8 million ahead of budget. Although our original target was to balance the books by June 2017, we are now doing better than planned and are on track to achieve this on an ongoing basis from June 2016.

As planned, we have continued to apply a rates increase of 3.8% as part of our financial strategy. The overall debt balance has been reduced to $383 million, $50 million less than what was budgeted.

The positive performance for the past two years has put the Council in a strong position for the next 10-Year Plan budget. Hamilton is one of the few places in New Zealand experiencing strong population growth. This presents many opportunities for the city but also creates challenges for the Council in funding infrastructure to support this growth while keeping to the financial plan. Our strong financial position provides a good foundation for this challenge.

We have made a number of revisions to the Council's 2013-16 committee structure in order to manage our business more efficiently and effectively. A new Governance Statement has also been developed to help the residents of Hamilton engage more effectively with Council in our key decision-making processes.

2014 has been a year of highlights. This year Hamilton's 150th year celebrations and a number of events have been held to recognise the beginning of European settlement.

We were also privileged to have the Duke and Duchess of Cambridge make a special visit to Hamilton and Cambridge as part of the 7-16 April 2014 Royal Tour of New Zealand.

A significant milestone was achieved with the review of Hamilton's District Plan, which sets the rules for the city's future development. Public interest was high and we considered over 1,500 submissions when the Proposed Plan was notified in December 2012.

Decisions released in July 2014 have resulted in a number of changes to rules around development.

Hamilton became one of the first cities to adopt a Psychoactive Substances Policy in February 2014. There was considerable public interest and feedback on this nationwide issue. New legislation was subsequently introduced in May 2014, which revoked the approval granted to a number of psychoactive products, resulting in an interim ban on all synthetic drugs.

Investment in new infrastructure has continued throughout 2014. Work on the Wairere Drive upgrade and extension project has been ongoing, with the four-laning between River Road and Resolution Drive nearly complete. Construction also began on the final link in the Hamilton Ring Road network from Ruakura Road to Cobham Drive.

Hamilton continues to build on its reputation for entertainment and events with a number of high profile events, including Phantom of the Opera at Founders Theatre. These events bring significant economic benefit to the city.

As we head into the 2015 year, strategic reviews are underway including the Zoo and Libraries, and a review of the rating system is also underway. A Strategic Plan for Hamilton Gardens was adopted in September 2013, which included a four-year development programme to complete five themed gardens, additional infrastructure and visitor facilities to begin in 2014/15.

The Council provides an extensive range of services and facilities that people look to and expect in a city of this size and location. Hamilton continues to be a city where people want to live and are proud to call home.

Julie Hardaker
Mayor

Barry Harris
Chief Executive

YOUR COUNCIL

COUNCIL COMMITTEES

Finance Committee
Monitors Council's budget and performance
CHAIR – Rob Pascoe
DEPUTY – Garry Mallett

Strategy and Policy Committee
Oversees Council's strategy and policy direction
CHAIR – Angela O'Leary
DEPUTY – Andrew King

Audit and Risk Committee
Monitors audit processes, legal compliance and risk
CHAIR – External Appointee

CEO Review Committee
Reviews Chief Executive performance
CHAIR – Julie Hardaker

To find out more about Council's committees, including sub-committees, see our website:
www.hamilton.govt.nz/our-council/councilcommittees

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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.

Council has a suite of city strategies that underpin the Vision, which 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 and transportation. A plan for the Waikato River is also underway.

More detail can be found on these strategies at www.hamilton.govt.nz/citystrategies

As well as our detailed measures, we have selected some key indicators that give a broad picture of the progress we are making towards our vision. An update on how we are doing is provided on the next page.

These indicators are drawn from existing monitoring that we have completed 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.

HAMILTON AT A GLANCE - How are we doing?

Is Hamilton's economy growing?

Hamilton's GDP is a measure of the size of the economy and its output.

2014: $7.1 billion

2013: $6.9 billion
2012: $6.8 billion

Source: Infometrics

$2.75 billion spent on **RETAIL TRADE** in the last year - that's **$18,311** per Hamilton resident

Source: Statistics New Zealand, at June 2014

How many businesses are there in the city?

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

2012	2013	2014
13,210	13,104	13,249

Source: Statistics New Zealand, February 2014

Are people investing in the city's development?

Value of Hamilton's residential and commercial building consents:

2013/14	$348.4m
2012/13	$350.5m
2011/12	$405.0m

Source: Statistics New Zealand, June 2014

Council issued **870 consents** for the construction of **new houses**

Source: Statistics New Zealand, June 2014

How many people are employed in the city?

A measure of economic performance by measuring the total number of people employed in the city.

2014	66,600
2013	60,100
2012	55,700

Source: Statistics New Zealand, June 2014

How do residents rate the Council's performance?

Residents survey respondents' overall satisfaction with the performance of the Council.

2014	59.0%
2013	72.2%
2012	71.5%

Source: HCCs Residents Survey, June 2014

Are the Council's finances on track?

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

Source: This Annual Report

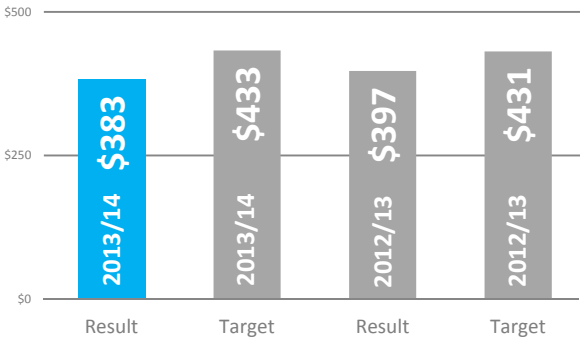
2013/14
Result: **$0.4m**
Target: **-$8.4m**

On Track

2012/13
Result: -$7.5m
Target: -$12m

Is Council's debt being managed responsibly?

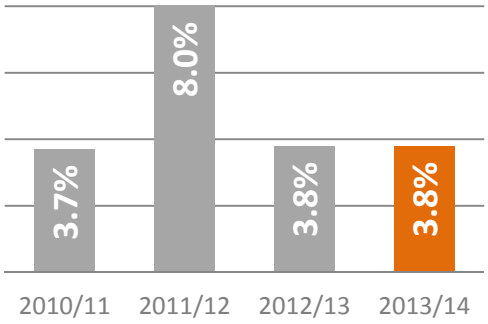
Council's total overall debt capped at around $440 million for 10 years (2012-22).



Source: This Annual Report

Did the Council stick to its rates commitment?

Total rates increases of no more than 3.8% each year to existing ratepayers for 10 years.

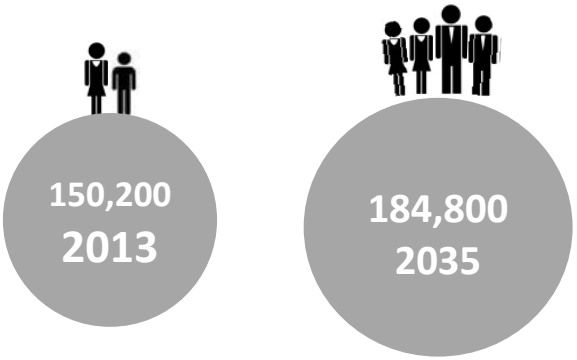


Source: This Annual Report

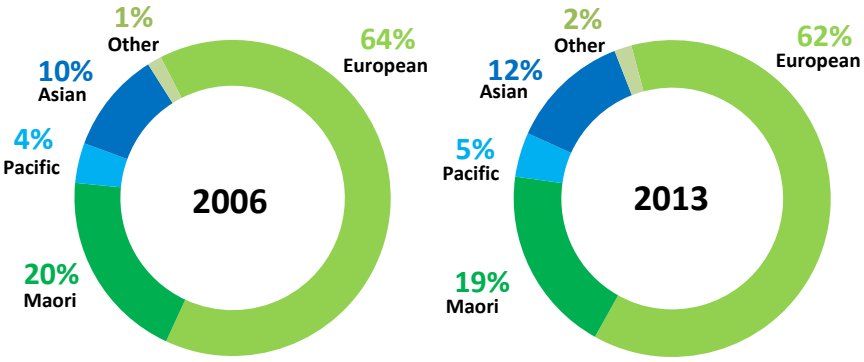
Are people choosing to live in Hamilton?

Population estimates that show Hamilton is a growing city.

2012: 148,200
2011: 145,600
2010: 143,000
2009: 140,700



Source: Statistics New Zealand



Is Hamilton's cultural diversity changing?

Changes in the proportion of Hamilton's main ethnic groupings between 2006 and 2013.

Source: Statistics New Zealand

Do the city's residents like living in Hamilton?

Residents survey respondents' satisfaction with Hamilton as a place to live.

Source: HCCs Residents Survey

Is Hamilton an affordable place to live?

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

June 2014: 4.42
June 2013: 4.29
June 2012: 4.54

Source: interest.co.nz

$354,000

Hamilton's median house **SALE PRICE**

COUNCIL'S BOOKS ARE IN GOOD SHAPE

THE COUNCIL HAS DELIVERED A POSITIVE RESULT FOR 2013/14.

Tight financial management means we are tracking better than originally planned against the financial goals set out in our 10-Year Plan.

This puts us in a strong position as we work on the next 10-Year budget during the second half of this year.

Hamilton is a growing city that people want to live in and do business in. As we plan ahead, the Council remains committed to providing for the city's future in a financially sustainable way.

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

86% of Hamilton **PRIMARY SCHOOLS** now have an active school travel plan in place.

Reporting Back

This Annual Report provides the Council's results for 2013/14. We are reporting back on our commitments set out in year two of the 2012-22 10-Year Plan and 2013/14 Annual Plan.

At the heart of these plans are our financial goals, which set out a programme of sound financial management – spend less, make savings and manage the city's debt.

We have successfully met our financial targets for 2013/14:

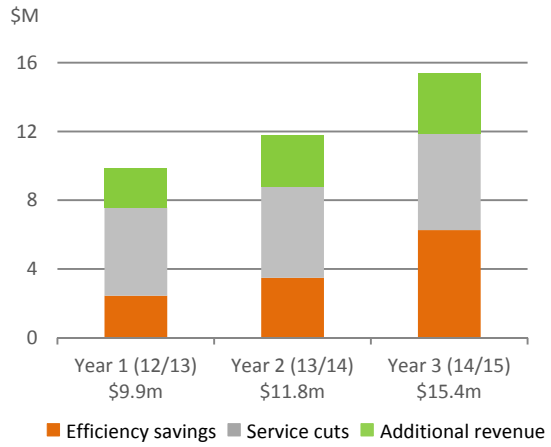
1. We have 'balanced the books' this year due to some unexpected revenue and we are on track to 'balance the books' on an ongoing basis from 2016 - one year ahead of schedule.
2. Total overall debt was $383 million - $57 million under our debt cap of $440 million.
3. The total rates rise was held at 3.8% for existing ratepayers.

We have also continued to increase our savings through a range of measures that were introduced in 2012 to help the Council live within its means. These measures reduced what it costs to run the Council and included cuts to services and increases to user charges in some areas.

Our savings target for 2013/14 was $11.8 million. Council has achieved this target and this is reflected in the positive operating result Council has reported for the year.

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

Cumulative Savings



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. Our goal is to address this by balancing the books. 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.

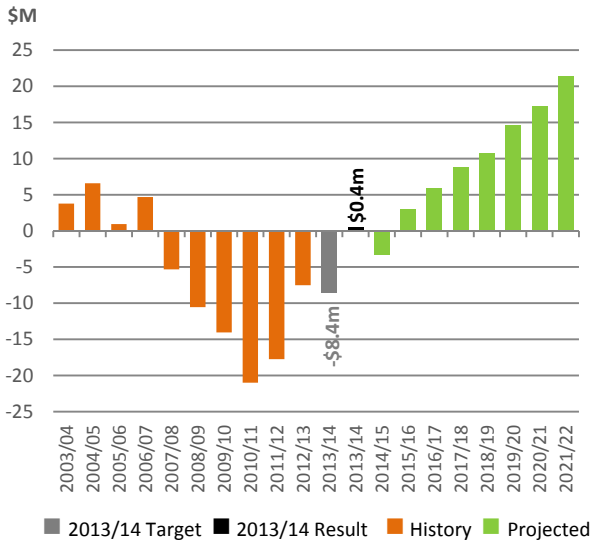
We originally planned to achieve this by 2017, but we have done better than expected and have 'balanced the books' this year. This is largely due to our revenue being greater than expected in 2013/14, putting us $8.8 million ahead of budget. The main reasons for this result are:

- Better than expected income from developer contributions.
- Less interest paid because we have borrowed less than planned.
- Better than expected interest rates for our borrowing.
- A reduction in depreciation costs following revaluations of significant infrastructure assets.
- Sticking to the programme of reduced spending.

If we continue to stick to our financial plan we will be able to consistently deliver a 'balanced books' result from 2016 - one year ahead of schedule.

We are taking a conservative approach to measuring our financial sustainability. In addition to our balancing the books measure, our financial statements report the Council's operating surplus. The operating surplus includes one-off income, such as subsidies for major capital projects like the Ring Road. Our balancing the books target excludes these one-off funds to reflect a more transparent financial position.

Balancing the Books



Rates

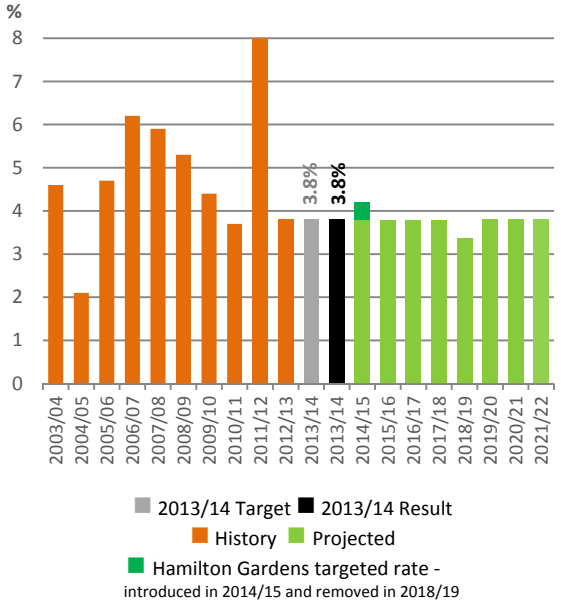
To keep us on track with our financial plan, the total rates increase to existing ratepayers was held at 3.8% for 2013/14.

To manage debt and balance the books, we need to reduce our reliance on borrowing and pay for more through rates. This is an important part of improving our financial position.

In 2014/15 the Council also introduced an additional targeted rate of $10 plus GST per property, per year over four years to complete five new themed gardens and additional infrastructure at Hamilton Gardens. You will see this reflected in the graph below.

A targeted rate is considered the best way to fund this development. It is the same amount for every ratepayer and you can see exactly where your money will be spent.

Total Rates Increases to Existing Ratepayers



HAMILTON ZOO had **121,270 visitors** during 2013/14.

Debt

The Council has set itself a total overall debt cap of $440 million.

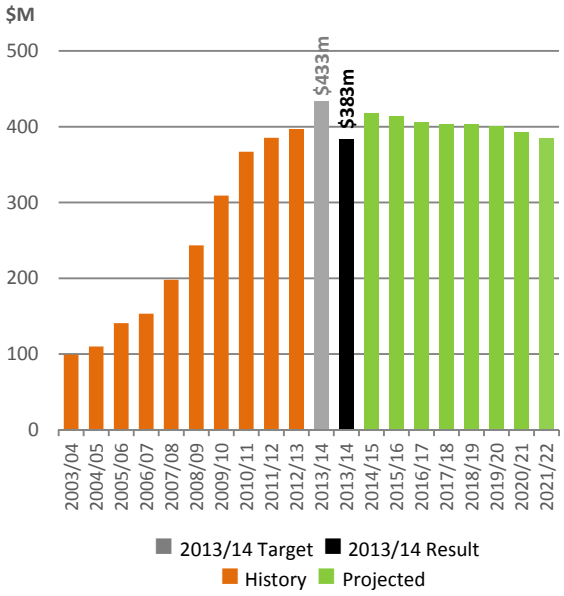
We ended the 2013/14 financial year with a total overall debt balance of $383 million, $50 million less than what was planned and well under our debt cap. The main reasons for this are:

- We started the 2013/14 financial year with a positive opening position.
- Further asset sales, totalling $15 million. The Asset Sales section over the page provides more detail on this.
- Additional income from developer contributions.
- Deferral of some capital expenditure.

In everyday dollars, we have borrowed about $2.08 instead of $2.38 for every dollar collected in rates, user charges and other income streams.

To see the details of how the Council's total overall debt figure is calculated, see Note 26 to our financial statements on page 96.

Total Overall Debt



Asset Sales

Our 2012-22 10-Year Plan includes a list of properties that the Council will consider selling to pay off debt. The estimated value of these properties is $50 million.

We are in the process of reviewing these assets and deciding whether or not to sell. The following list provides an update on the review process.

Assets sold

This year we have sold a number of assets:

- Our 41.38% shareholding in Hamilton Riverview Hotel Ltd (Novotel and Ibis Hotels) to Tainui Development Ltd (a subsidiary of Tainui Group Holdings Ltd), for $12 million.
- The Hamilton Holiday Park for $1.9 million.
- The land and buildings containing the Citizens Advice Bureau on Kent Street for $235,000.
- Six lots of surplus land from roading projects (three vacant lots and two lots with dwellings) for $3.57 million. These lots were sold in 2013/14 with settlement completed 2013/14, or expected in early 2014/15.
- We also transferred the use and operation of The Meteor Theatre to The One Victoria Street Trust for use as a community based performing arts hub.

The Council sold the following assets during Year 1 of the 2012-22 10-Year Plan:

- Three lower standard pensioner housing complexes 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 are going towards looking after the remaining pensioner housing stock.
- The YMCA and neighbouring sites in Pembroke Street. These properties were sold to YMCA Auckland for $1.9 million.
- Two lots of surplus vacant land and one lot of surplus land with a dwelling for $1.4 million.

With the exception of the pensioner housing complexes, the proceeds from the sale of these assets in 2012/13 was used to pay off debt.

Assets approved for sale

The following assets have been approved for sale and are either on the market or the sale process is pending:

- Two lots of surplus land from roading projects.
- Land behind Artspost.
- Commercial properties on Brooklyn Road.
- Sonning car park (River Road).
- Victoria on the River site.

Assets the Council has decided not to sell

The Council has decided not to sell the following properties because it makes sense financially to keep them, or there are community benefits in keeping them.

- Go Bus Depot.
- Jag 2000 Anglesea Street (commercial).
- Mill Street land.
- Metro Judo Hall (land and building).

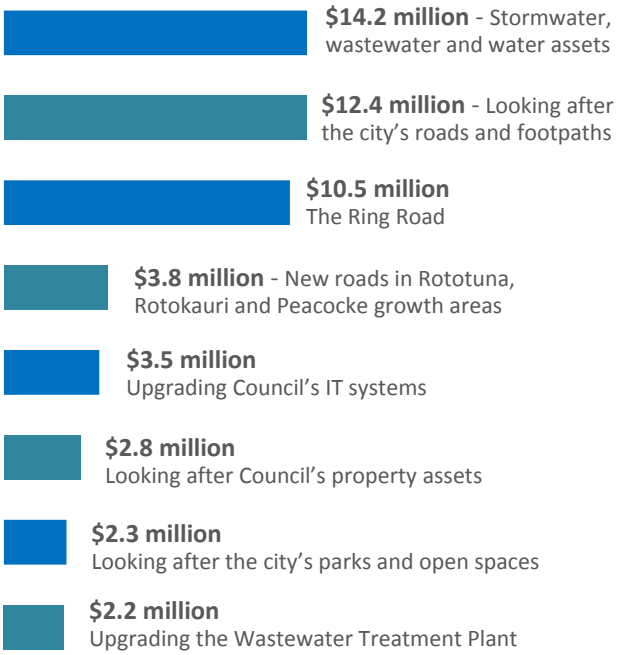
Assets still to be reviewed

The review of these remaining properties and decisions on whether or not to sell them will continue in 2014/15 and future years:

- Horotiu Lifestyle Blocks (land).
- Garden Place car park.
- Knox Street car park.
- Organic Recycling Centre (land and building).
- Refuse Transfer Station.
- Peacockes Lane (land and buildings).
- The Council is currently carrying out a review of its theatres, and decisions on whether or not to sell the Clarence Street Theatre and land on Riverlea Road adjoining the Riverlea theatre will depend on the outcome of that review.
- A decision on whether to sell the 5.1 hectares of land adjacent to Waiwhakareke Natural Heritage Park, or incorporate the land into the park, has been deferred to allow further investigation of the options.

Capital Projects

We invested $59.8 million in capital projects during 2013/14. Some of our major expenditure included:



Spending on thirty-three projects with a total value of $13.2 million has been deferred to next year - this is the lowest level of deferred capital projects in five years. Projects are deferred for reasons such as the timing of development, other parties or progress on contracts.

Of these thirty-three projects, 97% are already underway and are expected to be completed in the 2014/15 financial year.

City Growth

All of New Zealand's big cities are grappling with how to pay for the infrastructure needed for growth. Development contributions are what we charge developers to recoup some of the costs of the growth infrastructure that the Council provides, e.g. new roads, more water pipes and new parks.

In our 10-Year Plan we were conservative about the amount of income we expected to receive from development contributions.

During 2013/14 there has been an increase in development activity. A number of large scale developments that have been in progress over the last few years were completed during the year.

Income from development contributions for 2013/14 was $15 million, $8.6 million more than anticipated. These additional funds will go towards paying off debt relating to growth and helping to pay for future projects in the growth areas.

Economic indicators suggest that the market is still uncertain, and new legislation will have some impact on development contributions income. We are continuing to take a conservative approach for 2014/15.

During 2014/15 we will be preparing the 2015-25 10-Year Plan and a 30-year Infrastructure Strategy. These will look at the latest information on where Hamilton is growing, what infrastructure will be required to service the city and how it will be paid for.

Hamilton City River Plan

In May 2013 the River Plan Group was established to develop a River Plan that would give clarity and certainty about Hamilton's stretch of the river and its connection into the urban environment.

The River Plan will provide a strategic guide for Council, businesses, developers and the general public. It will create a framework for thirty years of transformational change that will shift the way Hamilton relates to, celebrates and enjoys the river.

The River Plan Group has been supported by a Technical Group made up of representatives from Waikato Regional Council, Waikato-Tainui, Waikato River Authority, Mighty River Power and Hamilton City Council.

The public has been involved in the development of the River Plan through a series of targeted stakeholder meetings and a public drop in day held on 7 June 2014 at the Meteor Theatre.

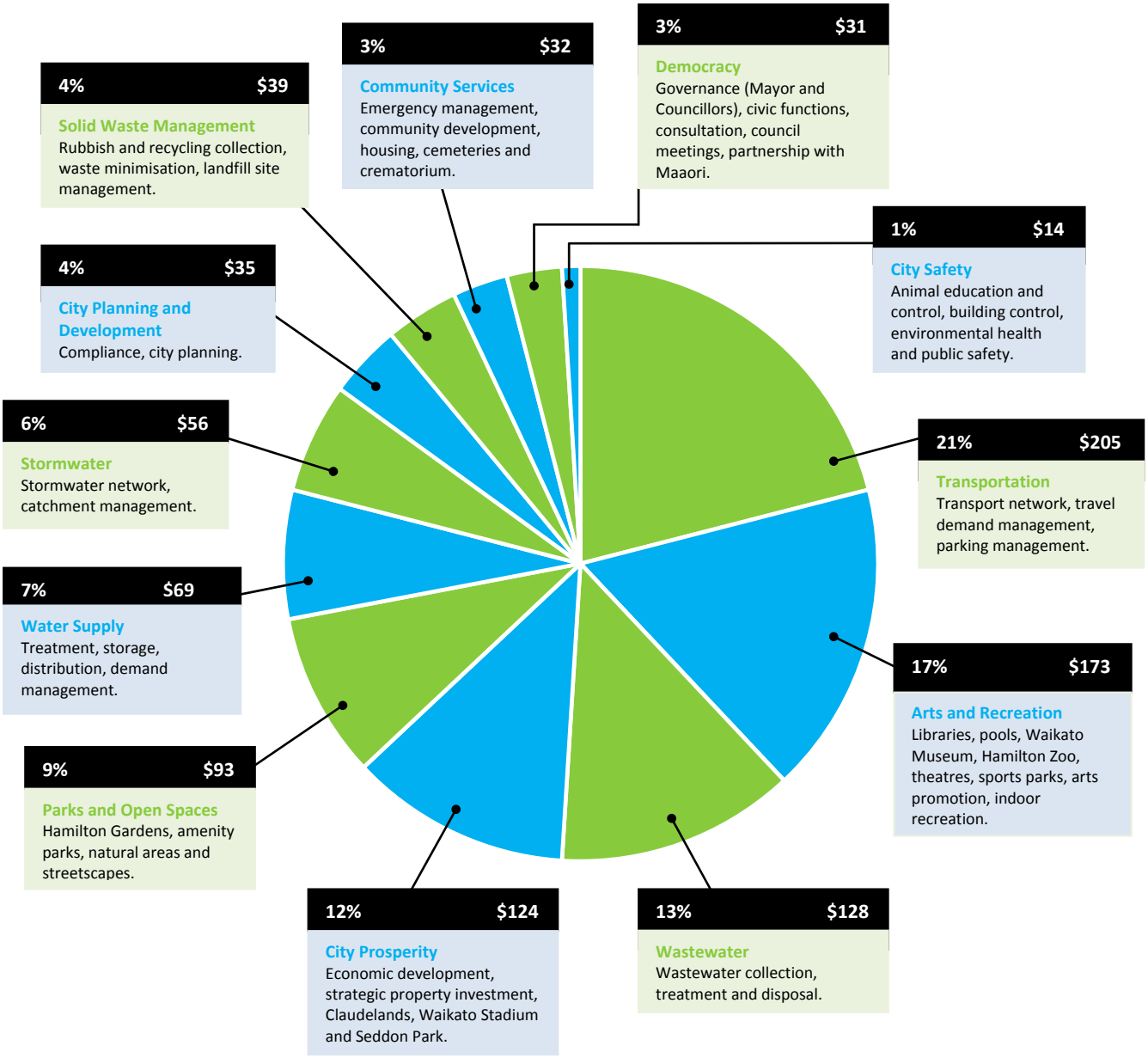
At the drop in day people responded to a range of initial concepts and provided feedback and their ideas for the river. This information was collated and presented to the River Plan Group.

There will be further opportunities for the public to provide feedback when the River Plan is completed later this year. For more information visit www.hamiltoncityriverplan.co.nz

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 2013/14.

Where to find out more...

- The performance measures and targets reported against in this section are from year two (2013/14) of our 10-Year Plan: **www.hamilton.govt.nz/10YearPlan**
- Some of the performance measures are from our Residents Survey, which is carried out by an independent research provider each year. The full survey is on our website at **www.hamilton.govt.nz/ResidentsSurvey**
- Financial information for our service groups can be found in the finance section of this document - see pages 115-127.

If you want to find out more about Council's services, policies, projects and plans, visit our website:
www.hamilton.govt.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.

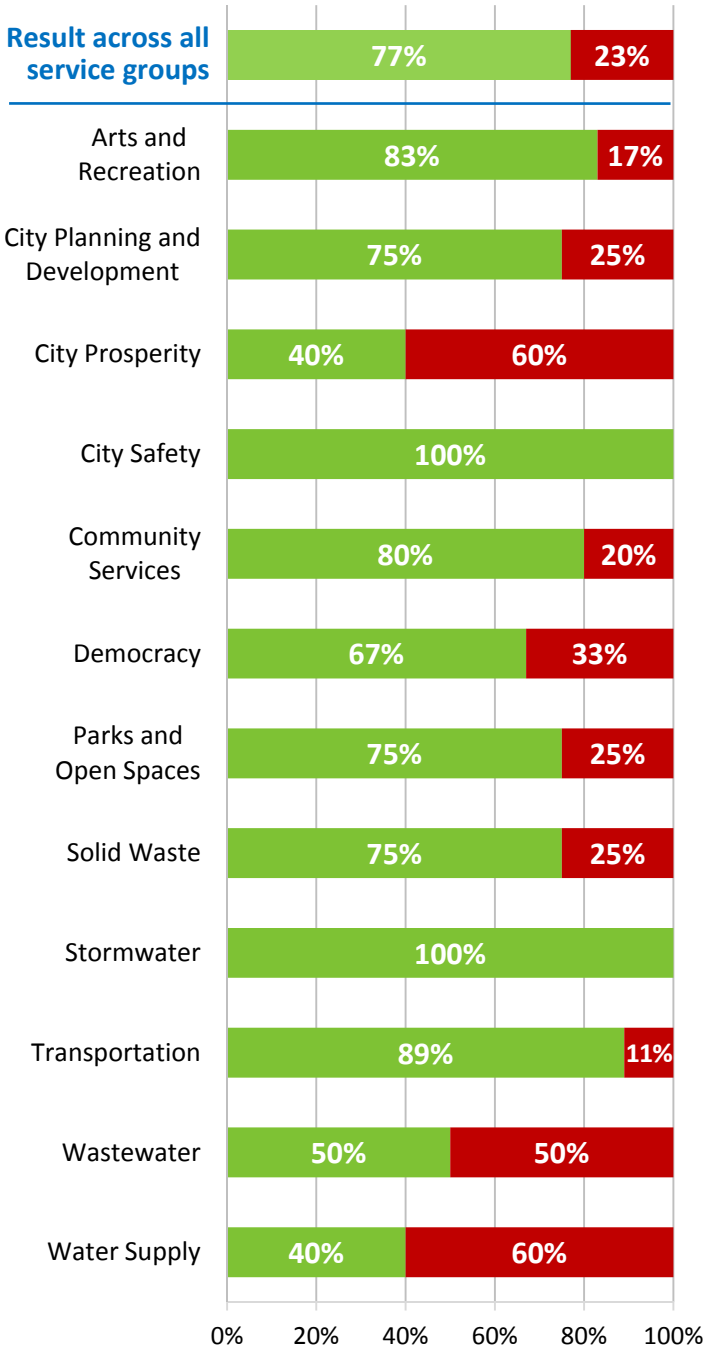
This year we have been focused on ensuring that Council facilities and services meet the needs of our growing city so that Hamilton continues to be a great place to live.

Performance Measures

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

Below is a snapshot of our results, showing the percentage of targets achieved (green) and not achieved (red).

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



Residents Survey

Each year Hamilton City Council undertakes a survey of the city's residents. The Residents Survey provides Council with information on the use of and satisfaction with Council provided facilities and services, overall attitudes, and community needs and priorities.

A number of our performance measures are informed by the results of the Residents Survey.

The survey is conducted by an independent research provider and involves 175 respondents each quarter (3 months).

This year we went out to tender for a survey provider. Due to the tender process the survey was only completed once in 2013/14, after the provider was confirmed in May 2014.

The survey involved a geographically representative sample of 550 residents, to ensure as much consistency as possible with previous survey data. Surveying will resume regularly in 2014/15.

Data trends

In addition to this year's results, we have provided data for each measure for the last two years.

This is to provide a comparison for how we are doing against previous years and to help identify trends in our performance.

Some of our measures and targets were not reported on in the years before our 2012-22 10-Year Plan. This means that some measures that were introduced through our 10-Year Plan do not have comparable data available.

Where this is the case we have recorded 'new measure' as the result.

Time out...

ARTS AND RECREATION

What We Do:

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

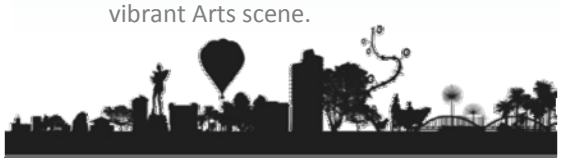
We're involved in arts and recreation to support a fun and creative city with quality artistic and recreational experiences.

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.

	2013/14 Target	2013/14	2012/13	2011/12
Hamilton Zoo	**90%**	**91%**	93%	92%
Libraries				
Garden Place	**85%**	**91%**	95%	90%
St Andrews	**84%**	**89%**	98%	New measure
Glenview	**84%**	**97%**	95%	New measure
Hillcrest	**84%**	**82%**	93%	New measure
Chartwell	**84%**	**89%**	90%	New measure
Dinsdale	**84%**	**84%**	81%	New measure
Swimming Facilities				
Waterworld	**75%**	**76%**	82%	82%
Gallaghers	**75%**	**68%**	72%	69%

	2013/14 Target	2013/14	2012/13	2011/12
Theatres				
Founders	75%	78%	71%	76%
Clarence St	65%	71%	63%	68%
The Meteor	60%	80%	58%	59%
Waikato Museum	80%	84%	86%	85%
Outdoor Sports Areas	65%	76%	77%	79%

WHAT THIS TELLS US

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

The result for Hillcrest Library is below target. Council is currently reviewing its libraries and the delivery of library services. The outcome of this review will shape the future of the city's library services.

The result for the Gallagher Aquatic Centre is below target. Residents noted dissatisfaction with the size of the complex and lack of facilities. The closure of the Municipal Pool has continued to place pressure on swimming lane space in the city.

The Draft Waikato Regional Sports Facilities Plan was recently completed and Council is currently analysing the recommendations to make plans regarding future investment in the city's aquatic facilities.

The Gallagher Aquatic Centre was closed for just over two weeks to allow contractors to undertake a range of important maintenance work. The timing of this closure coincides with completion of the 2014 Residents Survey.

Effects on the Community

We are focused on providing quality arts and recreation experiences to the community. We do this by making our facilities widely accessible and by supporting a range of activities and learning opportunities that contribute to making Hamilton a socially and culturally vibrant place to live.

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. An update on progress during 2013/14 is included in this section and includes:

- Theatres Review
- Aquatic and Sports Facilities
- Libraries Strategic Review
- Hamilton Zoo Strategic Review

Public Art Profile

Four public art projects were approved by Council in 2013/14. These included:

- *Tongue of the Dog,* a large scale contemporary artwork to be installed in front of the Waikato Museum. This piece is donated by the Mesh Sculpture Trust and will be installed in 2015.
- A bronze statue of Sapper Moore-Jones will be installed at the south end of Victoria Street in 2015. The work is donated by the Theatre of the Impossible Trust.
- Wintec will be commissioning a series of temporary artworks for public display over a five year period. The programme began in August 2014.
- A mural by Jeremy Shirley was completed in Ward Lane in April 2014.

Council is considering a further six public art projects. These are currently in various stages of development.

MEASURE

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

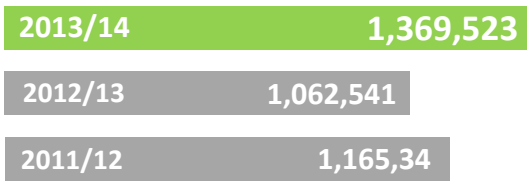
Hamilton Zoo

2013/14 TARGET: 120,000

* This figure was reported incorrectly in the 2011/12 Annual Report as 151,751.

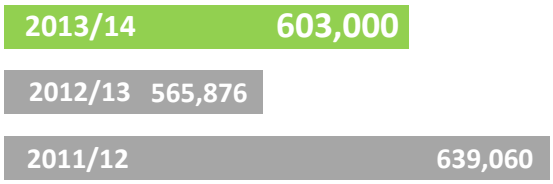
Libraries

2013/14 TARGET: 1,000,000



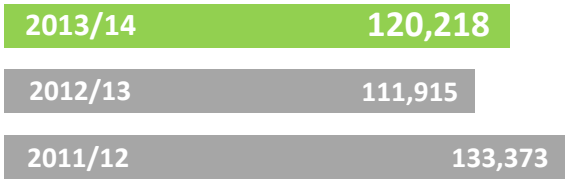
Swimming Facilities

2013/14 TARGET: 580,000



Waikato Museum

2013/14 TARGET: 118,000



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.

The Zoo, Libraries, Swimming Facilities and Waikato Museum visitor numbers all had visitor numbers exceeding target. The Libraries, Swimming Facilities and the Museum in particular all saw a significant increase on last year's results.

The libraries result includes visitors accessing the library through digital mediums.

An enhanced marketing programme and the frequency of exhibitions and public programmes have resulted in an increase in visitor numbers to the Museum.

Swimming facilities have also seen an increase due to the introduction of new activities, the promotion of major events and a new marketing programme.

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

Council will be in consultation with the community before making any decisions about the future of the pools.

Council is waiting on the completion of Regional Sports Facilities Plan before considering any options further.

A Plan for the City's Aquatic and Sports Facilities

The Draft Waikato Regional Sports Facilities Plan was completed in June 2014. The plan looks at current and future sport and recreational needs of the Waikato.

Sport Waikato led a consultation process with the community to seek feedback on the findings of the Draft Plan. Consultation closed at the end of July 2014. The final plan is expected early September 2014.

In response to the plan Council will be looking at the demand and capacity of our indoor facilities, aquatic facilities and sports fields.

The recommendations will be considered in making plans regarding investment in the city's aquatic and sports facilities.

You can expect...

facilities that support a range of activities and learning opportunities

MEASURE

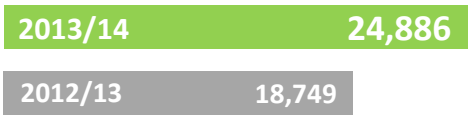
The number of events and activities run by or hosted at the libraries, and the number of attendees.

Libraries

2013/14 TARGET:
At least 350 events and activities

2011/12 - New measure

2013/14 TARGET:
At least 10,000 attendees



2011/12 - 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.

There are currently 22 different events or programmes on offer to the community, with an average of 352 customers participating in the events per week.

The number of events and activities at libraries has continued to grow in 2013/14, although with current resources we are now at capacity.

We have added a number of regular features to the events programme including Business Start-Up workshops, Law for Lunch seminars, adult education classes and volunteer computer mentors who support digital literacy and learning. These programmes are mostly undertaken in collaboration with other community organisations.

MEASURE

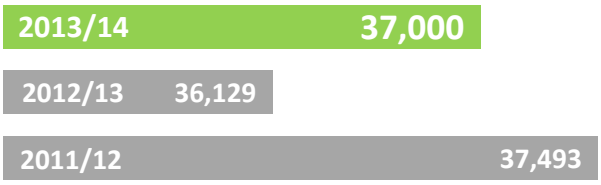
The number of people participating in education programmes at Hamilton Zoo, swimming facilities and Waikato Museum.

Hamilton Zoo

2013/14 TARGET: 8,000

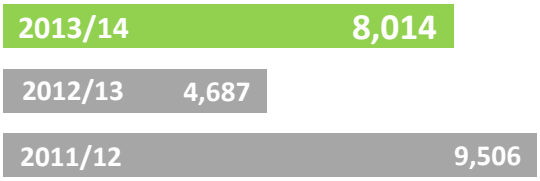
Swimming Facilities

2013/14 TARGET: 30,000



Waikato Museum

2013/14 TARGET: 8,000



WHAT THIS TELLS US

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

The Zoo did not meet the target for 2013/14. A number of bookings for education programmes late in the year were rescheduled due to poor weather, contributing to a result lower than expected.

The Museum experienced a significant increase in the number of participants in education programmes after a number of educator vacancies were filled, increasing programme capacity. The Museum has also been actively working to improve its relationship with local schools.

Swimming facilities also had an increase in numbers for the Learn-to-swim programme due to additional funding from Water Safety New Zealand and an enhanced programme.

MEASURE

The number of activities held at the theatres each year.

2013/14 TARGET: 150 Activities

WHAT THIS TELLS US

Activities include shows, conferences, seminars and social functions.

The theatres are operating in difficult market conditions with limited events available for bookings and have not met target for 2013/14.

At the time this target was set, Council operated the Meteor Theatre. In January 2014 the theatre was gifted to a community trust for use as a performing arts hub for an initial period of 3 years.

Events that were expected to be held at the Meteor from January 2014 onwards (15 events) have not been included in the year's result, which has contributed to the theatres not meeting the target for 2013/14. The target for this measure will continue to be difficult to achieve in the future without the inclusion of events held at the Meteor Theatre.

A booking for 'Phantom of the Opera' at Founders Theatre for 18 performances over 31 days resulted in limited availability for other bookings during that period. These performances are counted as one activity in the year results.

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

Theatres Review

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.

The review looked at whether the three theatres; Founders, Clarence Street and the Meteor Theatre were meeting the needs of the performing arts sector. It also looked at their use, costs, revenue, and whether Council should own or operate them.

An independent report identifying the issues facing our theatres and possible options for the future was presented to the Mayor and Councillors in February 2013. The report was then open for public feedback. Most submissions received presented a strong desire for change.

In January 2014 the Council gifted The Meteor Theatre to One Victoria Trust for use as a community based performing arts hub for an initial period of three years, with funding support of $75,000 per annum over the three year period.

Council is currently awaiting a proposal from Creative Waikato for the Clarence Street Theatre. This is due late October 2014.

Council will be making a final decision on the Theatres Review in late August 2014.

Libraries Strategic Review

We are currently undertaking a review of Council's libraries.

The review aims to deliver a strategic plan for more effective and efficient library services for the city. A working group has been established to undertake this review.

The review process is expected to take about six months. A new Hamilton City Libraries Strategic Plan is expected to be presented to Council in October 2014.

Council has not yet made any decisions about the future shape of its libraries services and will engage with library users as part of the review process.

You can expect...

widely accessible facilities

MEASURE

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

2013/14 TARGET: AT LEAST 75%

Garden Place Library

2013/14	2012/13	2011/12
89%	92%	New measure

Dinsdale Library

2013/14	2012/13	2011/12
88%	74%	New measure

Chartwell Library

2013/14	2012/13	2011/12
85%	85%	New measure

St Andrews Library

2013/14	2012/13	2011/12
83%	74%	New measure

Hillcrest Library

2013/14	2012/13	2011/12
83%	87%	New measure

Glenview Library

2013/14	2012/13	2011/12
82%	96%	New measure

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.

Comparing these results with complaint data, there were no complaints received during the financial year across all libraries about opening hours.

MEASURE

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

2013/14 TARGET: No more than 6 closures per sports ground each 6 month season

2013/14	2012/13	2011/12
0 Sports grounds with more than 6 closures	0 Sports grounds with more than 6 closures	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 throughout the year. In 2013/14 there were no closures.

Last year, there were 14 closures due to exceptionally heavy rainfall, but there were no more than six for each ground.

MEASURE

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

Hamilton Zoo

2013/14 TARGET:
Child and adult entry charges to be within 20% of the average charge of other similar zoos

	2013/14	2012/13	2011/12
Adult	+4% of the average charge	-6% of the average charge	New measure
Child	-16% of the average charge	-30% of the average charge	New measure

Swimming Facilities

2013/14 TARGET:
Child and adult entry charges to be within 20% of the average charge of other similar swimming facilities

	2013/14	2012/13	2011/12
Adult	-13% of the average charge	-13% of the average charge	New measure
Child	-12% of the average charge	-2% of the average charge	New measure

WHAT THIS TELLS US

Entry prices are set at a level that sustains patronage and does not compromise the quality of the experience provided. Both the Zoo and Swimming Facilities met their targets for 2013/14.

A different method for calculating and reporting this result has been used this year to make it easier to assess whether this target has been met. The 2012/13 results have been restated using the same methodology for comparison.

Hamilton Zoo Strategic Review

Hamilton Zoo is one of New Zealand's four major zoos. It benefits from a large site with room to develop, large exhibits and a substantial collection of animals, but has lower annual patronage and less staff than the other major zoos.

The current Hamilton Zoo Development Plan has remained unfunded since it was approved by Council in 2008.

A strategic review of Hamilton Zoo is now underway, and will result in a master plan that provides a vision for the development of the Hamilton Zoo in the future.

The plan will respond to zoo trends, guide decision-making for what sort of animals are selected for zoo exhibits, and shape what experiences are on offer.

The plan will also look at how Hamilton Zoo will integrate with Waiwhakareke Natural Heritage Park which is located across the road.

We are aiming to have the review completed by December 2014.

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.

2013/14 TARGET: 100%

WHAT THIS TELLS US

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.

There were 849 land use and subdivision consents processed during 2013/14. One consent was not processed within the statutory timeframe.

Effects on the Community

This activity supports the city's growth and development and also protects and maintains Hamilton's natural and built environments. This has environmental, social, economic, and cultural effects on our communities.

You can expect...

regular monitoring of land use consent conditions

MEASURE

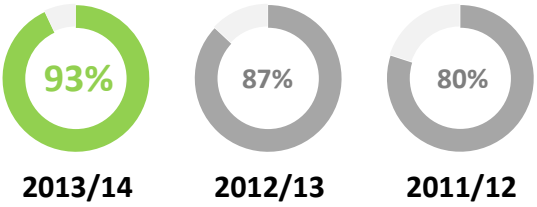
The percentage of land use consents monitored.

2013/14 TARGET: 90%

MEASURE

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

2013/14 TARGET: 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. Council monitors these conditions to make sure they are carried out as required.

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 met.

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 several years into a review of its District Plan.

The Proposed District Plan was notified in December 2012, and submissions ran from December 2012 to March 2013 and May 2013 to July 2013. Submissions were received from over 1,500 people. Hearings were held from September 2013 to February 2014.

Decisions on the Plan were released on 9 July 2014 by independent commissioners. The appeal process is currently open.

As a result of these decisions, some rules around development have changed. Some of the key changes include:

- Some zoning changes to better reflect the activities taking place in certain areas;
- More flexibility for residential developers over the design and layout of new homes;
- Provision for more development opportunities in the Central Business District and identified areas for growth in the City's other five business zones;
- Land has been identified for future industrial development where there will be minimal effects on residential and commercial areas.

Heritage Advisory Panel

Council recognises that heritage contributes to making Hamilton a great place to live and that Hamilton's historic heritage should be protected, conserved and appreciated.

The Heritage Advisory Panel has been set up to raise the profile of historic heritage in the city and provide advice to Council on heritage matters.

The group is made up of community representatives and leading professionals who have a passion for Hamilton's history and heritage.

The Panel is currently working towards formulating a Heritage Policy, which will manage the city's historic heritage in all its forms.

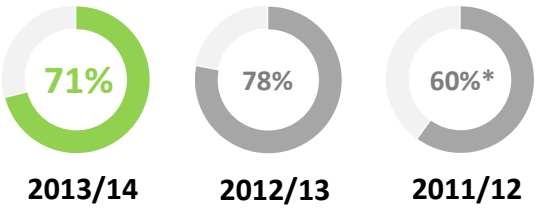
You can expect...

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.

2013/14 TARGET: 62%



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

WHAT THIS TELLS US

This is measured through Council's independent Residents Survey. Almost three quarters of respondents (71%) agreed they had pride in Hamilton's look and feel, including 19% who strongly agreed. Twenty-two respondents (4%) disagreed.

Ruakura Board of Inquiry

Ruakura is a major growth cell for the city and has an area of 822ha. The land is majority owned by Tainui Group Holdings (TGH) and Chedworth Park Limited (CPL). TGH and CPL have partnered together to develop their land as an inland port with supporting industrial, logistics and residential development.

In 2011 changes were made to the city's boundaries, bringing the Ruakura area from Waikato District into Hamilton City to enable expansion of the city to the east.

The Ruakura area remained subject to the planning rules of the Waikato District Plan while a review of Hamilton City's District Plan was underway (refer page 24 for more information on the District Plan review). The Waikato District Plan prohibits planning applications for some types of development in this area that would have resulted in significant delays for the development of Ruakura.

In June 2013 TGH and CPL lodged an application to the Environmental Protection Agency (EPA) requesting a plan change to advance the development of the Inland Port project. The EPA established the Ruakura Board of Inquiry to look at the requested plan changes further. A public consultation process was held and 83 submissions and 21 further submission were received. Hearing of submissions began in May 2014 and adjourned on 12 June.

The EPA released the Board of Inquiry's draft decision on the plan change on 5 August 2014. The decision approved a modified development proposal that reflected evidence submitted by Hamilton City Council during the hearing process.

A final decision is expected in September 2014.

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.

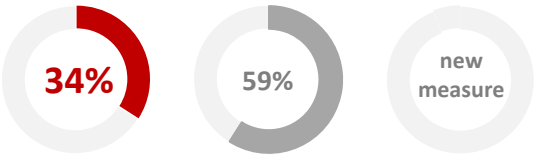
You can expect...

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.

2013/14 TARGET: 60%



2013/14 **2012/13** **2011/12**

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 did not meet the target for 2013/14. The result shows ticket buyers from outside the city as a percentage of the total of all ticket buyers.

Ticket buyers are not required to provide their address when purchasing tickets, and a large proportion of purchasers choose not to provide this information, which can make this measure difficult to monitor.

If we were to consider just the ticket buyers who provided address information (and exclude ticket buyers who did not provide this information), then of the proportion of ticket buyers who provided an address, 60.7% were from outside of Hamilton City.

Data on ticket buyers for international and major rugby games is not available for analysis and is not included in the reported result.

Effects on the Community

This activity is a key contributor to enhancing the city's economic well-being and supports and fosters investment in the city. There are also related positive social well-being benefits for our communities.

MEASURE

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

2013/14 TARGET: 130 Events

WHAT THIS TELLS US

The result for national and international events, was 11 events short of the 2013/14 target. Despite this, larger events of higher value contributed to the revenue target being exceeded.

Upcoming International Events

Planning took place in 2013/14 for a number of upcoming international events. The following events have been secured for 2014/15:

- ICC Cricket World Cup 2015 at Seddon Park.
- Fifa Under 20 World Cup New Zealand At Waikato Stadium.
- Disney on Ice, Bob Dylan, Kenny Rogers, Ricky Martin and The Seekers at Claudelands Arena.

You can expect...

the funding for Claudelands from rates to reduce over time

MEASURE

The net revenue received from users of Claudelands.

2013/14 TARGET: $2m

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.

Claudelands continued to experience strong revenue streams and exceeded the 2013/14 revenue target by 12%. This was driven by a mix of achieving net revenue ahead of plan and containing costs across the business. Forward sales for 2014/15 suggest revenue for future years is also on track.

You can expect...

a financial return from the Council's commercial property investments

MEASURE

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

2013/14 TARGET: 8% RETURN

MEASURE

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

2013/14 TARGET: 90%

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 three tenant vacancies within the portfolio in 2013/14, which is a decline in occupancy of 13.6%. This has resulted in an occupancy rate below target of 84%.

Despite these vacancies, Council was still able to achieve an 8% return on commercial property investments. Council has been actively seeking tenants over the course of the year.

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.

2013/14 TARGET: 95%

MEASURE

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

2013/14 TARGET: 90%

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 experienced a significant increase in the number of requests received during 2013/14, including 195 urgent requests (an increase of 30%) and 6,841 routine requests for service (an increase of 17%). 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.

Effects on the Community

This activity has a significant role in protecting and enhancing the community's safety and social well-being through a range of services including animal education and control, building control and environmental health and public safety. These services ensure that Hamilton is a more desirable place for our communities to live in.

You can expect...

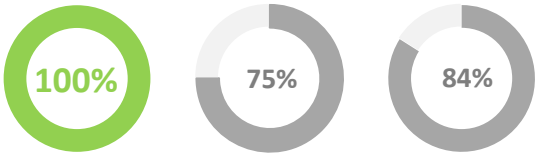
premises selling food and liquor to be regularly monitored

MEASURE

The percentage of high risk premises selling food and liquor monitored annually.*

Premises Selling Food

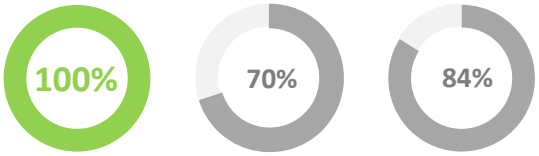
2013/14 TARGET: 100%



2013/14 2012/13 2011/12

Premises Selling Liquor

2013/14 TARGET: 100%



2013/14 2012/13 2011/12

*This measure was changed in 2013/14 from the percentage of premises selling food and liquor monitored annually.

WHAT THIS TELLS US

A variation to this measure was introduced in 2013/14 due to changes in resourcing levels and the legislative environment.

This measure now focuses on high risk premises, which is consistent with the new Sale and Supply of Liquor Act 2012, Council's compliance framework and the risk-based approach adopted in the national domestic food review. Low risk food premises do not need to be inspected annually.

Management strategies have been put in place to ensure that all Food Control Plans were audited and that 100% of high risk food premises and high risk premises selling liquor were inspected.

MEASURE

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

2013/14 TARGET: 100%

WHAT THIS TELLS US

If a food premise does not meet hygiene standards, health officers will make sure action is taken to fix any problems. All compliance issues were resolved within agreed timeframes during 2013/14.

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.

2013/14 TARGET: 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 2013/14 there were 8,049 noise complaints, the most common reason being stereo noise from households.

City Safety Proposal

Over the last five years there has been significant investment in the central city from Council and the development and business communities.

However, some issues have emerged that are affecting people's enjoyment of the central city. Council is responding to concerns raised by businesses and the public and is taking action with six key initiatives to improve safety in the central city.

This includes:

- Reinstating the daytime City Safe patrol (two people) covering the CBD six days a week.
- Installing six new cameras to extend coverage north to Liverpool Street and south to Bridge Street.
- Offering CCTV monitoring services to local businesses to connect into on a user pays basis.
- A budget to enable policy and bylaw monitoring and enforcement to address behaviours that negatively impact on the central city.
- Increased vegetation management in key CBD sites to raise the appearance standards of the central city.
- Increased litter collection and street and footpath cleaning.

These city safety initiatives began in July 2014.

Local Alcohol Policy

The Sale and Supply of Alcohol Act 2012 allows councils to develop a Local Alcohol Policy (LAP) for their territorial area.

Once an LAP is in place, the local District Licensing Committee must have regard to the LAP when making decisions on licensing applications.

A draft policy was approved for public consultation in November 2013. Submissions on the draft policy were invited over fours weeks, closing 17 February 2014. Ninety-three submissions were received. Hearings were held on 28 March 2014.

After receiving and hearing submissions, Council resolved to defer making a decision on the policy until the outcome of the two appeals to the Alcohol Regulatory and Licensing Authority (ARLA).

Once the ARLA process has been concluded and the legal or policy consequences determined, Council will be in a position to deliberate on the draft LAP, which is the next step to developing and adopting a provisional LAP.

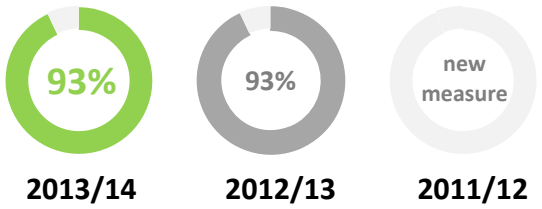
You can expect...

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.

2013/14 TARGET: 90%



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.

There were 7,856 priority incidents in 2013/14.

Psychoactive substances

The government introduced the Psychoactive Substances Act 2013 to regulate the availability of psychoactive substances (legal highs) in New Zealand. Under the Act, a Council can create a policy to control the location of premises selling psychoactive substances in the city, and their proximity to sensitive community facilities.

On 27 February 2014 Council adopted a Psychoactive Substances Policy (Local Approved Products Policy or LAPP) after hearing community feedback through a comprehensive submission process. Council received 528 submissions on the proposed policy, and 38 of these submitters spoke at hearings held in February 2014.

New legislation was introduced under urgency on 8 May 2014 that revoked the approval granted to a number of psychoactive products. Manufacturers are now only able to sell a psychoactive product if proven 'low risk' under a testing regime stipulated by the government. The effect of this is an interim ban on all synthetic drugs.

On 1 August 2014 the Ministry of Health released the Regulations which support the Psychoactive Substances Act 2013. They mainly deal with manufacture, labelling and advertising but also include an additional restriction prohibiting sale of legal highs from "any place that, by its nature, is likely to be frequented by minors". This is broader than the definition of sensitive sites in the Hamilton LAPP and will likely pick up additional sporting and recreational facilities not previously considered.

The regulations do not address the issues raised in Hamilton City Council's 21 March 2014 submission to the Ministry of Health's Psychoactive Substance Regulations Consultation document, including consideration of restricting hours of operation, greater security requirements and tighter licensing application processes and criteria.

The Regulations become effective on 3 November 2014.

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.

2013/14 TARGET: 90%

MEASURE

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

2013/14 TARGET: 80%

MEASURE

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

2013/14 TARGET: 85%

* This figure was reported incorrectly in the 2012/13 Annual Report as 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 2013/14 indicate that key stakeholders are largely satisfied with the service they are receiving from us.

Effects on the Community

This activity provides a range of community-focused services to a diverse range of Hamilton residents.

These services include cemeteries and the crematorium, community development, emergency management and housing.

Older Persons Advisory Panel

In February 2014, a comprehensive group of eleven dedicated and experienced candidates were appointed to the newly created Older Persons' Advisory Panel.

The Panel will provide advice to Council on key issues affecting over 55 year-olds in Hamilton.

The appointments represent strong governance and leadership experience while representing Maaori, disabilities and migrant communities.

The Panel will meet every two months throughout the three-year Council term.

Youth Council Advisory Panel

The city's Youth Council Advisory Panel is a new voice for young people in Hamilton. Created in February 2014 the panel replaces the former Hamilton Youth Council.

The Panel is made up of eleven of Hamilton's young people between the ages of 15-25.

The panel aims to represent the views and interests of young people in the city, to engage youth in local government and democracy and to make Hamilton a better place for young people to live in.

The Panel meets bi-monthly throughout the three-year Council term.

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.

2013/14 TARGET: 100%

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.

A 3% rent increase was introduced on 1 July 2014.

Social Housing Review

Due to the Government's social housing reforms and changes to the purpose of local government, Council is looking at its role in the social housing sector and whether housing for older people is a service that we should continue to deliver.

A working group has been formed to develop a proposal on Council's longer term role in social housing.

We are talking with social housing providers in Hamilton, who would like to explore alternative service delivery options with us, including ownership.

A meeting was held in March 2014 and good feedback was received from the sector on the strategic direction of social housing in the city.

A report outlining the options will be presented to Council in August 2014. Depending on the decision made at this meeting, a Statement of Proposal may be required to go to the Council meeting in September 2014.

There will be an opportunity for public input on that proposal as a part of this process later this year.

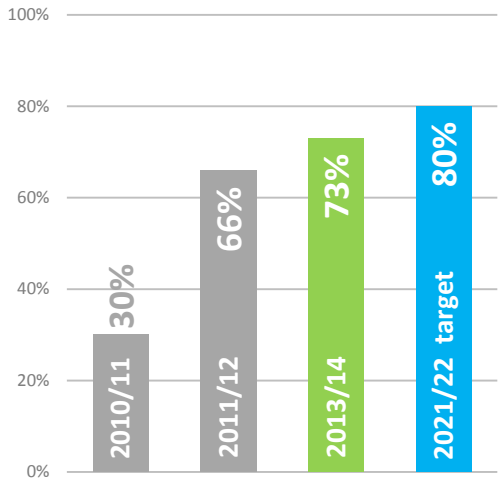
You can expect...

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.

2013/14 TARGET: 55%



WHAT THIS TELLS US

The 2013/14 result has continued to improve since the last time this was measured in 2010/11.

This measure involves a self assessment of the progress Council is making towards the goals and objectives of the National Civil Defence Emergency Management Strategy. Our assessment was completed in May 2014 and 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 response and recovery planning into Hamilton communities. A resilient city will recover from an emergency event faster.

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.

2013/14 TARGET:
10 Inter-Agency Groups that meet at least 60 times each year

2013/14	2012/13	2011/12
10 inter-agency groups met at least	10 inter-agency groups met at least	11 inter-agency groups met at least
70 times this year	65 times this year	75 times this 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.

There is momentum within the community around regular interagency and networking opportunities, and this number has continued to grow in 2013/14.

There were budget cuts to a specific project in 2012/13 that resulted in an interagency meeting that ceased to operate. This contributed to a decrease in 2012/13.

You can expect...

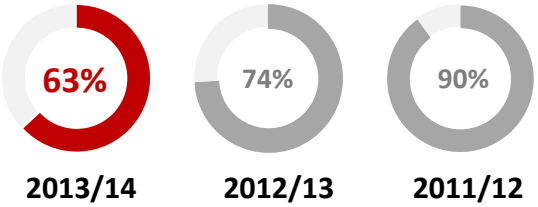
community spaces to be well used

MEASURE

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

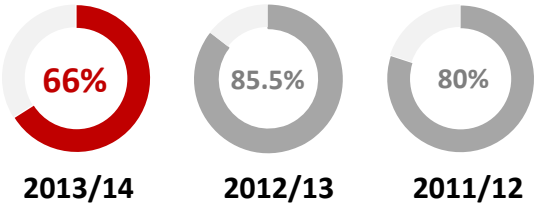
ENDERLEY COMMUNITY CENTRE

2013/14 TARGET: 90%



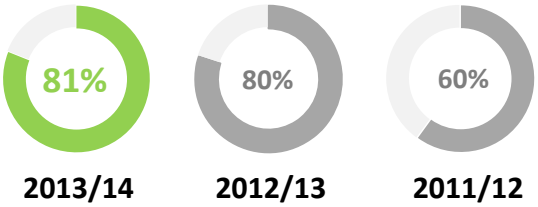
CELEBRATING AGE CENTRE

2013/14 TARGET: 90%



FAIRFIELD HALL

2013/14 TARGET: 60%



WHAT THIS TELLS US

This measure indicates that while our community facilities remain busy, there are gaps in the delivery of services and programmes in these centres.

The target for Fairfield Hall was exceeded. Occupancy improved due to changes in the interior made in 2012 that are attracting dance groups and fitness activities.

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

The Enderley Community Centre continues to be impacted by the loss of OSCAR programmes (before/after school and school holiday programmes) and a youth programme in January 2013, which involved close to 90 participants per day.

A project to increase usage of the Enderley Community Centre and the Celebrating Age Centre has commenced and is in its early stages.

Disability Advisor

In January 2014 Council welcomed the appointment of our first Disability Advisor.

This role is focused on providing advice to Council staff and working with the community to action Council's Disability Action Plan.

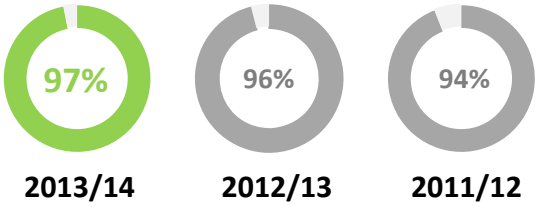
It will ensure that people with disabilities have equity and access, enabling them to participate fully in the life of Hamilton City. The role will also assist in improving communication between Council and the disability sector to achieve better access in the city.

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

MEASURE

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

2013/14 TARGET: 85%



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. An improved result was achieved in 2013/14 through a strong focus on exceptional customer service and ensuring good systems and processes are in place.

Your representatives...

DEMOCRACY

WHAT WE DO:

Democracy is about providing Hamilton residents 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.

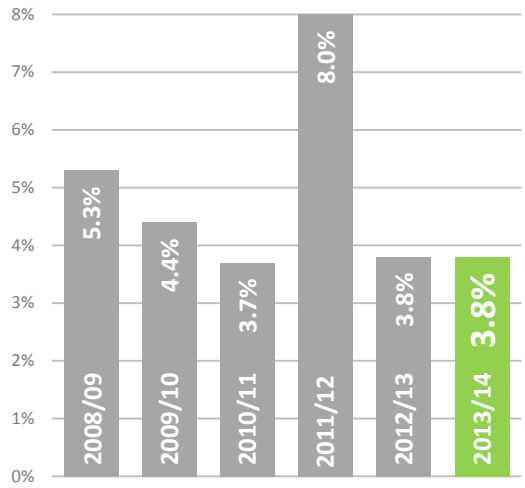
You can expect...

responsible management of the city's finances

MEASURE

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

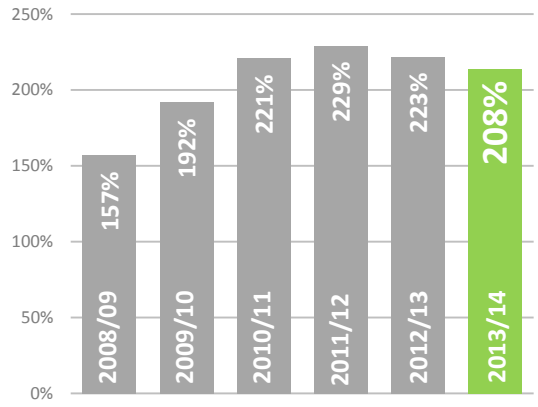
2013/14 TARGET: 3.8%



MEASURE

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

2013/14 TARGET: Less than 245%



WHAT THIS TELLS US

The theme of Council's 2012-22 10-Year Plan is "living within our means". Council's financial plan 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 again in 2013/14 with a 3.8% rates increase.

Our closing total overall debt balance was budgeted at $433 million, the result was $383 million - $50 million less than budgeted.

In everyday dollars, this means Council has borrowed about $2.08 instead of $2.38 for every dollar it collects in rates, user charges and other income streams.

Effects on the Community

This activity enhances the community's social, economic, environmental and cultural well-being by providing effective, open and responsive city governance.

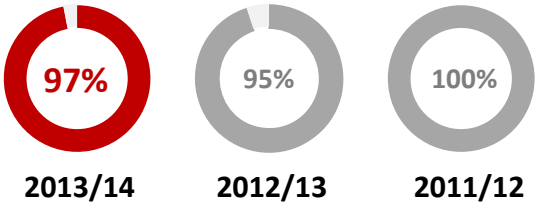
It is also focused on ensuring that Hamilton's communities are provided with opportunities to be involved in shaping our city.

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

MEASURE

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

2013/14 TARGET: 100%



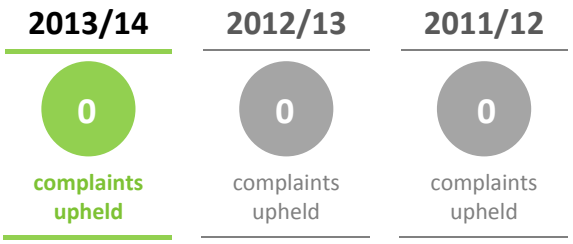
WHAT THIS TELLS US

Three responses were completed late out of a total of 116 official information requests received in 2013/14. Council staff have implemented a new process for managing and tracking requests that will reduce the chance of this happening in future.

MEASURE

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

2013/14 TARGET: 0 Complaints upheld



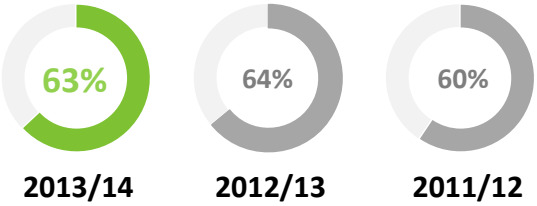
WHAT THIS TELLS US

Two complaints were laid with the Ombudsman during 2013/14. None were upheld.

MEASURE

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

2013/14 TARGET: AT LEAST 60%



WHAT THIS TELLS US

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

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. We also produce a number of flyers during the year around key issues affecting ratepayers.
- Council has thirteen Facebook pages and its two main pages 'Hamilton City' and 'Hamilton NZ' have more than 17,000 likes. These pages also link to Twitter pages where we have more than 5,000 followers.
- In a move to be more accessible and transparent we began live web-streaming all Council and some committee meetings through our website in July 2014.

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

Live Streaming Council Meetings

We began live streaming our monthly Council meetings and some other high-interest meetings (such as public hearings) through our website in late 2012.

In July 2014 the Council extended live streaming to all Council, Finance Committee and Strategy and Policy Committee meetings in order to support better democratic processes. Recordings of these meetings are also available on-demand through our YouTube channel.

Live streaming increases the level of communication we have with the ratepayers of the city and delivers transparency and public accountability. Ratepayers can view every moment of a meeting, at a time and in a place that suits them.

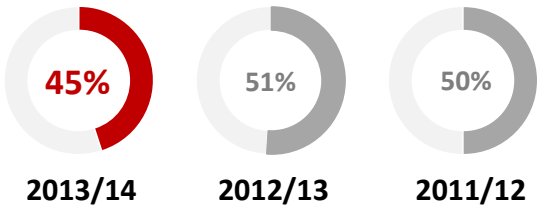
You can expect...

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.

2013/14 TARGET: AT LEAST 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 provide a range of opportunities for the community to get involved in decision-making processes, including making submissions to various draft Council plans and policies and involvement in various working groups.

Council also provides an opportunity for the public to speak on issues that relate to an item on the agenda at the beginning of each Council meeting, Finance Committee meeting and Strategy and Policy Committee meeting.

Council will continue to look at ways we can improve opportunities for community involvement in decision-making.

Maaori and Decision-making

Council has partnerships with Maaori organisations which assist 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 PricewaterhouseCoopers.

The review confirmed that the types of relationships that Council has with urban Maaori organisation Te Runanga o Kirikiriroa (for strategic policy advice) and mana whenua groups are with the appropriate types of groups.

The review resulted in the establishment of a Maaori Relationship Advisor role within Council. The role provides support and advice to Council on issues related to Maaori as well as supporting the development of stronger relationships. An appointment was made in March 2014.

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

Te Hā o te Whenua o Kirikiriroa Trust (THaWK) has been established since the review and represents the five hapū for the greater Hamilton City area. THaWK now provides mana whenua consultation to Council on issues relating to the management of Hamilton's natural and physical resources.

Tame Pokaia was appointed by the Maaori King's office as Council's kaumatua in March 2014 following the passing of our valued kaumatua Moko Hamiora.

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.

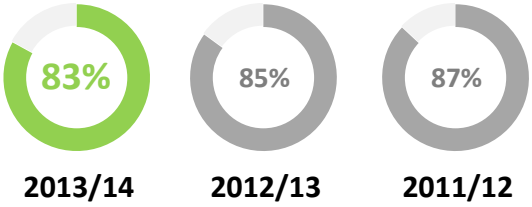
You can expect...

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.

2013/14 TARGET: 75%



WHAT THIS TELLS US

To help balance Council's books, some cuts were made to the parks and open spaces maintenance budget as part of our 2012-22 10-Year Plan. Service cuts were focused on areas with minimum possible impact on the wider community.

Because of this, we anticipated a decline in residents' satisfaction. This is reflected in the 2013/14 result, however residents' overall satisfaction with parks and open spaces remains high.

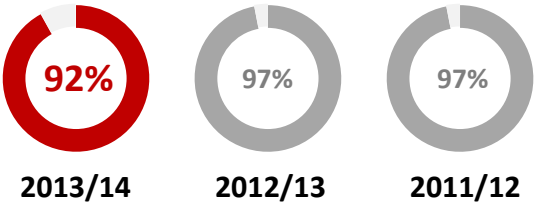
You can expect...

playgrounds in areas of highest demand

MEASURE

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

2013/14 TARGET: 97%



WHAT THIS TELLS US

A playground at Karaka Park was removed in February 2014 due to repeated vandalism that became too costly to continue to repair. This playground has not been replaced.

The removal of Karaka Park playground lowers the total number of playgrounds in the city and has contributed to Council not meeting target in 2013/14.

A working group was formed in 2013 to review the existing Playgrounds Policy and associated work programme.

A new Playgrounds Policy was adopted in February 2014. The new policy shifted focus from providing neighbourhood playgrounds in high demand areas to creating new destination playgrounds in certain locations across the city. This means that the current policy does not directly support this measure.

The performance measure and target has been changed through the 2014/15 Annual Plan for future years. It will instead measure the percentage of playgrounds in high demand suburbs to ensure consistency with the new policy.

Due to the review of the Policy and work programme, no new or capital works were carried out during 2013/14.

Destination Playgrounds

Playgrounds have an important role in providing children with free, safe and fun places to be active and socialise.

Council adopted a new Playground Policy in February 2014 which aims to create new destination playgrounds across the whole city that are a major attraction for residents, visitors and tourists. These playgrounds are places to stay all day with high quality, creative equipment and additional facilities such as shade, parking and toilets.

Hamilton currently has four existing destination playgrounds and 82 neighbourhood playgrounds. Some of these neighbourhood playgrounds are ageing, require ongoing repairs and upgrades and are not always cost effective to continue to maintain.

All new destination playgrounds will be funded by a two-thirds Council contribution towards the costs. The remaining one-third will be sought from other funders.

A 10 year work programme for delivery of the new destination playgrounds is currently under development.

This programme will also consider which neighbourhood playgrounds are not cost effective to repair or have reached their end of life and need to be removed to ensure safety for the public. Council will work with communities interested in coordinating fundraising projects to support their neighbourhood playgrounds.

Council plans to install a new destination playground at Minogue Park in the upcoming year - this will be the first to be upgraded to a destination playground under the new policy. Further works are also planned to complete stage two of Hamilton Lake's destination playground.

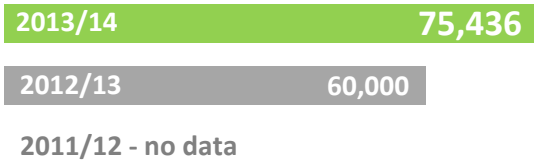
You can expect...

the city's public natural spaces to be protected and gradually restored

MEASURE

The total number of native plants planted in natural areas each year.

2013/14 TARGET: 65,000 – 70,000*



*this measure was changed in 2013/14 from the previous measure of the number of hectares planted annually in native vegetation. 2012/13 was reported as 7.5ha.

WHAT THIS TELLS US

An error was made when setting the target for this measure which has proven difficult to report on accurately.

This measure was changed in 2013/14 and now measures the total number of native plants planted in natural areas each year. This is a more accurate indication of Council's contribution to the restoration of Hamilton's natural environment. The result for 2012/13 has been restated above to provide a comparison for this year's result.

Planting at Waiwhakareke Natural Heritage Park and infill planting around the city both contributed to the 2013/14 result well exceeding target.

Council held its annual Arbor Day tree planting event at Waiwhakareke Natural Heritage Park on 30 May 2014. It is a popular community event involving hundreds of volunteers including schools, community groups and businesses. This year marks 10 years since the establishment of the Park and a huge planting effort of 30,000 plants was planned. 33,238 plants were planted on the day.

This year Council was successful in securing additional external funding for more planting. This was considered when setting the target for 2013/14. It is unknown if external funding will be secured over the remaining years of the 10-Year Plan, and the target for future years reflects community planting only.

Waiwhakareke Natural Heritage Park

On 29 May 2014 Council decided to defer a decision on what to do with 5.1ha of land adjacent to Waiwhakareke Natural Heritage Park.

This site had previously been identified as potentially suitable for housing development. Consideration has also been given to inclusion of this land in Waiwhakareke Natural Heritage Park.

This decision has been deferred to allow Council time to further investigate the implications of development. Council will continue to manage the land status quo until a decision is made.

Council will work with current and other potential partners on this review to enhance funding generation and collaboration agreements between the parties.

Riverbank Walkway Repair

The riverbank walkway between London and Bryce Street has been closed since 2011 following a series of slips which rendered the walkway unsafe.

These slips occurred across Council owned land and land owned by Tainui Group Holdings (TGH).

In June 2013 Council committed $1.42 million to remediate the section of the riverbank on Council owned land.

The largest slip is on land owned by TGH and has an estimated repair cost of $670,000. TGH recently agreed to transfer ownership of the section of affected riverbank to Council for a token sum of $1 to allow repairs to be undertaken, so that this section of walkway can be reopened to the public.

Remedial work to the riverbank in both locations is now underway and is scheduled for completion in December 2014.

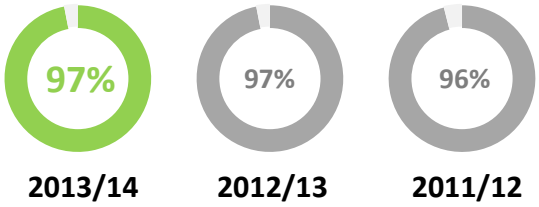
You can expect...

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.

2013/14 TARGET: 95%



WHAT THIS TELLS US

Hamilton Gardens is a highly valued asset and an iconic destination in our city. This is reflected in our Residents Survey result.

A Strategic Plan for Hamilton Gardens was approved by Council in September 2013. It included a development project to deliver five new themed gardens and additional infrastructure and visitor facilities. This development will go ahead as a key project through the 2014/15 Annual Plan.

You can read more about this development on this page and on the Hamilton Gardens website: www.hamiltongardens.co.nz

Effects on the Community

Parks and Open Spaces enhance the social and environmental well-being of Hamilton's communities by providing green spaces throughout the city, and a range of amenity parks and planted streetscapes.

Our parks and open spaces provide opportunities for leisure and recreation that everyone can enjoy.

The community also benefits from access to a network of natural areas alongside the Waikato River, as well as a range of gullies and ecological restoration areas.

Developing Hamilton Gardens

Council adopted a Strategic Plan for the Hamilton Gardens in September 2013. The aim of the Plan is to create a world class garden that delivers value and enjoyment to the local community and is a must-see visitor destination.

The Plan included 12 garden designs for future development to help achieve this goal.

Council decided to fast-track some of this development with a four year work programme through the 2014/15 Annual Plan. The project includes five new themed gardens, a new jetty, a car park extension, an information centre upgrade, a destination playground and security improvements.

Council will need to contribute $2.344 million, which is one-third of the total cost. The remaining two-thirds will be sought from sources other than Council funds. The project won't go ahead unless this funding is secured.

Council proposes to raise the $2.344 million through a targeted rate of $10 plus gst per rateable property for each of the next four years.

The income from the targeted rate will be held in the Hamilton Gardens Reserve fund and applied as the Gardens are developed.

Hamilton Gardens is our biggest tourist attraction with over one million people visiting the Gardens each year. This investment will increase revenue for the Gardens and will provide economic benefits for the city by increasing the number of people visiting Hamilton Gardens and the length of time they stay. It will also add to our enjoyment and use of the Gardens.

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.

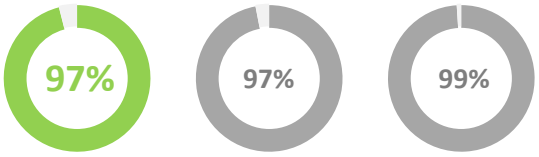
2013/14 TARGET: 0 WEEKS

2013/14	2012/13	2011/12
0	0	0
weeks with more than 20 complaints	weeks with more than 20 complaints	weeks with more than 20 complaints

MEASURE

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

2013/14 TARGET: 95%



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

You can expect...

Council to promote and encourage recycling and reuse

MEASURE

The total volume of waste produced per residential property.

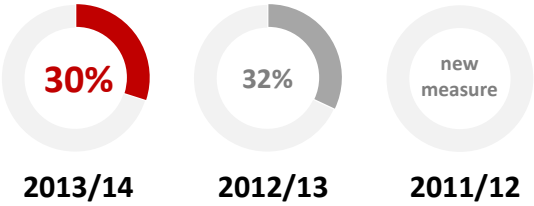
2013/14 TARGET:
Less than 600kg per Residential Property*

*Target is incorrectly recorded in the 10-year plan as 60kg

MEASURE

The percentage of waste recovered for recycling.

2013/14 TARGET: 34%



WHAT THIS TELLS US

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

We met our 2013/14 target for the total 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.

Effects on the Community

Weekly rubbish and recycling collections for residential properties contribute to our city's environmental well-being. Solid waste is carefully managed to prevent adverse effects on the environment and protect the community's health.

We use a variety of initiatives that encourage Hamilton's community to undertake more recycling and reuse.

Horotiu Closed Landfill

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 that required Hamilton City Council to carry out remedial works.

In 2012/13 better monitoring equipment was 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 April 2014.

The remedial works and equipment improvements continue and are due to be completed in 2014 to ensure the site complies with resource consents.

Waste Services Review

Council has developed a Waste Minimisation and Management Plan (WMMP) 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 key priorities of the Plan is a Waste Services Review. This review began in 2013 and is looking at how we currently manage waste within the city and new ways in which we can promote the diversion of recyclable materials from our black bags and other waste streams.

You can find out more about our Waste Minimisation and Management Plan at www.hamilton.govt.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.

2013/14 TARGET: LESS THAN 5 BUILDINGS

2013/14	2012/13	2011/12
0 Buildings	1 Buildings	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.

2013/14 TARGET: LESS THAN 6 REPORTED INCIDENCES

2013/14	2012/13	2011/12
1 Incidence	3 Incidences	New measure

WHAT THIS TELLS US

It is 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.

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.

2013/14 TARGET: 50%

*based on 2 months of data

WHAT THIS TELLS US

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

We monitor the quality of stormwater discharge by taking samples from catchment areas across the city.

A focused monitoring programme was introduced in 2013 to identify areas where water quality can be improved. Delays in implementation of the programme meant that only two months of data were available to report at the end of 2012/13 - May and June. 2013/14 is the first year that a full year of results is available.

The result for 2013/14 has exceeded target and included a programme of intense sampling. This was to assess the impact of environmental factors, such as rainfall, and understand how this affects stormwater quality.

Effects on the Community

We carefully manage the city's stormwater network in a way that minimises our environmental impact on our streams, lakes and the Waikato River.

We want to make sure our stormwater network protects our communities from flooding, and is efficient, cost-effective and better for the environment.

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

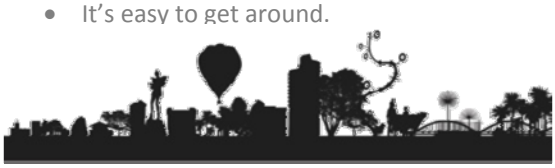
TRANSPORTATION CONTRIBUTES TO THESE **OUTCOMES** AND **GOALS**:

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.



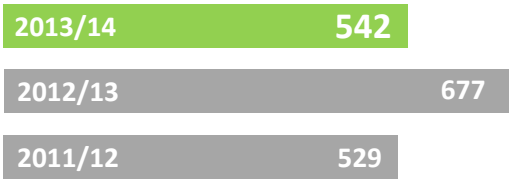
You can expect...

roads, cycleways and footpaths to be kept in good condition

MEASURE

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

2013/14 TARGET: NO MORE THAN 750



MEASURE

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

2013/14 TARGET: NO MORE THAN 670

WHAT THIS TELLS US

Quality checking of underlying data has previously identified an error with one of the two data sets used to set the target for the cleanliness and landscaping measure through the 2012-22 10-Year Plan. This measure is based on the number of litter complaints and landscaping complaints received. The dataset used to set the target for litter complaints was incorrect.

In 2013/14 there were 950 litter requests and 322 landscaping requests received. This is a slight decrease from last year's result for both cleanliness and landscaping complaints.

An increased level of litter collection in the CBD will be introduced in 2014/15 and is hoped to reduce the number of complaints received about cleanliness that relate to the CBD.

In October 2013 Council entered a collaborative work agreement called the 'Infrastructure Alliance' with Downer NZ Ltd to improve the level of maintenance and repairs to transport infrastructure. This collaborative approach has seen a reduction in the number of potholes, cycleway faults and footpath trip hazards identified since October 2013. You can read more about the Infrastructure Alliance on this page.

Effects on the Community

This activity focuses on meeting the changing travel demands of our city and providing an affordable, responsive and sustainable transport system for our communities to get from A to B.

We want Hamilton to be a city where it is safe and easy to get around, and one that integrates different modes of transport to provide transport choices for everyone.

We work with our communities to raise awareness of travel options and positively influence travel behaviour to create a better transport system for the city that negates any negative environmental, economic, social and cultural effects.

A Collaborative Approach to Roading

Council and Downer NZ Ltd entered into an 'Infrastructure Alliance' on 1 October 2013 to provide a more efficient and collaborative way of operating Hamilton city's transportation maintenance and renewal contracts. It is also considered industry best practice.

The Alliance is now well underway and has been operating successfully, with nine Council staff now working collaboratively with Downer and their key support contractors under the new system.

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

We have already seen the benefits of greater efficiencies, improved value for money, joint planning, cost transparency, flexibility, shared responsibility and reduced overheads.

The activities covered by the contract include: maintenance and renewal of road, footpath, street furniture and kerb and channel areas, road signs and line markings, and footpath and street cleaning. Traffic signals and street lights will be added starting in 2014/15.

You can expect...

a transport network that is safe to use

MEASURES

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

2013/14 TARGET:
A steady or decreasing trend for the 5-year average results*

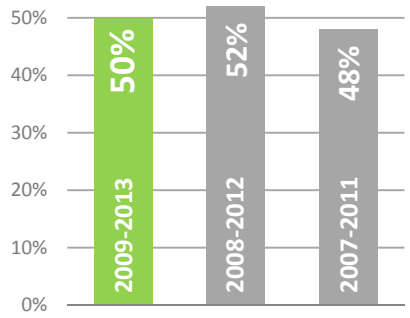
2009-2013	2008-2012	2007-2011
3.5	3.7	3.7
Fatal and serious crashes per 10,000	Fatal and serious crashes per 10,000	Fatal and serious crashes per 10,000

* This measure was changed in 2013/14 from the number of injury crashes per 10,000 in Hamilton compared to other major urban centres in New Zealand.

MEASURES

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

2013/14 TARGET:
A steady or decreasing trend for the 5-year average results*



* This measure was changed in 2013/14 from the percentage of crash casualties in urban Hamilton that involve pedestrians, cyclists and motorcyclists compared to other major urban centres in New Zealand.

MEASURE

The percentage of injury crashes occurring when crossing/turning in urban Hamilton.

2013/14 TARGET:
A steady or decreasing trend for the 5-year average results*

* This measure was changed in 2013/14 from the percentage of fatal and serious casualties occurring as a result of crossing/turning crashes in urban Hamilton.

WHAT THIS TELLS US

These measures relied on data that was published for a number of years by the New Zealand Transport Agency (NZTA). The NZTA stopped publishing this data in 2013 and we are not able to replicate it.

Variations to these measures were introduced in 2013/14 Annual Plan.

We are committed to making our roads safer for all users. Council has introduced a range of measures to improve safety including foothpath, pedestrian crossing and localised roading improvements, safer 40km/hr speed areas and ongoing education initiatives.

The data that informs these results is produced on a calendar year basis, and is for the year ending December 2013.

These results take into account the city boundary changes in November 2013.

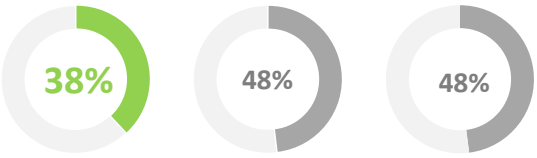
You can expect...

predictable motor vehicle travel times

MEASURE

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

2013/14 TARGET: LESS THAN 50%



2013/14 **2012/13** **2011/12**

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. Survey were undertaken in April and May 2014 and show a decrease compared with last year's result.

Ring Road construction has continued to result in some changes to driver route preferences. This is reflected in surveys that have been completed while this major roading project has been underway as it has increased traffic volume in alternative routes.

The Ring Road in the northern part of the city has now been completed and construction activity will occur over the next two years in the southern part of the city.

We are looking at introducing better ways to measure the time taken to travel key routes that make use of new technology.

Cycleway plan

Hamilton has an existing cycling network that has been under development for a period of time.

The Council wants to encourage a greater uptake in cycling, but to do this we need safer cycle facilities.

Council is in the early stages of preparing a Cycleway Plan. The will begin with a comprehensive review of the city's approach to cycleways on and off the road, and will provide a 30 year vision for cycling in the city including key routes to major destinations. It will target both recreation and commuter cyclists and provide an alternative way for tourists to experience the city's attractions.

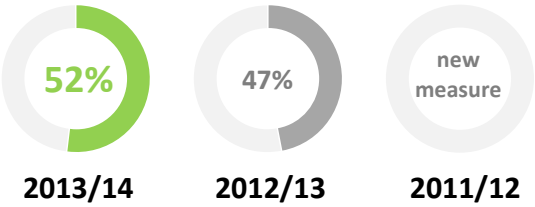
You can expect...

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.

2013/14 TARGET: NO MORE THAN 85% EACH YEAR



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.

There are variations in on-street parking across the CBD where some streets are very well used, while others are less so.

A new measurement method was introduced in September 2013, which uses a vehicle fitted with number plate recognition technology so we can measure the length of stay.

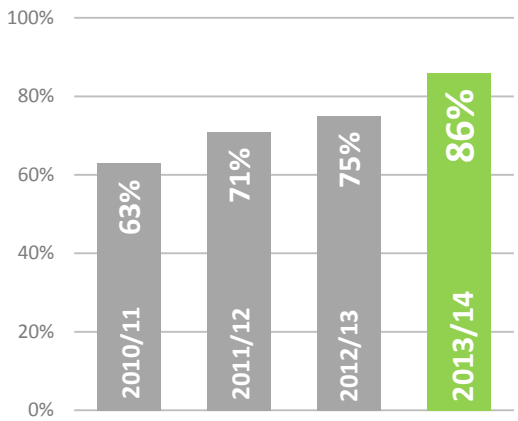
You can expect...

transport infrastructure and services that support sustainable travel choices

MEASURE

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

2013/14 TARGET: 85%



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, buses, or carpooling.

We met our target for 2013/14. 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.

2013/14 TARGET:
30-35 TRIPS PER CAPITA EACH YEAR

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 indicator shows whether more people are choosing to travel by bus.

The target for the year was achieved, with results remaining steady compared to previous years.

Access Hamilton - Ring Road

Progress on the Ring Road around Hamilton has continued to be significant over the past year.

Construction on the River Road to Resolution Drive section of Wairere Drive is now nearing completion with final sealing now underway.

Wairere Drive now extends to Clyde Street and significant progress has been made on construction towards Cambridge Road. The Cambridge Road section is scheduled for completion in 2014/15 after being brought forward in the work programme from 2019/20 following a funding agreement between Council and New Zealand Transport Agency (NZTA) back in December 2012.

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

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.

Preparation and project planning for the final section from Cambridge Road to Cobham Drive is underway with construction expected to begin this summer.

Residents can find out more about this project at www.hamilton.govt.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.

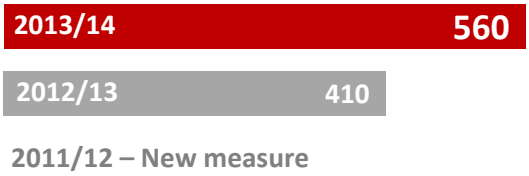
You can expect...

reliable wastewater services

MEASURE

The number of unplanned interruptions to service.

2013/14 TARGET: NO MORE THAN 500



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.

During 2013/14 there was a high frequency of third party damages to the network. We also experienced an unexpected number of tree root intrusions in the network due to an extended period of dry conditions over the summer months. Together these have contributed significantly to not meeting the 2013/14 target.

Effects on the Community

Wastewater services enhance the community's environmental well-being by ensuring that wastewater drains from showers, baths, sinks, washing machines, dishwashers and toilets in a way that protects the health of our communities and our waterways.

Although occasional overflows of wastewater into the Waikato River have a negative effect, this is being mitigated through continual improvements and preventative work being completed in the network.

MEASURE

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

2013/14 TARGET: 100%

WHAT THIS TELLS US

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

In 2013/14 we experienced 560 faults in our network, which resulted in interruptions to the wastewater network. This is a significant increase from 2012/13 and has contributed to some interruptions not being responded to and resolved within 8 hours.

In 2013/14 a new asset data management system was introduced to manage and provide improved reporting of works carried out on services. The validation and recording of the required data following the implementation of the new system contributed to not meeting the 2013/14 target.

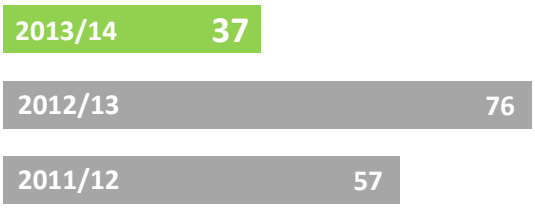
You can expect...

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.

2013/14 TARGET: NO MORE THAN 105



WHAT THIS TELLS US

Wastewater system and pump station overflows continued to be an area of focus in 2013/14 and we did better than our target and previous years. In part this can be attributed to the dry weather, as the majority of overflows are triggered by rainfall events. There has also been significant preventative work completed in the network which has also contributed to the reduction.

Thirty-two overflows occurred at pump stations and five bypass events (untreated and partially treated wastewater) occurred at the Wastewater Treatment Plant.

One notable overflow event occurred in June 2014 after the plant suffered damage following heavy rain and intense water flow through the plant. Three inlet screens, which filter out debris objects such as rags, sticks and cans, were damaged. These have since been repaired.

In addition, restorative justice is 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 has commenced 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.

2013/14 TARGET: 65%

WHAT THIS TELLS US

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.

Biological Breakdown at the Wastewater Treatment Plant

Hamilton's treatment of wastewater is a complex biological process. The process removes materials such as solids, oils, greases, bacteria, chemicals and heavy metals from wastewater. Treated wastewater is then discharged to the Waikato River.

To achieve a high level of wastewater treatment, the plant relies on providing the correct environmental conditions to encourage the right mix of specific bacteria and other micro-organisms to remove the necessary contaminants from the wastewater.

A problem occurred in February 2014 that caused a breakdown of the normal biological processes that take place at the Plant. Wastewater still received full treatment, but we were unable to consistently meet some of the Waikato Regional Council's discharge resource consent conditions.

Council worked closely with the Waikato Regional Council to bring the Wastewater Treatment Plant back into compliance. As the Plant is based on a biological process it will take time for the process to recover.

No untreated waste entered the Waikato River and there was no danger to the Waikato River, or its users.

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.

2013/14 TARGET: Aa WATER GRADE

2013/14	2012/13	2011/12
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 source 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".

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

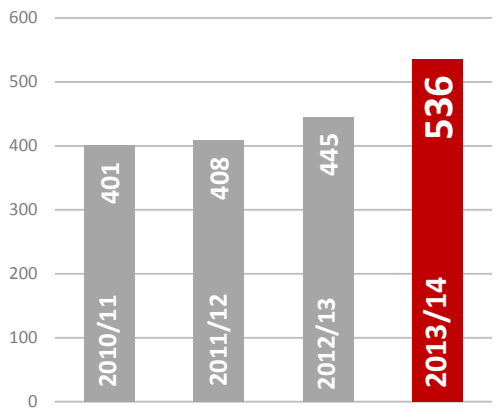
This grade includes the Hamilton and Temple View Zones. A boundary change in July 2011 added four ungraded water supply zones to the city that were previously in the Waikato District. These currently remain listed as Au, meaning they are ungraded for the quality of the pipe network. The Council has not prioritised the grading of these zones.

You can expect...
a reliable supply

MEASURE

The number of unplanned interruptions to service per year.

2013/14 TARGET: NO MORE THAN 420



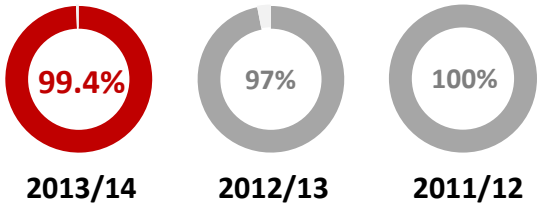
WHAT THIS TELLS US

There were 536 unplanned interruptions to service in 2013/14. This was above our target of 420, due to an increase in third party damage to our network. Discussions with contractors are ongoing to reduce the damage that occurs to our assets.

MEASURE

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

2013/14 TARGET: 100%



WHAT THIS TELLS US

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

In 2013/14 we experienced 536 faults in our network, which resulted in interruptions to the water supply.

Waters Council-Controlled Organisation Business Case

On 26 June 2014 Council decided to go ahead with a business case to look at a jointly-owned public company to manage water infrastructure.

This follows a report to the Waikato Mayoral Forum in April 2014 that recommended Hamilton City, Waipa and Waikato District Councils consider co-funding a business case to look at the establishment of a joint council-controlled organisation (CCO) for water and wastewater activities.

The business case will also include investigation of an enhanced shared services model. Waipa, Waikato and Hamilton councils already work together on water conservation, sampling and analysis, and trade waste activities.

Any aspect of the business case looking at the formation of a possible CCO will not go ahead until there is agreement from all three councils.

Community Report on Water Meters

A community report on water meters was circulated to every Hamilton household in November 2013.

The report was commissioned to address some of the misinformation that had been reported regarding water meters. It was a factual representation of where Council is with regard to water meters in its overall planning process.

Key points from the report were:

- Council has no current plans to introduce water meters.
- Water is a scarce resource and there are major decisions to be made over the coming years about how we are to allocate it.
- Council is two years into a $2.3 million programme to identify and fix leaks from city pipes.
- A major education campaign aimed at water conservation was successfully carried out over the summer of 2013/14.

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.

2013/14 TARGET: 0 DAYS

2013/14	2012/13	2011/12
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 Council can take from the River in one day is 105 million litres. We complied with this in 2013/14; the most we took from the river in any one day was 86.7 million litres on 4 March 2014.

MEASURE

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

2013/14 TARGET: LESS THAN 120L

2013/14	2012/13	2011/12
149 litres	No data	New measure

WHAT THIS TELLS US

A programme of physical works to measure and reduce water loss is now well underway. Thirty-three bulk meters have been installed in the city's water supply network. 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 Council's asset replacement programme.

This is the first year that results have been available since the introduction of an intensive flow monitoring programme.

Effects on the Community

We provide Hamilton's residents and businesses with a safe, high-quality and reliable water supply.

We are legally required to ensure water is used sustainably. There are a number of ways we do this, including water restrictions when demand is high and water conservation awareness campaigns through the community. By managing demand we are minimising the environmental impact this activity has on our natural resources.

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 referendum was held in conjunction with the October 2013 local authority elections. The outcome of the referendum was 66% of votes in favour of reintroducing fluoride and 32% of votes opposed to the reintroduction of fluoride.

In November 2013 Council deferred making a decision on fluoridation to wait until a decision was made in the High Court case against South Taranaki District Council, challenging their right to put fluoride in the water supply. The High Court decision was released on 7 March 2014.

Council decided on 27 March 2014 to recommence fluoridation, and fluoride was put back into the city's water supply on 3 July 2014.

On 28 April 2014, a statement of claim was lodged with the High Court by Safe Water Alternative NZ Inc (SWANZ) to test Council's decision to resume fluoridation. On 26 June 2014, the High Court refused SWANZ's application for interim relief of fluoride in Hamilton's water supply. The High Court hearing is scheduled to take place on 9 September 2014.

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Council			Group	
		Actual 2014	Budget 2014	Actual 2013	Actual 2014	Actual 2013
		$000	$000	$000	$000	$000
Revenue						
Rates, excluding targeted water supply rates	2	126,473	126,069	121,374	126,441	121,374
Targeted rates for water supply	2	7,678	8,055	8,075	7,675	8,075
Revenue from activities	3	41,681	44,224	40,664	43,519	40,664
Subsidies and grants	4	10,732	7,354	13,510	10,732	13,510
Development and financial contributions		16,103	6,362	9,497	16,103	9,497
Other revenue	3	37,998	10,040	12,555	40,032	12,731
Operating revenue (excluding gains)		**240,665**	**202,104**	**205,675**	**244,502**	**205,851**
Expenditure						
Personnel costs	6	57,248	55,800	54,541	58,406	54,541
Depreciation and amortisation	20	55,060	58,072	54,464	55,644	54,464
Other expenses	7	67,197	62,564	67,171	69,054	67,219
Finance costs	8	23,269	26,012	23,544	24,004	23,544
Operating expenditure (excluding losses)		**202,774**	**202,448**	**199,720**	**207,108**	**199,768**
Operating surplus/(deficit)[1]		**37,891**	**(344)**	**5,955**	**37,394**	**6,083**
Gains	5	14,985	-	11,659	11,489	12,209
Losses	5	(4,508)	-	(12,351)	(4,666)	(12,351)
Share of associates' surplus/(deficit)	22	-	-	-	(116)	72
Surplus/(deficit) before tax		**48,368**	**(344)**	**5,263**	**44,101**	**6,013**
Income tax expense	9	-	-	-	-	-
Surplus/(deficit) after tax		**48,368**	**(344)**	**5,263**	**44,101**	**6,013**
Surplus/(deficit) attributable to:						
Hamilton City Council		48,368	(344)	5,263	44,101	6,013
Other comprehensive income						
(Loss)/gain on property revaluations	27	99,686	143,967	(97)	100,075	(97)
Fair value through other comprehensive income	27	106	-	-	106	-
Share of associates' other comprehensive income	22	-	-	-	-	375
Total other comprehensive income		**99,792**	**143,967**	**(97)**	**100,181**	**278**
Total comprehensive income		**148,160**	**143,623**	**5,166**	**144,282**	**6,291**
Total comprehensive income attributable to:						
Hamilton City Council		**148,160**	**143,623**	**5,166**	**144,282**	**6,291**

Explanations of major variances against budget are provided in note 37.

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Council			Group	
		Actual 2014	Budget 2014	Actual 2013	Actual 2014	Actual 2013
		$000	$000	$000	$000	$000
Balance at 1 July		**2,723,857**	**3,247,481**	**2,718,691**	**2,755,694**	**2,749,403**
Total comprehensive income for the year		148,160	143,623	5,166	144,282	6,291
Balance at 30 June	27	**2,872,017**	**3,391,104**	**2,723,857**	**2,899,976**	**2,755,694**
Total comprehensive income attributable to:						
Hamilton City Council		148,160	143,623	5,166	144,282	6,291
Total comprehensive income		**148,160**	**143,623**	**5,166**	**144,282**	**6,291**

The accompanying notes from part of these financial statements.
Explanations of major variances against budget are provided in note 37.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	Council			Group	
		Actual 2014	Budget 2014	Actual 2013	Actual 2014	Actual 2013
		$000	$000	$000	$000	$000
Assets						
Current assets						
Cash and cash equivalents	10	42,967	32,000	49,817	43,326	50,122
Debtors and other receivables	11	17,101	16,512	14,789	17,474	14,789
Prepayments		1,311	-	1,025	1,394	1,025
Inventory	12	166	516	180	166	180
Other financial assets	14	119	-	7,018	5,441	12,158
Derivative financial instruments	17	15	-	-	15	-
Non-current assets held for sale	13	569	-	1,900	569	1,900
Total current assets		**62,248**	**49,028**	**74,729**	**68,385**	**80,174**
Non-current assets						
Property, plant and equipment	18	3,198,600	3,739,654	3,079,367	3,214,024	3,079,367
Intangible assets	19	14,089	8,553	10,676	14,089	10,676
Investment property	21	41,203	55,549	41,652	55,703	41,652
Investment in associates	22	7,430	13,431	13,430	29,750	39,839
Other financial assets	14	8,899	9,047	8,486	6,404	8,486
Investment in subsidiaries	15	10,150	-	1	-	-
Total non-current assets		**3,280,371**	**3,826,234**	**3,153,612**	**3,319,970**	**3,180,020**
Total assets		**3,342,619**	**3,875,262**	**3,228,341**	**3,388,355**	**3,260,194**
Liabilities						
Current liabilities						
Creditors and other payables	23	32,795	17,544	27,185	33,719	27,201
Provisions	24	1,724	1,961	2,151	1,724	2,151
Employee entitlements	25	6,230	5,986	5,628	6,230	5,628
Borrowings	26	76,292	112,803	110,682	85,010	110,682
Derivative financial instruments	17	-	-	41	-	41
Total current liabilities		**117,041**	**138,294**	**145,687**	**126,683**	**145,703**
Non-current liabilities						
Provisions	24	8,085	9,185	8,298	8,085	8,298
Employee entitlements	25	886	1,858	1,177	886	1,177
Deferred tax liability	9	-	-	-	1,758	-
Borrowings	26	332,569	334,822	328,199	338,946	328,199
Derivative financial instruments	17	12,021	-	21,123	12,021	21,123
Total non-current liabilities		**353,561**	**345,865**	**358,797**	**361,696**	**358,797**
Total liabilities		**470,602**	**484,159**	**504,484**	**488,379**	**504,500**
Net assets		**2,872,017**	**3,391,104**	**2,723,857**	**2,899,976**	**2,755,694**
Equity						
Accumulated funds	27	1,618,890	1,580,607	1,564,634	1,632,122	1,582,133
Other reserves	27	1,253,127	1,810,497	1,159,223	1,267,854	1,173,561
Total equity attributable to Hamilton City Council		**2,872,017**	**3,391,104**	**2,723,857**	**2,899,976**	**2,755,694**
Total equity		**2,872,017**	**3,391,104**	**2,723,857**	**2,899,976**	**2,755,694**

The accompanying notes form part of these financial statements.
Explanations of major variances against budget are provided in note 37.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Council Actual 2014	Council Budget 2014	Council Actual 2013	Group Actual 2014	Group Actual 2013
		$000	$000	$000	$000	$000
Cash flows from operating activities						
Cash was provided from:						
Rates revenue		134,043	134,124	129,378	134,008	129,378
Fees, rents and charges		41,937	40,999	41,471	43,775	41,471
Subsidies and grants		10,208	7,608	14,831	10,208	14,831
Other capital contributions		16,681	7,963	11,949	16,681	11,949
Interest received		1,197	1,475	964	1,325	1,083
Dividends received		113	-	207	164	264
Sundry revenue		-	413	-	2,495	-
		204,179	**192,582**	**198,800**	**208,656**	**198,976**
Cash was applied to:						
Salaries and wages		56,937	55,800	55,314	58,013	55,314
Payments for suppliers		57,507	59,940	73,604	59,210	73,642
Interest paid		22,948	26,012	22,765	23,690	22,765
Net GST paid		240	1,858	934	256	934
		137,632	**143,610**	**152,617**	**141,169**	**152,655**
Net cash flow from operating activities	**28**	**66,547**	**48,972**	**46,183**	**67,487**	**46,321**
Cash flows from investing activities						
Cash was provided from:						
Proceeds from reduction in other financial assets		7,018	-	419	7,018	419
Proceeds from sale of shares		11,827	-	134	11,827	134
Proceeds from sale of investment property		-	-	1,722	-	1,764
Proceeds from sale of property, plant and equipment		3,023	-	7,407	3,023	7,407
		21,868	**-**	**9,682**	**21,868**	**9,724**
Cash was applied to:						
Acquisition of investments		560	-	8,620	1,319	9,082
Purchase of investment property		-	-	127	-	127
Purchase of intangible assets		4,635	-	2,914	4,635	2,914
Purchase of property, plant and equipment		60,050	50,305	60,621	60,238	60,621
		65,245	**50,305**	**72,282**	**66,192**	**72,744**
Net cash flow from investing activities		**(43,377)**	**(50,305)**	**(62,600)**	**(44,324)**	**(63,020)**
Cash flows from financing activities						
Cash was provided from:						
Loans raised		60,000	21,151	63,584	60,061	63,584
Finance leases raised		764	-	354	764	354
		60,764	**21,151**	**63,938**	**60,825**	**63,938**
Cash was applied to:						
Loan repayments		90,204	18,144	23,084	90,204	23,084
Finance lease repayments		580	1,674	868	580	868
		90,784	**19,818**	**23,952**	**90,784**	**23,952**
Net cash flow from financing activities		**(30,020)**	**1,333**	**39,986**	**(29,959)**	**39,986**
Net increase/(decrease) in cash held		(6,850)	-	23,569	(6,796)	23,287
Opening cash and cash equivalents balance		49,817	32,000	26,248	50,122	26,835
Closing cash and cash equivalents balance	**10**	**42,967**	**32,000**	**49,817**	**43,326**	**50,122**

The accompanying notes form part of these financial statements.
Explanations of major variances against budget are provided in note 37.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1:
STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2014

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, Vibrant Hamilton Trust and Innovation Waikato Ltd. The following associate, Waikato Regional Airport Ltd is 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 2014. The financial statements were authorised for issue by Council on 30 September 2014.

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 associate is New Zealand dollars.

Changes in accounting policies

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

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.

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 associate is 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.

- **Grants received by subsidiaries**

IWL receives government grants whose primary condition is for the purchase, construction or otherwise acquisition of non-current assets. These are recognised as deferred income in the Statement of Financial Position and transferred to comprehensive income on a systematic and rational basis over the useful lives of the related assets.

- **Other revenue**

Revenue from traffic and parking infringements is recognised when the infringement notice is issued.

Other grants and bequests, and assets vested in Council (with or without conditions) are recognised as revenue when control over the assets is obtained.

Interest income is recognised as it accrues, using the effective interest method. The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

Dividend income is recognised when the right to receive payment is established.

Development and financial contributions are recognised as revenue when Council provides, or is able to provide, the service for which the contribution is charged. Otherwise development and financial contributions are recognised as liabilities until such time Council provides, or is able to provide, the service.

Borrowing costs

The Council and group have elected to defer the adoption of NZ IAS 23 Borrowing Costs (revised 2007) in accordance with its transitional provisions that are applicable to public benefit entities. Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of Council's decision.

Foreign currency transactions

Foreign currency transactions (including those for which foreign exchange contract are held) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions 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	10-100 yrs	1%-10%
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%
Improvements: Parks & Gardens	5 – 50 yrs	2% - 20%
Roads and traffic network:		
Top surface (seal)	6 - 18 yrs	5.5% - 16.6%
Pavement (basecourse)	30 - 140 yrs	2% - 4%
Catchpits	70 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.

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

- Loans and receivables
- Fair value through surplus or deficit
- Fair value through other comprehensive income

- **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. The current/non-current classification of derivatives is explained in the derivatives accounting policy below.

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.

- **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 24 provides information about the estimates and assumptions surrounding the landfill aftercare provision.

NOTE 2: RATES, EXCLUDING TARGETED WATER SUPPLY RATES

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
General rates	120,016	115,009	119,984	115,009
Targeted rates attributable to activities:				
- Access Hamilton	5,001	5,006	5,001	5,006
- 100% non-rateable land	921	875	921	875
- 50% non-rateable land	106	113	106	113
- business improvement district	280	280	280	280
- rates penalties	820	740	820	740
Less rates charges to Council properties	(671)	(649)	(671)	(649)
Total rates, excluding targeted water supply rates	**126,473**	**121,374**	**126,441**	**121,374**

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 2014 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Rates, excluding targeted water supply rates	126,473	121,374	126,441	121,374
Targeted water supply rates	7,678	8,075	7,675	8,075
Total annual rates income	**134,151**	**129,449**	**134,116**	**129,449**

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	
	2014	2013	2014	2013
	$000	$000	$000	$000
Total gross rates, excluding targeted water supply rates	127,391	122,255	127,359	122,255
Rates remissions:				
- hardship	153	169	153	169
- special values	765	712	765	712
Total remissions	918	881	918	881
Rates (net of remissions), excluding targeted water supply rates	**126,473**	**121,374**	**126,441**	**121,374**

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.

Rating base information

Rating units within the district or region of the local authority at the end of the preceding financial year:

	30 June 2013
The number of rating units	54,739
The total land value of rating units	$10,752,896,300
The total capital value of rating units	$25,278,503,800

NOTE 3: OTHER REVENUE

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Revenue by activity				
Arts and Recreation	6,309	6,413	6,309	6,413
City Planning and Development	1,759	1,285	1,759	1,285
City Prosperity	10,779	9,986	12,662	9,986
City Safety	7,955	7,604	7,955	7,604
Community Services	3,600	3,667	3,600	3,667
Democracy	222	26	222	26
Parks and Open Spaces	996	970	996	970
Solid Waste	313	309	313	309
Stormwater	12	21	12	21
Transportation	7,339	7,737	7,339	7,737
Wastewater	4,325	4,317	4,280	4,317
Water Supply	355	226	355	226
	43,964	**42,561**	**45,802**	**42,561**
Less internal revenue	(2,283)	(1,897)	(2,283)	(1,897)
	41,681	**40,664**	**43,519**	**40,664**

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

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
User charges	24,404	23,102	24,359	23,102
Infringements and fines	2,237	2,512	2,237	2,512
Rental income from investment properties	4,276	3,661	6,159	3,661
Other rental income	2,649	3,206	2,649	3,206
Internal revenue	2,283	1,897	2,283	1,897
Other	8,115	8,183	8,115	8,183
	43,964	**42,561**	**45,802**	**42,561**
Other revenue				
Vested assets	34,615	8,418	34,615	8,418
Dividends	113	207	164	264
Investment income	1,279	1,058	1,407	1,177
Other contributions	1,988	2,452	1,988	2,452
Other sundry revenue	3	420	1,858	420
Total other revenue	**37,998**	**12,555**	**40,032**	**12,731**

Vested assets for 2014 includes $10.149m for the shares in Innovation Waikato Ltd gifted by the Katolyst Group on 9 October 2013. Refer note 15 for further details.

NOTE 4: SUBSIDIES AND GRANTS

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
New Zealand Transport Agency subsidies	9,904	13,510	9,904	13,510
Other grants	828	-	828	-
Total subsidies and grants	**10,732**	**13,510**	**10,732**	**13,510**

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2013 nil).

NOTE 5: GAINS/(LOSSES)

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Gains				
Unrealised gain on revaluation of interest rate swaps (note 17)	9,158	11,659	9,158	11,970
Realised gain on sale of associate (note 22)	5,827	-	1,854	-
Realised gain on other financial assets	-	-	477	239
Total gains	14,985	11,659	11,489	12,209
Losses				
Property, plant, and equipment loss on disposal	(4,059)	(11,640)	(4,059)	(11,640)
Investment property revaluation loss (note 21)	(449)	(711)	(476)	(711)
Unrealised loss on other financial assets	-	-	(131)	-
Total losses	(4,508)	(12,351)	(4,666)	(12,351)
Total net gains/(losses)	**10,477**	**(692)**	**6,823**	**(142)**

NOTE 6: PERSONNEL COSTS

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Salaries and wages	56,119	54,695	57,277	54,695
Defined contribution plan employer contributions *	818	619	818	619
Increase/(decrease) in employee benefit liabilities	311	(773)	311	(773)
Total employee benefit expenses	**57,248**	**54,541**	**58,406**	**54,541**

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

NOTE 7: OTHER EXPENSES

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Arts and Recreation	32,889	32,330	32,889	32,330
City Planning and Development	7,211	5,771	7,211	5,771
City Prosperity	30,177	28,402	30,177	28,402
City Safety	10,275	9,847	10,275	9,847
Community Services	8,252	8,265	8,252	8,265
Democracy	5,324	4,758	5,324	4,758
Parks and Open Spaces	15,066	15,229	15,066	15,229
Solid Waste	6,281	6,203	6,281	6,203
Stormwater	8,436	9,265	8,436	9,265
Transportation	43,385	48,073	43,385	48,073
Wastewater	24,565	25,469	24,565	25,469
Water Supply	17,322	20,081	17,322	20,081
	209,183	**213,693**	**209,183**	**213,693**
Less: internal expenses	(2,283)	(1,897)	(2,283)	(1,897)
Less: rates charged to Council properties	(671)	(649)	(671)	(649)
Less: (loss)/gain on disposal of property, plant and equipment	(4,059)	(11,640)	(4,059)	(11,640)
	202,170	**199,507**	**202,170**	**199,507**
Impairment of other financial assets (note 14)	134	179	134	179
Sundry expenditure	470	34	4,804	82
	202,774	**199,720**	**207,108**	**199,768**
Less: personnel costs (note 6)	(57,248)	(54,541)	(58,406)	(54,541)
Less: depreciation and amortisation (note 20)	(55,060)	(54,464)	(55,644)	(54,464)
Less: finance costs (note 8)	(23,269)	(23,544)	(24,004)	(23,544)
Total other expenses	**67,197**	**67,171**	**69,054**	**67,219**

Items included in other expenses are noted below:

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Fees to auditors:				
Fees to Audit New Zealand for audit of the Council's financial statements	199	194	241	202
Fees to Audit New Zealand for other services*	33	43	33	43
Fees for other assurance services	242	111	242	111
ACC partnership programme	444	396	444	396
Inventories	210	428	210	428
Impairment of property, plant and equipment	63	74	63	74
Impairment of other financial assets	134	179	134	179
Minimum lease payments under operating leases	433	636	433	636
Insurance premiums	1,670	1,441	1,670	1,441
Other operating expenses	63,769	63,669	65,584	63,709
Total other expenses	**67,197**	**67,171**	**69,054**	**67,219**

* The fees paid to Audit New Zealand in 2014 for assurance services were in relation to Council's Information Technology Work Programme. In 2013 assurance services related to the Information Technology Work Programme and probity assurance services over the procurement of a Transportation Corridor Maintenance Contract.
Fees for other assurance services relate to the internal audit function.

NOTE 8: FINANCE COSTS

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Interest expense				
Interest on bank borrowings	22,603	22,867	23,338	22,867
Interest on finance leases	55	54	55	54
Provisions - discount unwinding (note 24)	611	623	611	623
Total interest expense	**23,269**	**23,544**	**24,004**	**23,544**
Total finance costs	**23,269**	**23,544**	**24,004**	**23,544**

NOTE 9: TAX

Components of Tax Expense

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Current tax expense	-	-	-	-
Deferred tax expense	-	-	-	-
Tax expense	-	-	-	-

Relationship between tax expense and accounting profit

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Surplus/(deficit) before tax	48,368	5,263	44,101	6,013
Tax at 28% (2013 28%)	13,543	1,474	12,348	1,684
Effect of tax exempt income	(13,544)	(1,476)	(12,381)	(1,635)
Taxation loss not recognised	1	2	1	2
Equity accounted earnings of associates	-	-	32	(20)
Deferred tax adjustment	-	-	-	(31)
Tax expense	-	-	-	-

Movement in deferred tax assets/(liabilities) during the year

	Group				
	PPE	Employee entitlements	Other provisions	Tax losses	Total
Balance as at 1 July 2012	-	-	-	-	-
Charged to surplus or deficit					-
Charged to other comprehensive income					-
Balance at 30 June 2013	-	-	-	-	-
Acquired balance	(1,902)	-	6	138	(1,758)
Charged to surplus or deficit	-	-	-	-	-
Charged to other comprehensive income	-	-	-	-	-
Balance at 30 June 2014	(1,902)	-	6	138	(1,758)

The parent has not recognised any deferred tax assets or liabilities during the period.

Unrecognised deferred tax assets

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

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Tax losses - Council	127	118	127	118
Tax losses - Hamilton Properties Limited	-	-	134	134
	127	118	261	252

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.

NOTE 10: CASH AND CASH EQUIVALENTS

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Cash at bank and on hand	2,826	882	3,185	1,187
Term deposits with maturities of less than 3 months at acquisition	40,141	48,935	40,141	48,935
Total cash and cash equivalents	**42,967**	**49,817**	**43,326**	**50,122**

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 2014 the interest rate on the facility was 2.25 percent per annum (2013 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 2014 the interest rate was 6.0 percent per annum (2013 6.0 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	
	2014	2013	2014	2013
	$000	$000	$000	$000
Cash at bank and on hand	2,826	882	3,185	1,187
Term deposits with maturities of less than 3 months at acquisition	40,141	48,935	40,141	48,935
Total	**42,967**	**49,817**	**43,326**	**50,122**

NOTE 11: DEBTORS AND OTHER RECEIVABLES

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Rates receivables	3,233	3,185	3,233	3,185
Other receivables:				
New Zealand Transport Agency	2,156	1,632	2,156	1,632
Water by meter	1,977	1,607	1,977	1,607
GST refund due	2,322	1,977	2,322	1,977
Sundry debtors	12,873	11,884	13,274	11,884
Related parties receivable	12	-	4	-
Gross debtors and other receivables	**22,573**	**20,285**	**22,966**	**20,285**
Less: provision for impairment	(5,472)	(5,496)	(5,492)	(5,496)
Total debtors and other receivables	**17,101**	**14,789**	**17,474**	**14,789**

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 $4,918,816 for parking fines being recovered through the Courts (2013 $5,109,401). 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:

	2014			2013		
	Gross	Impairment	Net	Gross	Impairment	Net
	$000	$000	$000	$000	$000	$000
Council						
Not past due	10,681	-	10,681	11,828	(142)	11,686
Past due 1-60 days	2,494	-	2,494	1,992	(219)	1,773
Past due 61-120 days	1,443	(6)	1,437	933	(280)	653
Past due > 120 days	7,955	(5,466)	2,489	5,532	(4,855)	677
Total	22,573	**(5,472)**	**17,101**	**20,285**	**(5,496)**	**14,789**
Group						
Not past due	10,955	-	10,955	11,828	(142)	11,686
Past due 1-60 days	2,561	-	2,561	1,992	(219)	1,773
Past due 61-120 days	1,456	(6)	1,450	933	(280)	653
Past due > 120 days	7,994	(5,486)	2,508	5,532	(4,855)	677
Total	22,966	**(5,492)**	**17,474**	**20,285**	**(5,496)**	**14,789**

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	
	2014	2013	2014	2013
	$000	$000	$000	$000
Individual impairment	494	329	494	329
Collective impairment	4,978	5,167	4,998	5,167
Total provision for impairment	**5,472**	**5,496**	**5,492**	**5,496**

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	
	2014	2013	2014	2013
	$000	$000	$000	$000
0 to 3 months	-	40	-	40
3 to 6 months	93	15	93	15
6 to 9 months	137	25	137	25
9 to 12 months	8	11	8	11
> 12 months	256	238	256	238
Total individual impairment	**494**	**329**	**494**	**329**

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

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
At 1 July	5,496	5,078	5,496	5,078
Additional provisions made during the year	224	640	244	640
Provisions reversed during the year	(238)	(222)	(238)	(222)
Receivables written off during the period	(10)	-	(10)	-
At 30 June	**5,472**	**5,496**	**5,492**	**5,496**

NOTE 12: INVENTORY

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Held for distribution inventory:				
Nursery	147	154	147	154
Utilities	19	26	19	26
Total inventory	**166**	**180**	**166**	**180**

No inventories are pledged as security for liabilities (2013 $nil).

Held for distribution inventory
The carrying amount of inventory held for distribution that are measured at current replacement cost as at 30 June 2014 amounted to $nil (2013 $nil).

The write-down of inventories held for distribution amounted to $nil (2013 $nil). There were no reversals of write-downs (2013 $nil).

NOTE 13: NON-CURRENT ASSETS HELD FOR SALE

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Non-current assets held for sale are:				
- Land and buildings	569	1,900	569	1,900
Total non-current assets held for sale	**569**	**1,900**	**569**	**1,900**

A property on Rotokauri Road has been presented as held for sale following the approval by Council on 27 February 2014 to sell the property. The completion date of the sale is expected to be in December 2014.

The accumulated property revaluation reserve recognised in equity for the Rotokauri Road property at 30 June 2014 is $21,433.

Property purchased specifically for roading purposes has been presented as held for sale after being deemed as surplus to requirements. This follows approval by Council on 9 November 2011 and the sales are expected to be completed by June 2015.

The accumulated property revaluation reserve recognised in equity for the surplus roading land properties at 30 June 2014 is $305,865.

In 2013 the Hamilton Holiday Park at 14 Ruakura Road was presented as held for sale following the approval by Council on 11 December 2012 to sell the premises. The sale was completed in December 2013.

The accumulated property revaluation reserve recognised in equity for the Ruakura Road property at 30 June 2013 was $994,470, and has subsequently been transferred to accumulated funds on disposal of the assets.

NOTE 14: OTHER FINANCIAL ASSETS

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Current portion:				
Fair value through surplus/deficit				
Equity securities managed by Gareth Morgan Investments (GMI)	-	-	2,790	2,776
Fixed interest instruments managed by Gareth Morgan Investments (GMI)	-	-	2,532	2,364
Loans and receivables				
Loan to Staples Rodway (SR)	19	18	19	18
Term deposits with maturities less than 1 year	100	7,000	100	7,000
Total current portion	**119**	**7,018**	**5,441**	**12,158**
Non-current portion:				
Loans and receivables				
Loan to Staples Rodway	242	261	242	261
Term deposits with maturities greater than 1 year	3,680	3,220	3,680	3,220
Unlisted shares				
Local Authority Shared Services Ltd (LASS)	378	500	378	500
NZ Local Government Funding Agency Ltd (NZLGFA)	1,866	1,866	1,866	1,866
NZ Local Government Insurance Co Ltd (Civic)	227	239	227	239
NZ Food innovation (Waikato) Ltd (NZFIW)	-	-	-	-
NZ Food innovation Network Ltd (NZFIN)	-	-	11	-
Waikato Innovation Park Ltd (WIPL)	2,506	2,400	-	2,400
Total non-current portion	**8,899**	**8,486**	**6,404**	**8,486**
Total other financial assets	**9,018**	**15,504**	**11,845**	**20,644**

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. This loan is repayable over 12 years.

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

NZ Local Government Insurance Co Ltd made a net deficit for the year ended 31 December 2013 of $0.62 million (31 December 2012 net deficit $1.28 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.

New Zealand Food Innovation (Waikato) Ltd (NZFIW), Waikato Innovation Park Ltd (WIPL) and Innovation Waikato Ltd (IWL) became Council Controlled Organisations (CCOs) on 9 October 2013, when Council was gifted 100% of the shares in Innovation Waikato Ltd (IWL) by the Katolyst Group. Refer note 15, Investment in subsidiaries for further details. IWL has a 80.2 % shareholding in WIPL, and the balance of 19.8% is owned directly by Council. Council has indirect control of NZFIW, as WIPL holds 100 % of uncalled shares in NZFIW, and in turn NZFIW holds a 25% shareholding in NZ Food Innovation Network Ltd (NZFIN).

Impairment
There were no impairment provisions for other financial assets, except as noted for Local Authority Shared Services Ltd and NZ Local Government Insurance Corporation Ltd (refer to Movements in unlisted shares on the following page).

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. They 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 at 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:

Unlisted Shares	Number of Shares	Holding	Council 2014	Council 2013	Group 2014	Group 2013
		%	$000	$000	$000	$000
Local Authority Shared Services Ltd						
- Ordinary	1	7.69	1	1	1	1
- Shared Valuation Data	220,514	13.72	114	151	114	151
- Waikato Regional Transport Model	50,625	37.50	263	348	263	348
NZ Local Government Funding Agency Ltd	1,865,980	8.30	1,866	1,866	1,866	1,866
NZ Local Government Insurance Corporation Ltd	202,729	1.84	227	239	227	239
NZ Food innovation (Waikato) Ltd- uncalled capital	100	100.00	-	-	-	-
NZ Food innovation Network Ltd	25	25.00	-	-	11	-
Waikato Innovation Park Ltd	247	19.80	2,506	2,400	-	2,400
Total unlisted shares			**4,977**	**5,005**	**2,482**	**5,005**

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

	Council 2014	Council 2013	Group 2014	Group 2013
	$000	$000	$000	$000
Loan to Staples Rodway (SR)	7.14%	7.14%	7.14%	7.14%
Loan to Waikato Rugby Union (WRU)	-	7.00%	-	7.00%

Movements in loans are summarised as follows:

	Council and Group ($000) SR	WRU	Total
2014	$000	$000	$000
Opening balance	279	-	279
Advance of loan	-	-	-
Repayment of loan	(18)	-	(18)
Impairment of loan	-	-	-
Closing balance	**261**	**-**	**261**

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

Movements in unlisted shares are summarised as follows:

	Council WIPL	LASS	NZLGI	NZLGFA	Total	Group NZFIN	Total
2014	$000	$000	$000	$000	$000	$000	$000
Opening balance	2,400	500	239	1,866	5,005	-	5,005
Acquisition of shares	-	-	-	-	-	3	3
Disposal of shares	-	-	-	-	-		-
Share of surplus	-	-	-	-	-	8	8
Fair value through other comprehensive income	106	-	-	-	106	-	106
Impairment of shares (surplus/deficit)	-	(122)	(12)	-	(134)	-	(134)
Closing balance	**2,506**	**378**	**227**	**1,866**	**4,977**	**11**	**4,988**

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

NOTE 15: INVESTMENT IN SUBSIDIARIES

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Hamilton Properties Ltd (HPL)	1	1	-	-
Vibrant Hamilton Trust (VHT)	-	-	-	-
Innovation Waikato Ltd (IWL)	10,149	-	-	-
Total investments in subsidiaries	**10,150**	**1**	**-**	**-**

Council has a 100% shareholding in its subsidiary Hamilton Properties Ltd and comprises 1,000 shares. HPL remains a non-active company for the year ended 30 June 2014.

The Vibrant Hamilton Trust was incorporated on 24 August 2010 under the Charitable Trust Act 1957. The Trust was established as a Council Controlled Organisation (CCO) as per the requirements under section 64(1) of the Local Government Act 2002 to provide a legal entity which would 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.

Vibrant Hamilton Trust commenced trading on 31 January 2012, when The Waikato Foundation Trust transferred funds to the Vibrant Hamilton Trust (65%) and the Waikato District Community Wellbeing Trust Board (35%). The Waikato Foundation Trust was subequently disestablished.

Council now has 100% shareholding in its subsidiary Innovation Waikato Ltd (IWL), when 1,247 shares were gifted to Council by the Katolyst Group on 9 October 2013. The Katolyst Group was subsequently disestablished.

Council recognised 100% shareholding in IWL on 9 October 2013 based on the fair value of the IWL Group net equity as at 30 September 2013, $10.149 million (i.e. 80.19% of $12.655 million) - refer note 3. Based on using the same fair value of the IWL Group net assets as at 30 September 2013, Council revalued it's shares in WIPL by $0.106 million, which inceased Council's investment to $2.506 million (i.e. 19.81% of $12.655 million).

Council has utlilised the following IWL Group financial results as at 30 September 2013 and for the 9 months to 30 June 2014, for the Group consolidation. An adjustment has been made to eliminate intercompany revenue and expenses in the Statement of comprehensive income.

	Group		
Innovation Waikato Ltd (Group)	30 Sep 13	30 Jun 14	Total
	$000	$000	$000
Assets	30,600	(201)	30,399
Liabilities	17,945	(270)	17,675
Equity	12,655	69	12,724
Revenue		3,746	3,746
Expenditure		4,066	4,066
Surplus/(deficit) after tax		(320)	(320)
Gain on property revaluation		389	389
Total comprehensive income		**69**	**69**

NOTE 16: 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. 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.

The three related entities, NZ Food Innovation (Waikato) Ltd (NZFIW), Waikato Innovation Park Ltd (WIPL) and Innovation Waikato Ltd (IWL) became CCOs of Council on 9 October 2013, when the shares in IWL were gifted to Council by the Katolyst Group. Refer to note 14 and 15 for further information.

In terms of section 56 of the Local Government Act 2002, Council was required to consult on the formation of the three new CCOs noted above. When Council advertised the Statement of Proposal in respect of the 'transfer of assets - from Katolyst Group to Council', Council made reference to two of the three CCOs, as Council had only direct shareholdings in IWL (100%) and WIPL (19.81%). Audit New Zealand has noted that Council should have included the the third CCO, NZ Food Innovation (Waikato) Ltd (NZFIW) in the consultation process.

Council has subsequently noted that the Statement of Proposal did refer to the Dairy Sprayer Dryer Facility, which is the main asset of NZFIW. In hindsight, Council concludes that they did not intentionally exclude the disclosure of the third CCO and this exclusion would not have affected the final decison to accept the proposal.

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Investment in subsidiaries				
Hamilton Properties Ltd (HPL)	1	1	-	-
Innovation Waikato Ltd (IWL)	10,149	-	-	-
Vibrant Hamilton Trust (VHT)	-	-	-	-
Investment in associates				
Waikato Regional Airport Ltd (WRAL)	7,430	7,430	29,750	29,866
Other financial assets				
Local Authority Shared Services Ltd (LASS)	378	500	378	500
NZ Local Government Funding Agency Ltd (Civic)	1,866	1,866	1,866	1,866
NZ Food innovation (Waikato) Ltd (NZFIW)	-	-	-	-
Waikato Innovation Park Ltd (WIPL)	2,506	-	-	-
Total investments in Council Controlled Organisations	**22,330**	**9,797**	**31,994**	**32,232**

NOTE 17: DERIVATIVE FINANCIAL INSTRUMENTS

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Current asset portion				
Interest rate swaps	15	-	15	-
Total current asset portion	**15**	**-**	**15**	**-**
Current liability portion				
Interest rate swaps	-	41	-	41
Total current liability portion	**-**	**41**	**-**	**41**
Non-current liability portion				
Interest rate swaps	12,021	21,123	12,021	21,123
Total non-current liability portion	**12,021**	**21,123**	**12,021**	**21,123**
Total derivative financial instruments	**12,006**	**21,164**	**12,006**	**21,164**

Fair value

Interest rate swaps

The fair values of interest rate swaps are determined by discounting the future cash flows using the yield curves at year end.

Interest rate swaps

The revaluation of interest rate swaps held by Council shows an unrealised mark-to-market revaluation gain for 2014 of $9,158,000 (2013 gain $11,659,000). This non-cash revaluation gain/(loss) is calculated by comparing 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 2014 were $359,500,000 (2013 $322,500,000). This includes $32,000,000 (2013 $5,000,000) of forward start swaps, leaving $327,500,000 (2013 $317,500,000) in actual committed swaps at 30 June 2014.

At 30 June 2014 the fixed interest rates of fair value interest rate swaps varied from 3.47% to 6.48% (2013 3.14% to 6.48%).

Foreign currency forward exchange contracts

Council held no foreign currency forward exchange contracts at 30 June 2014 (2013 $nil).

NOTE 18: PROPERTY, PLANT AND EQUIPMENT 2014

$000

	Cost/ revaluation 01-Jul-13	Accumulated depreciation & impairment charges 01-Jul-13	Carrying amount 01-Jul-13	Cost transfers / reclassifications	Accumulated depreciation transfers / reclassifications	Gain/(loss) on revaluations	Current year additions	Current year vested additions	Work in Progress	Current year disposals at cost	Current year impairment charges or write offs	Current year depreciation	Accumulated depreciation reversed on disposal	Other adjustments	Council: Cost / revaluation 30-Jun-14	Council: Accumulated depreciation & impairment charges 30-Jun-14	Council: Carrying amount 30-Jun-14	Group: Cost / revaluation 30-Jun-14	Group: Accumulated depreciation & impairment charges 30-Jun-14	Group: Carrying amount 30-Jun-14
Operational assets																				
Land	56,282	-	56,282	(399)	-	-	349	-	1	(634)	-	-	-	-	55,599	-	55,599	55,599	-	55,599
Buildings	265,164	(20,575)	244,589	-	-	-	4,175	-	3,100	(2,975)	-	(9,940)	356	-	269,464	(30,159)	239,305	272,500	(30,475)	242,025
Land - parks and gardens	316,682	-	316,682	(95)	-	-	58	488	545	-	-	-	-	-	317,678	-	317,678	317,678	-	317,678
Improvements - parks and gardens	54,040	(6,236)	47,804	130	-	-	3,543	-	3,369	(126)	(43)	(2,369)	18	-	60,913	(8,587)	52,326	61,495	(8,587)	52,908
Plant and equipment	46,150	(28,696)	17,454	119	(10)	-	991	-	2,537	(6,769)	(32)	(3,459)	6,698	-	42,996	(25,467)	17,529	56,333	(26,688)	29,645
Vehicles	6,622	(3,828)	2,794	-	-	-	1,034	-	45	(697)	-	(359)	522	-	7,004	(3,665)	3,339	7,012	(3,667)	3,345
Library books	19,838	(10,943)	8,895	(84)	5	-	815	-	102	-	-	(1,083)	-	-	20,671	(12,021)	8,650	20,671	(12,021)	8,650
Zoo animals	1,165	(1,047)	118	-	-	-	16	-	-	-	-	(19)	-	1	1,181	(1,064)	117	1,181	(1,064)	117
Leasehold Improvements	2,038	(1,404)	634	-	-	-	58	-	-	-	-	(321)	-	(1)	2,096	(1,727)	369	2,096	(1,727)	369
Total operational assets	767,981	(72,729)	695,252	(329)	(5)	-	11,039	488	9,699	(11,201)	(75)	(17,550)	7,594	-	777,602	(82,690)	694,912	794,565	(84,229)	710,336
Restricted assets																				
Land	19,999	-	19,999	(130)	-	-	-	26	-	-	-	-	-	-	19,895	-	19,895	19,895	-	19,895
Heritage assets																				
Museum and library	35,075	-	35,075	-	-	-	1	-	6	-	-	-	-	-	35,082	-	35,082	35,082	-	35,082
Infrastructure assets																				
Land	19,693	-	19,693	-	-	-	-	-	97	-	-	-	-	-	19,790	-	19,790	19,790	-	19,790
Refuse	55,807	(1,035)	54,772	-	-	(936)	-	-	1,157	-	-	(186)	-	-	54,993	(186)	54,807	54,993	(186)	54,807
Roads and traffic network	1,364,344	(42,644)	1,321,700	(652,643)	10	15,592	11,153	15,369	21,378	(1,418)	-	(16,480)	47	-	731,141	(16,433)	714,708	731,141	(16,433)	714,708
Land Under Roads	-	-	-	652,452	-	-	2,483	4,132	739	(35)	-	-	-	-	659,771	-	659,771	659,771	-	659,771
Stormwater system	363,892	(16,347)	347,545	-	-	16,910	369	2,784	1,599	-	-	(5,511)	-	-	369,207	(5,511)	363,696	369,207	(5,511)	363,696
Wastewater system	219,750	(14,099)	205,651	-	-	44,636	2,313	2,782	7,917	-	-	(5,486)	-	-	263,299	(5,486)	257,813	263,299	(5,486)	257,813
Wastewater treatment plant	62,353	(8,625)	53,728	-	-	667	1,231	-	5,750	-	-	(2,053)	-	-	61,376	(2,053)	59,323	61,376	(2,053)	59,323
Water system	247,355	(15,647)	231,708	-	-	19,550	4,126	1,323	5,946	-	-	(5,128)	-	-	262,653	(5,128)	257,525	262,653	(5,128)	257,525
Water treatment station	60,704	(5,140)	55,564	-	-	3,292	92	-	3,694	-	-	(1,364)	-		62,642	(1,364)	61,278	62,642	(1,364)	61,278
Total infrastructure assets	2,393,898	(103,537)	2,290,361	(191)	10	99,711	21,767	26,390	48,277	(1,453)	-	(36,208)	47	-	2,484,872	(36,161)	2,448,711	2,484,872	(36,161)	2,448,711
Work in progress	38,680	-	38,680			-	-		-	-	-			(38,680)	-	-	-		-	
Total property, plant and equipment	**3,255,633**	**(176,266)**	**3,079,367**	**(650)**	**5**	**99,711**	**32,807**	**26,904**	**57,982**	**(12,654)**	**(75)**	**(53,758)**	**7,641**	**(38,680)**	**3,317,451**	**(118,851)**	**3,198,600**	**3,334,414**	**(120,390)**	**3,214,024**
				(1)	(2)									(3)				(4)	(5)	

(1) Transfer to Intangible assets $(84).
(2) Transfer to Intangible assets amortisation $5.
(3) Work in progress adjustment due to the reclassification of WIP into each individual asset class.
(4) The Group cost figures includes $16,963 for Innovation Waikato Ltd (Group) - $3,036 of building assets, $582 of improvement park and garden assets, and $13,337 of plant and equipment assets , and $8 of vehicles.
(5) The Group accumulated depreciation figures include $(1,539) for Innovation Waikato Ltd (Group) - $(316) for building assets, nil for improvement park and garden assets, $(1,221) for plant and equipment assets, and $(2) for vehicles.

NOTE 18: PROPERTY, PLANT AND EQUIPMENT 2013

$000

													Council			Group		
	Cost/ revaluation	Accumulated depreciation & impairment charges	Carrying amount	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	Current year depreciation	Accumulated depreciation reversed on disposal	Other adjustments	Cost / revaluation	Accumulated depreciation & impairment charges	Carrying amount	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	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	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	265,164	(20,575)	244,589
Land - parks and gardens	308,890	-	308,890	-	-	-	7,792	-	-	-	-	-	316,682	-	316,682	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	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	46,150	(28,696)	17,454
Vehicles	6,555	(3,656)	2,899	-	-	-	348	(280)	-	(369)	197	(1)	6,622	(3,828)	2,794	6,622	(3,828)	2,794
Library books	18,916	(9,906)	9,010	-	-	-	922	-	-	(1,037)	-	-	19,838	(10,943)	8,895	19,838	(10,943)	8,895
Zoo animals	1,135	(1,030)	105	-	-	-	30	-	-	(17)	-	-	1,165	(1,047)	118	1,165	(1,047)	118
Leasehold Improvements	2,038	(1,089)	949	-	-	-	-	-	-	(315)	-	-	2,038	(1,404)	634	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	767,981	(72,729)	695,252
Restricted assets																		
Land	19,751	-	19,751	-	-	-	528	(280)	-	-	-	-	19,999	-	19,999	19,999	-	19,999
Heritage assets																		
Museum and library	34,463	-	34,463	-	-	-	651	-	(40)	-	-	1	35,075	-	35,075	35,075	-	35,075
Infrastructure assets																		
Land	19,693	-	19,693	-	-	-	-	-	-	-	-	-	19,693	-	19,693	19,693	-	19,693
Refuse	55,077	(765)	54,312	-	-	-	730	-	-	(270)	-	-	55,807	(1,035)	54,772	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	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	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	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	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	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	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	2,393,898	(103,537)	2,290,361
Work in progress	96,643	-	96,643			-	70,934	(128,897)	-	-			38,680	-	38,680	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**	**3,255,633**	**(176,266)**	**3,079,367**
				(1)	(2)													

(1) Transfer to non-current assets held for sale $(1,946)
(2) Transfer to non-current assets held for sale $46
(2) Reverse transfer to non-current assets held for sale during 2012 financial year $(25)

Valuation

	Replacement cost 2014	Replacement cost 2013
	$000	*$000*
Roads & footpaths	1,033,209	976,384
Water		
- **Treatment and facilities**	93,162	93,322
- **Other**	412,568	409,083
Sewerage		
- **Treatment and facilities**	78,255	77,359
- **Other**	451,307	448,342
Stormwater	529,728	529,115
Flood protection & control works	-	-

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 replacement with modern equivalent 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 Library's 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:

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.

Known values: When an established value exists, it can be used as the basis for a current value.

Local dealer values: A number of items (silver) were valued with reference to a local licensed dealer.

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.

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.

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.

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.

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 replacement with modern equivalent 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, stormwater, refuse, water and wastewater treatment plants, and water reservoirs was performed by Sarah Seel, Principal Asset Management Consultant, of AECOM New Zealand Ltd, and the valuation was effective 1 July 2013.

The most recent valuation for roading assets (excluding land) was performed by Robert Berghuis, Senior Plant and Machinery Valuer), of Beca Valuations Ltd (New Zealand), and the valuation was effective as at 1 July 2013.

Disposals

The sale of the Council owned property at 14 Ruakura Road, also known as the Hamilton Holiday Park, was completed in December 2013. Proceeds after costs from this sale have been used to pay off debt, and the net loss on disposal of the land and buildings was $112,792.

During the year, the building and equipment located within the Meteor Theatre at 1 Victoria Street, was gifted to The One Victoria Trust Board Incorporated. The net carrying value of the assets gifted was $2,474,564 and has been recognised as a loss on disposal.

The land and building located at 72 Kent Street (formerly operated by the Citizens Advice Bureau) was sold. The proceeds after costs from this sale have been used to pay off debt, and the net loss on disposal of the land and buildings was $65,217.

Land purchased for roading purposes and subsequently identified as being surplus to requirements was sold, and the proceeds from these sales have been used to pay off debt. The net gain on the disposals was $381,652.

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 $1,371,457 was recognised as a loss on disposal.

The net loss on disposal of Property, Plant and Equipment ($4.059 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 $75,395 (2013 $170,824) have been recognised for Property, plant and equipment.

Of this, $33,348 relates to the replacement of Park assets that have deteriorated to such a stage that they were no longer fit for purpose, and required removal. As these impaired assets are carried at their revalued amount (after deduction of accumulated depreciation subsequent to its revaluation as at 1 July 2010) impairment losses of $12,290 have been treated as a revaluation decrease. The remaining $21,058 has 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.

A further amount of $10,080 relates to the surface of the access road at the Hamilton East Cemetery that requires early replacement. This was calculated as being 53% of the carrying amount of the asset at balance date.

The remaining $31,967 relates to operating plant and equipment held at the pools and theatres that have deteriorated and require replacement much earlier than planned. This has been recognised in Other expenses in the Statement of comprehensive income, and the impairment was calculated as being 100% of the assets carrying amounts as at balance date.

Leasehold improvements

Fit-out improvements are made to buildings which are not owned by Council, but are occupied by Council under lease. The non-removable assets created are depreciated over the life of the lease, while removable assets are recorded as plant and equipment.

Finance leases

The net carrying amount of plant and equipment held under finance leases is $824,783 (2013 $647,385) and relates to information and communication technology.

Uninsured assets

Since 1 July 2013 Council has insurance 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 $57,981,528 (2013 $38,680,189). The increase in value relates to the extension of Wairere Drive (part of the Hamilton Ring Road Project) from Ruakura Road to Clyde Street ($10,670,317)

NOTE 19: 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 the intangible assets have been internally generated.

	Council and Group			
	Licenses	Computer Software	Resource Consents	Total
	$000	$000	$000	$000
Cost				
Balance as at 1 July 2013	-	10,934	6,102	17,036
Additions	161	1,473	-	1,634
Disposals	-	-	-	-
Change in WIP	1	2,869	215	3,085
Balance as at 30 June 2014	**162**	**15,276**	**6,317**	**21,755**
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**
Accumulated amortisation and impairment				
Balance as at 1 July 2013	-	(4,360)	(2,000)	(6,360)
Transferred accumulated depreciation	(5)			(5)
Amortisation charge	(6)	(948)	(347)	(1,301)
Amortisation reversed on disposal		-	-	-
Balance as at 30 June 2014	**(11)**	**(5,308)**	**(2,347)**	**(7,666)**
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)**
Carrying amounts				
Balance as at 1 July 2012	-	4,188	4,638	8,826
Balance as at 30 June and 1 July 2013	-	6,574	4,102	10,676
Balance as at 30 June 2014	**151**	**9,968**	**3,970**	**14,089**

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 2014 (2013 $nil).

NOTE 20: DEPRECIATION AND AMORTISATION EXPENSES BY GROUP OF ACTIVITY

	Council	
	Actual 2014	Actual 2013
	$000	$000
Directly attributable depreciation and amortisation expense by group of activity		
Arts and Recreation	2,603	2,557
City Planning and Development	-	-
City Prosperity	2,701	2,788
City Safety	78	78
Community Services	116	124
Democracy	-	-
Parks and Open Spaces	1,546	1,473
Solid Waste	272	361
Stormwater	5,566	5,463
Transportation	16,880	15,908
Wastewater	7,683	7,323
Water Supply	6,518	6,599
Total directly attributable depreciation and amortisation by group of activity	43,963	42,674
Depreciation and amortisation not directly related to group of activities	11,097	11,790
Total depreciation and amortisation expense	**55,060**	**54,464**

NOTE 21: INVESTMENT PROPERTY

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Balance at 1 July	41,652	44,019	41,652	44,019
Additions from acquisitions	-	127	14,527	127
Disposals	-	(1,783)	-	(1,783)
Fair value gains/(losses) on valuation (note 5)	(449)	(711)	(476)	(711)
Balance at 30 June	**41,203**	**41,652**	**55,703**	**41,652**

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 109 Ward Street for $1.783 million in July 2012.

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Rental income	4,276	3,661	6,159	3,661
Expenses from investment property generating income	726	526	1,137	526

NOTE 22: INVESTMENT IN ASSOCIATES

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Hamilton Riverview Hotel Ltd	-	6,000	-	9,973
Waikato Regional Airport Ltd	7,430	7,430	29,750	29,866
Total	**7,430**	**13,430**	**29,750**	**39,839**

Hamilton Riverview Hotel Ltd

Council's 41.38% interest in Hamilton Riverview Hotel Ltd was sold to Tainui Development Ltd on 15 October 2013 for $12 million. Net proceeds were $11.827 million after payment of expenses relating to the sale of the shares.

Impairment

There have been no impairment losses in associates for the year ended 30 June 2014 (2013 $nil).

Summarised financial information of associate companies presented on a gross basis:

	Waikato Regional Airport
2014	$000
Assets	80,436
Liabilities	20,936
Revenue	7,022
Surplus/(deficit)	(232)
Dividend paid	-
Group's interest	50.00%
Number of shares	2,486,802
Balance date	30 June

	Hamilton Riverview Hotel	Waikato Regional Airport
2013	$000	$000
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

Associates contingencies

Details of any contingent liabilities arising from the group's involvement in an associate are disclosed separately in note 30.

NOTE 23: TRADE CREDITORS AND OTHER PAYABLES

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Current trade creditors and other payables				
Trade payables	16,334	11,553	16,648	11,553
Deposits and bonds	528	433	528	433
Accrued expenses	11,804	11,318	12,415	11,336
Agency funds	551	356	551	356
Income in advance	3,439	3,503	3,439	3,503
Amounts due to related parties	139	22	138	20
Total current trade creditors and other payables	**32,795**	**27,185**	**33,719**	**27,201**
Total creditors and other payables	**32,795**	**27,185**	**33,719**	**27,201**

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.

Accrued expenses in 2013 have been reclassified as Trade payables to comply with accounting standards.

NOTE 24: PROVISIONS

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Current portion				
Weathertight homes resolution services claims	1,063	1,513	1,063	1,513
Landfill aftercare	661	638	661	638
Total current portion	**1,724**	**2,151**	**1,724**	**2,151**
Non-current portion				
Weathertight homes resolution services claims	-	200	-	200
Landfill aftercare	8,085	8,098	8,085	8,098
Total non-current portion	**8,085**	**8,298**	**8,085**	**8,298**
Total provisions	**9,809**	**10,449**	**9,809**	**10,449**

Weathertight homes resolution services claims provision

At 30 June 2014 there were 8 claims (2013 10 claims) lodged with the Weathertight Homes Resolution Service, and 3 claims (2013 3 claims) lodged via the court system outstanding with an estimated exposure of $1,062,500 (2013 $1,712,500). This represents an overall decrease of $650,000 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.

No additional provision for the 2014 year (2013 $nil) has been included for any Call from RiskPool for contributions to the shortfall in the mutual pool's funds.

	Council		Group	
Movements in weathertight homes resolution service provision	2014	2013	2014	2013
	$000	$000	$000	$000
Opening balance	1,713	1,409	1,713	1,409
Additional provisions made	450	948	450	948
Additional provision for RiskPool Call	-	-	-	-
Amounts resolved	(1,100)	(644)	(1,100)	(644)
Closing balance	**1,063**	**1,713**	**1,063**	**1,713**

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% (2013 7.0%)
- inflation rate of 3.2% (2013 3.2%)

	Council		Group	
	2014	2013	2014	2013
Movements in landfill aftercare provision	$000	$000	$000	$000
Opening balance	8,736	8,901	8,736	8,901
Actual aftercare costs	(719)	(866)	(719)	(866)
Increase/(decrease) due to aftercare cost assumption	117	78	117	78
Discount unwinding (note 8)	611	623	611	623
Closing balance	**8,745**	**8,736**	**8,745**	**8,736**

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 25: EMPLOYEE ENTITLEMENTS

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Current employee entitlements				
Accrued pay	1,695	1,323	1,695	1,323
Annual leave	3,916	3,921	3,916	3,921
Retiring gratuities	444	196	444	196
Sick leave	175	188	175	188
Total current employee entitlements	**6,230**	**5,628**	**6,230**	**5,628**
Non-current employee entitlements				
Retiring gratuities	886	1,177	886	1,177
Total non-current employee entitlements	**886**	**1,177**	**886**	**1,177**
Total employee entitlements	**7,116**	**6,805**	**7,116**	**6,805**

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 26: BORROWINGS

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Current				
Secured loans	76,000	110,204	84,718	110,204
Lease liabilities	292	478	292	478
Total current borrowings	**76,292**	**110,682**	**85,010**	**110,682**
Non-current				
Secured loans	332,000	328,000	338,377	328,000
Lease liabilities	569	199	569	199
Total non-current borrowings	**332,569**	**328,199**	**338,946**	**328,199**
Total borrowings	**408,861**	**438,881**	**423,956**	**438,881**

Total overall debt

Total overall debt is Council's debt performance measure that was put in place for the 2012-22 10-Year Plan.
Council restricted reserves and the council cash backed reserves are held in cash and are not used to reduce external borrowing requirements as they are held for a specific purpose and may be utilised at any time.

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Total borrowings (excluding bank overdraft)	408,861	438,881	423,956	438,881
less: Cash investments (note 10)	(40,141)	(48,935)	(40,141)	(48,935)
less: Term deposits (note 15)	(3,780)	(10,220)	(3,780)	(10,220)
plus: Restricted and cash backed reserves	18,025	16,759	18,025	16,759
Total overall debt	**382,965**	**396,485**	**398,060**	**396,485**

Fixed rate debt

Council has $40,000,000 of its total debt of $408,000,000 issued at fixed rates of interest (2013 $50,204,000 of $438,204,000).

Floating rate debt

The remainder of Council's debt, $368,000,000 (2013 $388,000,000), 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 17).

Security

Council's secured loans have been issued in accordance with the Local Government Act 2002.
The loans are secured through the debenture trust deed over all rates, with two exceptions.

The $1,000,000 loan used to purchase Victoria on the River property is secured by a first registered mortgage over the property.
The $30,000,000 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

	Council				Group			
	Carrying amount		Fair Value		Carrying amount		Fair Value	
	2014	2013	2014	2013	2014	2013	2014	2013
	$000	$000	$000	$000	$000	$000	$000	$000
Secured loans	332,000	328,000	332,267	327,415	338,377	328,000	338,644	327,415
Total	**332,000**	**328,000**	**332,267**	**327,415**	**338,377**	**328,000**	**338,644**	**327,415**

The fair values are based on cash flows discounted using a rate based on the borrowing rates of 4.78% (2013 4.78%). 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	
	2014	2013	2014	2013
	$000	$000	$000	$000
Total minimum finance lease payments payable:				
Not later than one year	345	502	345	502
Later than one and not later than five years	632	211	632	211
Later than five years	-	-	-	-
Total minimum finance lease payments	**977**	**713**	**977**	**713**
Future finance charges	(116)	(36)	(116)	(36)
Present value of minimum finance lease payments	**861**	**677**	**861**	**677**
Present value of minimum finance lease payments payable:				
Not later than one year	292	478	292	478
Later than one and not later than five years	569	199	569	199
Later than five years	-	-	-	-
Total minimum finance lease payments	**861**	**677**	**861**	**677**
Current portion	292	478	292	478
Non-current portion	569	199	569	199
Total finance lease liability	**861**	**677**	**861**	**677**

Interest rate

The interest rates applying to lease liabilities for 2014 range from 5.29% to 8.56% (2013 range from 3.10% to 6.67%).

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 18.

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.

2014	Balance 1 July	Repaid	Borrowed	Interest	Balance 30 June
	$000	$000	$000	$000	$000
Arts and Recreation	609	(609)	-	-	-
City Planning and Development	3	(3)	-	-	-
City Prosperity	11	(11)	-	-	-
City Safety	1	(1)	-	-	-
Community Services	2	(2)	-	-	-
Democracy	2	(2)	-	-	-
Parks and Open Spaces	4,659	(187)	258	249	4,979
Solid Waste	271	(190)	411	16	508
Stormwater	349	(145)	258	18	480
Transportation	2,912	(2,672)	53	12	305
Wastewater	10	(10)	-	-	-
Water Supply	6	(6)	-	-	-
Total internal borrowings	**8,835**	**(3,838)**	**980**	**295**	**6,272**

2013	Balance 1 July	Repaid	Borrowed	Interest	Balance 30 June
	$000	$000	$000	$000	$000
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**

NOTE 27: EQUITY

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Accumulated funds				
Balance 1 July	1,564,634	1,553,089	1,582,133	1,569,838
Surplus/(deficit) for the year	48,368	5,263	44,101	6,013
Transfer from property revaluation reserve on disposal	2,818	7,572	2,818	7,572
Transfers from restricted and Council created reserves	5,120	12,261	5,120	12,261
Transfers to restricted and Council created reserves	(2,050)	(13,551)	(2,050)	(13,551)
Balance at 30 June	**1,618,890**	**1,564,634**	**1,632,122**	**1,582,133**
Restricted and Council created reserves				
Balance at 1 July	25,594	24,304	25,594	24,304
Transfers from accumulated funds	2,050	13,551	2,050	13,551
Transfers to accumulated funds	(5,120)	(12,261)	(5,120)	(12,261)
Balance at 30 June	**22,524**	**25,594**	**22,524**	**25,594**
Revaluation reserve				
Balance at 1 July	1,133,629	1,141,298	1,147,967	1,155,261
Transfer to accumulated funds on disposal of assets	(2,818)	(7,572)	(2,818)	(7,572)
Impairment (note 19)	(12)	(97)	(12)	(97)
Revaluation gains/(losses) - property, plant and equipment	99,712	-	100,101	-
Revaluation gains/(losses) - share of associates' reserves	-	-	-	375
Other movements	(14)	-	(14)	-
Balance at 30 June	**1,230,497**	**1,133,629**	**1,245,224**	**1,147,967**
Property revaluation reserves for each class consist of:				
Operational assets				
Buildings	66,965	67,842	67,354	67,842
Heritage assets	11,706	11,706	11,706	11,706
Land	32,382	33,661	32,382	33,661
Parks and gardens improvement	12,953	12,968	12,953	12,968
Parks and gardens land	174,712	174,712	174,712	174,712
Restricted assets				
Land	10,840	10,839	10,840	10,839
Infrastructure assets				
Land	13,527	13,527	13,527	13,527
Refuse	39,461	40,397	39,461	40,397
Roads and streets	307,880	292,961	307,880	292,961
Stormwater	223,353	206,443	223,353	206,443
Wastewater	161,119	116,483	161,119	116,483
Wastewater treatment station	12,582	11,915	12,582	11,915
Water treatment station	10,627	7,335	10,627	7335
Water Supply	152,390	132,840	152,390	132,840
Other reserves				
Share of associates' reserves	-	-	14,338	14,338
Fair value through equity	106	-	106	-
Total	**1,230,603**	**1,133,629**	**1,245,330**	**1,147,967**
Total other reserves	**1,253,127**	**1,159,223**	**1,267,854**	**1,173,561**
Total equity	**2,872,017**	**2,723,857**	**2,899,976**	**2,755,694**

Information about reserve funds held for a specific purpose is provided below:

Reserve	Activities to which the reserve relates	Balance 1 July	Transfers into fund	Transfers out of fund	Balance 30 June
		$000	$000	$000	$000
2014					
Cemetery plot maintenance in perpetuity reserve	Cemeteries and Crematorium	1,736	88	(129)	1,695
Domain Endowment Fund	Parks and Open Spaces and Stormwater	2,144	87	(453)	1,778
Municipal Endowment Fund	Strategic property investment	9,435	441	(441)	9,435
Waikato art gallery endowment reserve	Arts promotion	8	1	-	9
Dame Hilda Ross Children's Library Memorial Fund	Libraries	1	-	-	1
Roman Catholic Schools Library Fund	Libraries	2	-	-	2
Total restricted reserves - 2014		**13,326**	**617**	**(1,023)**	**12,920**
Access Hamilton reserve	Transport network	2,413	-	(2,413)	-
Bus shelter reserve	Travel demand management	239	66	-	305
Project Watershed operating reserve	Parks and Open Spaces and Stormwater	688	553	(281)	960
Housing upgrade reserve	Housing	3,433	157	(258)	3,332
Museum collection reserve	Waikato Museum	245	-	(245)	-
Public art reserve	Arts Promotion	168	-	(168)	-
Rail infrastructure reserve	Transport network	278	-	(278)	-
Retiring gratuity reserve	Staff benefits	83	-	(83)	-
Rotokauri land sale reserve	Strategic property investment	2,068	99	-	2,167
Reserves contribution fund	Strategic property investment	2,203	131	(2)	2,332
Waste minimisation reserve	Waste minimisation	268	427	(187)	508
Zoo animal purchases reserve	Hamilton Zoo	182	-	(182)	-
Total Council created reserves - 2014		**12,268**	**1,433**	**(4,097)**	**9,604**
Total restricted and Council created reserves - 2014		**25,594**	**2,050**	**(5,120)**	**22,524**

Reserve	Activities to which the reserve relates	Balance 1 July	Transfers into fund	Transfers out of fund	Balance 30 June
		$000	$000	$000	$000
2013					
Cemetery plot maintenance in perpetuity	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**

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.
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.
Bus shelter reserve - To manage the income generated from advertising in bus shelters to provide, maintain and enhance passenger infrastructure.
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.
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.
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.
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.
Zoo animal purchases reserve - To enable funds to accumulate across years for the purchase of zoo animals.

NOTE 28: RECONCILIATION OF NET SURPLUS/(DEFICIT) AFTER TAX TO NET CASH

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Net surplus/(deficit) after tax	**48,368**	**5,263**	**44,101**	**6,013**
Add/(less) non-cash items:				
Depreciation and amortisation	55,060	54,464	55,644	54,464
(Gains)/losses in fair value of bank borrowings	-	-	-	-
(Gains)/losses in fair value of interest rate swaps	(9,158)	(11,659)	(9,158)	(11,659)
(Gains)/losses in fair value of investment properties	449	711	476	711
(Gains)/losses realised on fair value of other financial assets	-	-	-	(239)
(Gains)/losses unrealised on fair value of other financial assets	-	-	55	(311)
Impairment of other financial assets	134	179	134	179
Share of associates (surplus)/ deficit	-	-	116	(72)
Vested assets	(34,615)	(8,418)	(34,615)	(8,418)
Total non-cash items	**11,870**	**35,277**	**12,652**	**34,655**
Add/(less) items classified as investing or financing activities:				
Change in capital expenditure accruals	5,317	(7,477)	5,317	(7,477)
(Gains)/losses on disposal of property, plant and equipment	4,059	11,640	4,059	11,640
(Gains)/losses on disposal of investment in associate	(5,827)		(1,854)	-
Impairment of property, plant and equipment	63	74	63	74
Total items classified as investing or financing activities	**3,612**	**4,237**	**7,585**	**4,237**
Add/(less) movements in working capital:				
Trade debtors and other receivables	(2,312)	(195)	(2,685)	(195)
Inventory	14	145	14	145
Prepayments	(286)	(136)	(369)	(136)
Trade creditors and other payables	5,610	2,226	6,518	2,236
Employee entitlements	311	(773)	311	(773)
Provisions	(640)	139	(640)	139
Total movements in working capital	**2,697**	**1,406**	**3,149**	**1,416**
Net cash inflow from operating activities	**66,547**	**46,183**	**67,487**	**46,321**

NOTE 29: CAPITAL COMMITMENTS AND OPERATING LEASES

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Capital commitments				
Property, plant and equipment	30,315	42,151	30,315	42,151
Total capital commitments	**30,315**	**42,151**	**30,315**	**42,151**

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 or 48 months. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Not later than one year	433	555	458	555
Later than one year and not later than five years	462	535	545	535
Later than five years	265	339	416	339
Total non-cancellable operating leases	**1,160**	**1,429**	**1,419**	**1,429**

The total minimum future sublease payments expected to be received under subleases at balance date is $nil (2013 $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	
	2014	2013	2014	2013
	$000	$000	$000	$000
Not later than one year	2,880	3,010	2,880	3,010
Later than one year and not later than five years	8,589	9,003	8,589	9,003
Later than five years	4,183	5,981	4,183	5,981
Total non-cancellable operating leases	**15,652**	**17,994**	**15,652**	**17,994**

No contingent rents have been recognised during the period.

NOTE 30: 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	
	2014	2013	2014	2013
	$000	$000	$000	$000
Lending institution:				
ASB Bank	18	39	18	39
Bank of New Zealand	308	325	308	325
Westpac	5	16	5	16
Total loans guaranteed	**331**	**380**	**331**	**380**

Insurance and liability claims:
Council was involved as defendant in various public liability and professional indemnity claims at 30 June 2014. Council's potential liability, if at all, would be its insurance excess. Council has also estimated its other liability claims.

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
Insurance claim excess	39	5	39	5
Other liability claims	445	20	445	20
Total insurance and liability claims	**484**	**25**	**484**	**25**

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 is yet to receive any claims as a result of this ruling.

Weathertight homes resolution services and court claims:
A provision for potential liability for the eight claims (2013 10 claims) that are outstanding with the weathertight homes resolution service, and three claims (2013 3 claims) made via the court system have been made per note 24. 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	
	2014	2013	2014	2013
	$000	$000	$000	$000
Uncalled capital				
Innovation Waikato Ltd	3	3	3	3
New Zealand Local Government Funding Agency Ltd	1,866	1,866	1,866	1,866
Waikato Regional Airport Ltd	4,800	4,800	4,800	4,800
Total uncalled capital	**6,669**	**6,669**	**6,669**	**6,669**

Innovation Waikato Ltd
Innovation Waikato Ltd does not have any contingent liabilities or capital comittments as at 30 June 2014.

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 2014 (2013 $1.866 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 2014, NZLGFA had borrowings totalling $3.695 billion (2013 $2.475 billion).

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficently 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 authorties to levy a rate to recover sufficient funds to meet any debt obligation if further funds were required.

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.

Associate's contingencies:
There are no contingent liabilities arising from Council's involvement in its associates for 2014 (2013 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 31: 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 as a associate. Council sold its shares in Hamilton Riverview Hotel Ltd.

Related party transactions with subsidiaries, associates and CCO's are summarised as follows:

	2014	2013
	$	$
SUBSIDIARIES		
Innovation Waikato Ltd (Group))		
Rates paid to Council & other services provided by Council	80	-
Accounts payable to Council	-	-
Vibrant Hamilton Trust		
Services provided by Council	8	8
Accounts receivable from Council	-	2
Accounts payable to Council	8	8
ASSOCIATES		
Hamilton Riverview Hotel Ltd (Novotel)		
Rates paid to Council & other services provided by Council	43	171
Dividends paid to Council	-	207
Waikato Regional Airport Ltd		
Services provided to Council	396	396
Services provided by Council	1	20
Accounts payable to Council - current	-	1
OTHER FINANCIAL ASSETS		
Local Authority Shared Services Ltd		
Services provided to Council	404	240
Services provided by Council	4	-
Accounts receivable from Council	139	22
Accounts payable to Council	4	-
NZ Local Government Funding Agency Ltd		
Dividend paid to Council	113	-

Council's transactions with Innovation Waikato Ltd (Group) have only been disclosed since the shares in IWL were gifted by the Katolyst Group to Council on 9 October 2013. Therefore approximately 9 months of transactions are reflected for 2013/14.

Council paid total expenses and grants of $249,801 on behalf of Vibrant Hamilton Trust (VHT) for 2013/14. This was funded from a reimbursement of $247,798 from cash funds held by Gareth Morgan Investments and $2003 of cash funds held by Council, on behalf of VHT.

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).

	2014	2013
	$	$
Salaries and other short term employee benefits	3,117	3,014
Post employment benefits	-	-
Other long term benefits	27	29
Termination benefits	-	-
Total key management personnel compensation	**3,144**	**3,043**

Key management personnel include the Mayor, Councillors, Chief Executive and other members of the senior mangement 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.

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 $17,980 (2013 $13,789).

Richard Briggs (Chief Financial Officer) was a Director of Hamilton Riverview Hotel between 21 March 2013 and 15 October 2013. Transactions between Council and HRH for the year are noted above.

Julie Hardaker (Mayor) has declared an interest in:
- Soda Inc Limited, and Council made total payments of $196 (2013 $nil) to this entity for the year.

Peter Bos (Councillor) is 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.

Martin Gallagher (Councillor) has declared an interest in:
- Waikato Community Broadcasting, and Council made total payments of $7,243 (2013 $12,483) to this entity for the year.

David Macpherson (Councillor) has declared an interest in:
- Western Community Centre, and Council made total payments of $95,541 (2013 $101,297) 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 $24,848 (2013 $2,300).

Rob Pascoe (Councillor) was a consultant to PricewaterhouseCoopers for the period 12 October - 13 November 2013 and Council made total payments to this entity of $24,278 for this period.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties.

NOTE 32: REMUNERATION

Elected members
Elected members received the the following remuneration:

	Council		Group	
	2014	2013	2014	2013
	$	$	$	$
Mayor				
Julie Hardaker				
Salary	141,786	142,134	141,786	142,134
Vehicle	4,881	5,466	4,881	5,466
Councillors				
Daphne Bell	23,012	71,570	23,012	71,570
Peter Bos	22,572	71,570	22,572	71,570
Gordon Chesterman	82,066	78,570	82,066	78,570
Margaret Forsyth	74,274	71,570	74,274	71,570
Martin Gallagher	76,015	78,570	76,015	78,570
John Gower	25,330	78,570	25,330	78,570
Karina Green	47,504	-	47,504	-
Roger Hennebry	22,572	71,570	22,572	71,570
Andrew King	51,538	-	51,538	-
Dave Macpherson	71,981	78,570	71,981	78,570
Pippa Mahood	22,572	71,570	22,572	71,570
Garry Mallett	51,538	-	51,538	-
Angela O'Leary	77,868	71,570	77,868	71,570
Rob Pascoe	55,572	-	55,572	-
Leo Tooman	51,538	-	51,538	-
Maria Westphal	25,220	78,570	25,220	78,570
Ewan Wilson	69,801	71,570	69,801	71,570
Philip Yeung	47,504	-	47,504	-
Total Elected Members' remuneration	**1,045,144**	**1,041,440**	**1,045,144**	**1,041,440**

The remuneration received by elected members for 2014 totalled $1,045,144. This amount was within the allowable remuneration pool determined by the Remuneration Authority for the year ended 30 June 2014. It is noted that elected members did not receive fees for attending resource consent hearings for 2014.

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.

Councillor Peter Bos was a director of Hamilton Riverview Hotel Limited until he resigned on 20 August 2012. He received director's fees of $1,077 for 2013. Director's fees have been excluded from the above table.

Chief Executive

The Chief Executive received the following remuneration:

	2014	2013
	$	*$*
Barry Harris		
Salary	362,649	352,641
Vehicle	17,396	17,056
Superannuation contribution	7,296	7,885
Total Chief Executive's remuneration	**387,341**	**377,582**

Council employees

The total annual remuneration by band for employees as at 30 June :

	2014	2013
	No	*No*
< $60,000	740	699
$60,000 - $79,999	185	188
$80,000 - $99,999	92	85
$100,000 - $119,999	37	34
$120,000 - $139,999	28	20
$140,000 - $179,999	8	8
$180,000 - $259,999	8	6
> $300,000	1	1
Total employees	**1,099**	**1,041**

The total remuneration includes non-financial benefits provided to employees.
At 30 June there were 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 703 full-time employees (2013 669), with the balance of staff representing 180.31 full-time equivalent employees (2013 187). A full-time employee is determined on the basis of a 40 hour working week.

NOTE 33: SEVERANCE PAYMENTS

For the year ended 30 June 2014 the Council made severance payments to five employees totalling $100,269 (2013 seven employees $88,796).

The value of each of the severance payments was $50,000, $25,000, $15,769, $6,500 and $3,000. The amounts disclosed above represent any payment made in addition to the terms of the employment contract for each staff member.

NOTE 34: EVENTS AFTER BALANCE DATE

There have been no events after balance date.

NOTE 35: FINANCIAL INSTRUMENTS

Financial Instrument Categories

	Council		Group	
	2014	2013	2014	2013
	$000	$000	$000	$000
FINANCIAL ASSETS				
Fair value through surplus/deficit - held for trading				
Equity securities	-	-	2,790	2,364
Fixed interest instruments	-	-	2,532	2,776
Total fair value through surplus/deficit - held for trading	**-**	**-**	**5,322**	**5,140**
Loans and receivables				
Cash and cash equivalents	42,967	49,817	43,326	50,122
Debtors and other receivables	17,101	14,789	17,474	14,789
Other financial assets:				
- community loans	261	279	261	279
- term deposits	3,780	10,220	3,780	10,220
Total loans and receivables	**64,109**	**75,105**	**64,841**	**75,410**
Fair value through other comprehensive income				
Other financial assets:				
- Unlisted shares	4,977	5,005	2,482	5,005
Total fair value through other comprehensive income	**4,977**	**5,005**	**2,482**	**5,005**
FINANCIAL LIABILITIES				
Fair value through surplus or deficit				
Derivative financial instrument liabilities (note 17)	12,006	21,164	12,006	21,164
Total fair value through surplus or deficit	**12,006**	**21,164**	**12,006**	**21,164**
Financial liabilities at amortised cost				
Creditors and other payables (note 23)	32,795	27,185	33,719	27,201
Borrowings: (note 26)				
- bank overdraft	-	-	-	-
- secured loans	408,000	438,204	423,095	438,204
Total financial liabilities at amortised cost	**440,795**	**465,389**	**456,814**	**465,405**

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 2014 - Council				
Financial assets				
Shares (note 14)	4,977	-	-	4,977
Financial liabilities				
Derivatives (note 17)	12,006	-	12,006	-
30 June 2014 - Group				
Financial assets				
Shares	2,482	-	-	2,482
Equity securities	2,790	2,790	-	-
Fixed interest instruments	2,532	2,532	-	-
Financial liabilities				
Derivatives	12,006	-	12,006	-

	Valuation Technique			
	Total	Quoted market price	Observable inputs	Significant non-observable inputs
	$000	$000	$000	$000
30 June 2013 - Council				
Financial assets				
Shares	5,005	-	-	5,005
Financial liabilities				
Derivatives	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	-

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	
	2014	2013	2014	2013
	$000	$000	$000	$000
Balance at 1 July	5,005	5,318	5,005	5,318
Gain and (losses) recognised in the surplus or deficit	(758)	(179)	(747)	(179)
Gain and (losses) recognised in other comprehensive income	-	-	-	-
Purchases		-	-	-
Sales	-	(134)	-	(134)
Consolidation elimination- Waikato Innovation Park Ltd			(1,776)	-
Transfers into level 3	-	-	-	-
Transfers out of level 3	-	-	-	-
Balance at 30 June	**4,247**	**5,005**	**2,482**	**5,005**

Changing a valuation assumption to a reasonably 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 $1.454 million of the total equity securities of $2.790 million are not hedged (2013 $1.533 million out of total equity securties of $2.776 million)

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 30.

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	
	2014	2013	2014	2013
	$000	$000	$000	$000
Cash and cash equivalents	42,967	49,817	43,326	50,122
Debtors and other receivables	17,101	14,789	17,474	14,789
Equity securities	-	-	2,790	2,364
Fixed interest instruments	-	-	2,532	2,776
Community and related party loans	261	279	261	279
Term deposits	3,780	10,220	3,780	10,220
Financial guarantees	331	380	331	380
Total credit risk	**64,440**	**75,485**	**70,494**	**80,930**

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	
		2014	2013	2014	2013
Counterparties with credit ratings	Rating	$000	$000	$000	$000
Cash and cash equivalents	AA-	42,967	49,817	43,326	50,122
Term deposits	AA+	3,780	10,220	3,780	10,220
Fixed interest instruments	AAA	-	-	304	55
	AA+			85	-
	AA	-	-	386	632
	AA-	-	-	845	839
	A+	-	-	116	117
	A	-	-	113	147
	A-	-	-	286	172
	BBB+	-	-	161	136
	BBB	-	-	39	20
	BB+	-	-	-	3
Total fixed interest instruments		**-**	**-**	**2,335**	**2,121**

	Council		Group	
	2014	2013	2014	2013
Counterparties without credit ratings	$000	$000	$000	$000
Fixed interest instruments				
- existing counterparty with no defaults in the past	-	-	195	243
Community and related party loans and mortgages				
- existing counterparty with no defaults in the past	261	279	261	279
- existing counterparty with defaults in the past	-	-	-	-
Total community and related party loans and mortgages	**261**	**279**	**261**	**279**

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 (2013 $500,000). There are no restrictions on the use of this facility. Council also has $438,000,000 (2013 $478,204,000) of committed borrowing facilities, with available headroom of $73,821,000 (2013 $99,055,000) 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 30.

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
Council 2014	*$000*	*$000*	*$000*	*$000*	*$000*
Creditors and other payables	32,795	32,795	32,795	-	-
Bank overdraft	-	-	-	-	-
Secured loans	408,000	481,262	93,120	285,558	102,584
Finance leases	861	977	345	632	-
Financial guarantees	331	331	331	-	-
Net settled derivatives	12,006	29,668	5,750	19,841	4,077
Total	**453,993**	**545,033**	**132,341**	**306,031**	**106,661**
Group 2014					
Creditors and other payables	33,719	33,719	28,482	-	5,237
Secured loans	423,095	497,341	102,452	292,305	102,584
Finance leases	861	977	345	632	-
Financial guarantees	331	331	331	-	-
Net settled derivatives	12,006	29,668	5,750	19,841	4,077
Total	**470,012**	**562,036**	**137,360**	**312,778**	**111,898**

	Carrying Amount	Contractual Cash flows	Less than 1 year	1-5 years	More than 5 years
Council 2013	*$000*	*$000*	*$000*	*$000*	*$000*
Creditors and other payables	27,185	27,185	27,185	-	-
Secured loans	438,204	509,530	126,613	256,690	126,227
Finance leases	677	713	502	211	-
Financial guarantees	380	380	380	-	-
Net settled derivatives	21,164	43,997	3	6,940	37,054
Total	**487,610**	**581,805**	**154,683**	**263,841**	**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	502	211	-
Financial guarantees	380	380	380	-	-
Net settled derivatives	21,164	43,997	3	6,940	37,054
Total	**487,626**	**581,821**	**154,699**	**263,841**	**163,281**

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 2014					
Cash and cash equivalents	42,967	42,967	42,967	-	-
Debtors and other receivables	17,101	17,101	17,101	-	-
Community and related party loans	261	363	37	149	177
Term deposits	3,780	4,544	565	2,784	1,195
Total	**64,109**	**64,975**	**60,670**	**2,933**	**1,372**
Group 2014					
Cash and cash equivalents	43,326	43,326	43,326	-	-
Debtors and other receivables	17,474	17,474	17,474	-	-
Community and related party loans	261	363	37	149	177
Term deposits	3,780	4,544	565	2,784	1,195
Total	**64,841**	**65,707**	**61,402**	**2,933**	**1,372**

	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**

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.

	2014				2013			
Council	-100bps		+100bps		-100bps		+100bps	
	Surplus	Equity	Surplus	Equity	Surplus	Equity	Surplus	Equity
INTEREST RATE RISK	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets								
Cash and cash equivalents	(430)	-	430	-	(498)	-	498	-
Financial liabilities								
Borrowings - secured loans	485	-	(485)	-	1,157	-	(1,157)	-
Derivative financial instruments	14,720	-	(13,939)	-	15,569	-	(14,743)	-
Total sensitivity to interest risk	**14,775**	**-**	**(13,994)**	**-**	**16,228**	**-**	**(15,402)**	**-**

	2014				2013			
Group	-100bps		+100bps		-100bps		+100bps	
	Surplus	Equity	Surplus	Equity	Surplus	Equity	Surplus	Equity
INTEREST RATE RISK	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets								
Cash and cash equivalents	(433)	-	433	-	(501)	-	501	-
Financial liabilities								
Borrowings - secured loans	636	-	(636)	-	1,157	-	(1,157)	-
Derivative financial instruments	14,720	-	(13,939)	-	15,569	-	(14,743)	-
Total sensitivity to interest risk	**14,923**	**-**	**(14,142)**	**-**	**16,225**	**-**	**(15,399)**	**-**

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.

	2014				2013			
Group	-10%		+10%		-10%		+10%	
	Surplus	Equity	Surplus	Equity	Surplus	Equity	Surplus	Equity
FOREIGN EXCHANGE RISK	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets								
Equity securities	(145)	-	145	-	(151)	-	151	-
Total	**(145)**	**-**	**145**	**-**	**(151)**	**-**	**151**	**-**

	2014				2013			
Group	-10%		+10%		-10%		+10%	
	Surplus	Equity	Surplus	Equity	Surplus	Equity	Surplus	Equity
EQUITY PRICE RISK	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets								
Equity securities	-	(279)	-	279	-	(278)	-	278
Total	**-**	**(279)**	**-**	**279**	**-**	**(278)**	**-**	**278**

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 36: 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 37: EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variances from Council's budget figures in the 2014 Annual Plan are as follows:

Statement of comprehensive income

Explanations for major variances from Council's budget figures in the 2014 Annual Plan are as follows.
The Council result is a surplus of $48.4 million which is $48.7 million ahead of the budgeted net deficit of $0.3 million. Major favourable variances were in other revenue of $28.0 million due to a large number of vested assets received from city development and the shares in Innovation Waikato Ltd gifted by the Katolyst Group to Council of $10.1 million, development and financial contributions of $9.7 million (related to the high level of city development), unrealised gains on revaluation of interest rate swaps of $9.2 million and realised gain on sale of Hamilton Riverview Hotel Limited of $5.8 million. Other favourable variances were for depreciation of $3.0 million (asset values have not increased significantly upon revaluation over the past three years), and finance costs of $2.7 million due to lower borrowings than budgeted.
Offsetting these favourable positions was lower revenue from activities of $2.5 million, and higher other expenditure of $4.6 million.

Statement of changes in equity

The level of equity was $519.1 million less than budget. This was mainly due to asset revaluations not increasing asset values at the expected rate over the past three years.

Statement of financial position

Total assets were $532.6 million less than budget. Current assets were $13.2 million greater than budget due to favourable cash balances of $10.9 million on short term deposits.

Non-current assets are less than budget due to lower asset revaluations over the past three financial years.

Total liabilities were $13.6 million less than budget due to reduced borrowing mainly resulting from asset sales and deferred capital projects.

Statement of cash flows

There was a decrease in cash held of $6.9 million compared with a budget of $nil.

Net cash flows from operating activities were $17.6 million more than budget. The main favourable variances were capital contributions from developers, subsidies received for infrastructure projects, and interest paid on borrowings.

Net cash flows from investing activities were $6.9 million more than budget. Proceeds from the sale of assets and investments contributed $21.9 million while purchases and construction of city assets consumed $15 million more cash than budgeted principally due to reducing the level of deferred capital expenditure.

NOTE 38: INSURANCE CONTRACTS

Hamilton City Council is part of a regional collective of local authorities for insurance purposes. Through the collective economies of scale Council has access to the best process and cover.

As at the end of the financial year, Council had the following insurance cover in place.

Material Damage $886,424,356

Council's Material Damage cover is based on a Maximum Probable Loss model (MPL) which means that its assets are insured for the value of the largest probable loss that could result from a disaster in Hamilton. Council has insured up to $300m consisting of two layers; a $150m primary layer which is shared between the Regional collective and an additional $150m excess layer which is shared with Waikato Regional Council due to geographic accumulation. A separate policy is in place which is shared by the Regional collective which provides cover of up to $125m for damage that is caused by fire, or fire following a natural disaster.

Fine Arts $35,430,625

This cover is for the total replacement value of art, artefacts and declared outdoor sculptures owned by Council.

Commercial Motor Vehicles $11,375,908

Motor insurance up to the market value of each individual vehicle.

Infrastructure $1,282,005,551

Based on risk engineering and loss modelling for the Waikato hazardscape a $100m shared loss limit is in place with the Regional Collective. Insurance is to the level of 40% in anticipation of 60% contribution from central government in a disaster.

Boiler Explosion $1,106,000
Large boilers are excluded under Material Damage so this extension policy covers the damage caused by failure of large boilers.

Contract Works $3,000,000
This policy allows Council to perform small projects relating to new builds, works to existing structures, renovations, maintenance and repair with cover up to $600,000 for any one contract.

Business Interruption $60,375,782
$60.4m of cover provided for loss or rents revenue & receivable. A shared $10m Additional Increased Cost of Working limit with the Regional collective and provides cover for consequential loss through the physical damage to any property used by Council.

There are no assets of the local authority that are self-insured

COUNCIL - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

	Annual Plan 2013	Actual 2013	Annual Plan 2014	Actual 2014
	$000	*$000*	*$000*	*$000*
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	115,498	115,100	120,586	120,166
Targeted rates (other than a targeted rate for water supply)	6,258	6,274	6,301	6,308
Subsidies and grants for operating purposes	3,380	4,225	3,508	4,038
Fees, charges, and targeted rates for water supply	44,543	41,487	46,648	50,165
Interest and dividends from investments	275	1,265	1,475	1,392
Local authorities fuel tax, fines, infringement fees, and other receipts	4,174	5,825	4,105	3,468
Total operating funding	**174,128**	**174,176**	**182,623**	**185,537**
Applications of operating funding				
Payments to staff & suppliers	117,965	112,715	120,251	126,801
Finance costs	23,733	22,921	26,012	23,269
Other operating funding applications	1,273	1,585	1,554	453
Total applications of operating funding	**142,971**	**137,221**	**147,817**	**150,523**
Surplus/(deficit) of operating funding	**31,157**	**36,955**	**34,806**	**35,014**
Sources of capital funding				
Subsidies and grants for capital expenditure	1,029	12,694	4,383	6,694
Development and financial contributions	7,897	9,497	7,964	16,103
Increase/(decrease) in debt	20,673	39,987	3,007	(30,019)
Gross proceeds from the sale of assets	2,741	10,066	-	14,771
Lump sum contributions	-	-	-	-
Total sources of capital funding	**32,340**	**72,244**	**15,354**	**7,549**
Application of capital funding				
Capital expenditure				
- to meet additional demand	12,421	15,370	6,539	9,119
- to improve the level of service	23,177	34,010	16,363	22,207
- to replace existing assets	25,140	25,604	27,401	28,430
Increase/(decrease) in reserves	1,112	1,290	(1,817)	(3,070)
Increase/(decrease) of investments	1,647	32,925	1,674	(14,123)
Total application of capital funding	**63,497**	**109,199**	**50,160**	**42,563**
Surplus/(deficit) of capital funding	**(31,157)**	**(36,955)**	**(34,806)**	**(35,014)**
Funding balance	**-**	**-**	**-**	**-**

ARTS AND RECREATION - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

	Long Term Plan 2013	Long Term Plan 2014	Actual 2014
	$000	*$000*	*$000*
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	19,900	20,806	20,747
Targeted rates (other than a targeted rate for water supply)	217	224	-
Subsidies and grants for operating purposes	-	-	314
Fees, charges, and targeted rates for water supply	6,814	7,171	6,265
Internal charges and overheads recovered	-	-	
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	81
Total operating funding	**26,931**	**28,201**	**27,407**
Applications of operating funding			
Payments to staff & suppliers	23,236	23,879	23,861
Finance costs	653	687	602
Internal charges and overheads applied	3,008	2,953	2,207
Other operating funding applications	34	41	46
Total applications of operating funding	**26,931**	**27,560**	**26,716**
Surplus/(deficit) of operating funding	**-**	**641**	**691**
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	274	283	-
Increase/(decrease) in debt	3,919	2,714	(516)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	**4,193**	**2,997**	**(516)**
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	1,288	395	1,941
- to replace existing assets	2,965	3,298	3,523
Increase/(decrease) in reserves	(60)	(55)	(608)
Increase/(decrease) of investments	-	-	(4,681)
Total application of capital funding	**4,193**	**3,638**	**175**
Surplus/(deficit) of capital funding	**-**	**(641)**	**(691)**
Funding balance	**-**	**-**	**-**

A classification issue has been identified in the Funding Impact Statements that were presented in the 2012-22 Long-Term Plan (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 consistent with the actual 2014 figures to enable comparability.

CITY PLANNING AND DEVELOPMENT - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

	Long Term Plan 2013 $000	Long Term Plan 2014 $000	Actual 2014 $000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,650	3,833	4,223
Targeted rates (other than a targeted rate for water supply)	40	41	
Subsidies and grants for operating purposes	-	-	-
Fees, charges, and targeted rates for water supply	1,051	1,085	1,756
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	3
Total operating funding	**4,741**	**4,959**	**5,982**
Applications of operating funding			
Payments to staff & suppliers	4,686	4,835	6,173
Finance costs	4	5	-
Internal charges and overheads applied	558	548	410
Other operating funding applications	-	-	-
Total applications of operating funding	**5,248**	**5,388**	**6,583**
Surplus/(deficit) of operating funding	**(507)**	**(429)**	**(601)**
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	765	595	68
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	**765**	**595**	**68**
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	126	48	240
- to replace existing assets	133	114	228
Increase/(decrease) in reserves	(1)	4	(3)
Increase/(decrease) of investments	-	-	(998)
Total application of capital funding	**258**	**166**	**(533)**
Surplus/(deficit) of capital funding	**507**	**429**	**601**
Funding balance	**-**	**-**	**-**

A classification issue has been identified in the Funding Impact Statements that were presented in the 2012-22 Long-Term Plan (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 consistent with the actual 2014 figures to enable comparability.

CITY PROSPERITY - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

	Long Term Plan 2013 $000	Long Term Plan 2014 $000	Actual 2014 $000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	14,610	15,177	14,901
Targeted rates (other than a targeted rate for water supply)	159	164	280
Subsidies and grants for operating purposes	-	-	-
Fees, charges, and targeted rates for water supply	9,639	10,275	10,886
Internal charges and overheads recovered	-	-	(49)
Local authorities fuel tax, fines, infringement fees, and other receipts	275	275	414
Total operating funding	**24,683**	**25,891**	**26,432**
Applications of operating funding			
Payments to staff & suppliers	15,898	16,445	17,875
Finance costs	7,002	7,314	6,716
Internal charges and overheads applied	1,240	1,226	865
Other operating funding applications	377	461	756
Total applications of operating funding	**24,517**	**25,446**	**26,212**
Surplus/(deficit) of operating funding	**166**	**445**	**220**
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	196	197	-
Increase/(decrease) in debt	1,819	1,121	(9,248)
Gross proceeds from the sale of assets	265	625	14,093
Lump sum contributions	-	-	-
Total sources of capital funding	**2,280**	**1,943**	**4,845**
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	505	506	732
- to replace existing assets	768	699	915
Increase/(decrease) in reserves	(474)	(491)	218
Increase/(decrease) of investments	1,647	1,674	3,200
Total application of capital funding	**2,446**	**2,388**	**5,065**
Surplus/(deficit) of capital funding	**(166)**	**(445)**	**(220)**
Funding balance	**-**	**-**	**-**

A classification issue has been identified in the Funding Impact Statements that were presented in the 2012-22 Long-Term Plan (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 consistent with the actual 2014 figures to enable comparability.

CITY SAFETY - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

	Long Term Plan 2013 $000	Long Term Plan 2014 $000	Actual 2014 $000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,663	1,543	1,683
Targeted rates (other than a targeted rate for water supply)	18	17	
Subsidies and grants for operating purposes	99	103	122
Fees, charges, and targeted rates for water supply	6,755	7,012	7,914
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	44
Total operating funding	**8,535**	**8,675**	**9,763**
Applications of operating funding			
Payments to staff & suppliers	7,762	7,879	9,192
Finance costs	40	43	37
Internal charges and overheads applied	901	880	739
Other operating funding applications	2	2	(649)
Total applications of operating funding	**8,705**	**8,804**	**9,319**
Surplus/(deficit) of operating funding	**(170)**	**(129)**	**444**
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	294	190	(24)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	**294**	**190**	**(24)**
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	58	19	446
- to replace existing assets	61	46	335
Increase/(decrease) in reserves	5	(4)	(1)
Increase/(decrease) of investments	-	-	(360)
Total application of capital funding	**124**	**61**	**420**
Surplus/(deficit) of capital funding	**170**	**129**	**(444)**
Funding balance	**-**	**-**	**-**

A classification issue has been identified in the Funding Impact Statements that were presented in the 2012-22 Long-Term Plan (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 consistent with the actual 2014 figures to

COMMUNITY SERVICES - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

	Long Term Plan 2013 $000	Long Term Plan 2014 $000	Actual 2014 $000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,696	3,580	3,856
Targeted rates (other than a targeted rate for water supply)	40	39	-
Subsidies and grants for operating purposes	53	54	251
Fees, charges, and targeted rates for water supply	3,431	3,705	3,576
Internal charges and overheads recovered	-	-	19
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	10
Total operating funding	**7,220**	**7,378**	**7,712**
Applications of operating funding			
Payments to staff & suppliers	6,849	6,902	6,920
Finance costs	98	104	89
Internal charges and overheads applied	636	632	328
Other operating funding applications	5	6	12
Total applications of operating funding	**7,588**	**7,644**	**7,349**
Surplus/(deficit) of operating funding	**(368)**	**(266)**	**363**
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	1,252
Increase/(decrease) in debt	441	224	(63)
Gross proceeds from the sale of assets	2,476	-	
Lump sum contributions	-	-	-
Total sources of capital funding	**2,917**	**224**	**1,189**
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	583	252	296
- to replace existing assets	270	174	352
Increase/(decrease) in reserves	1,696	(468)	(145)
Increase/(decrease) of investments	-	-	1,049
Total application of capital funding	**2,549**	**(42)**	**1,552**
Surplus/(deficit) of capital funding	**368**	**266**	**(363)**
Funding balance	**-**	**-**	**-**

A classification issue has been identified in the Funding Impact Statements that were presented in the 2012-22 Long-Term Plan (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 consistent with the actual 2014 figures to enable comparability.

DEMOCRACY - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

	Long Term Plan 2013 $000	Long Term Plan 2014 $000	Actual 2014 $000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,638	4,002	3,744
Targeted rates (other than a targeted rate for water supply)	40	43	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges, and targeted rates for water supply	28	236	20
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	201
Total operating funding	**3,706**	**4,281**	**3,965**
Applications of operating funding			
Payments to staff & suppliers	2,662	3,113	2,298
Finance costs	6	7	-
Internal charges and overheads applied	1,547	1,611	3,246
Other operating funding applications	-	-	-
Total applications of operating funding	**4,215**	**4,731**	**5,544**
Surplus/(deficit) of operating funding	**(509)**	**(450)**	**(1,579)**
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	763	622	60
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	**763**	**622**	**60**
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	126	50	46
- to replace existing assets	132	119	71
Increase/(decrease) in reserves	(4)	3	(3)
Increase/(decrease) of investments	-	-	(1,633)
Total application of capital funding	**254**	**172**	**(1,519)**
Surplus/(deficit) of capital funding	**509**	**450**	**1,579**
Funding balance	**-**	**-**	**-**

A classification issue has been identified in the Funding Impact Statements that were presented in the 2012-22 Long-Term Plan (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 consistent with the actual 2014 figures to

PARKS AND OPEN SPACES - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

	Long Term Plan 2013	Long Term Plan 2014	Actual 2014
	$000	*$000*	*$000*
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	10,753	11,199	11,225
Targeted rates (other than a targeted rate for water supply)	117	121	-
Subsidies and grants for operating purposes	-	-	35
Fees, charges, and targeted rates for water supply	911	940	1,135
Internal charges and overheads recovered	-	-	66
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	86
Total operating funding	**11,781**	**12,260**	**12,547**
Applications of operating funding			
Payments to staff & suppliers	9,641	9,723	10,532
Finance costs	1,476	1,545	1,405
Internal charges and overheads applied	808	803	414
Other operating funding applications	79	96	72
Total applications of operating funding	**12,004**	**12,167**	**12,423**
Surplus/(deficit) of operating funding	**(223)**	**93**	**124**
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	459	469	3,021
Increase/(decrease) in debt	5,195	2,140	(1,798)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	**5,654**	**2,609**	**1,223**
Application of capital funding			
Capital expenditure			
- to meet additional demand	1,386	316	414
- to improve the level of service	2,261	691	1,112
- to replace existing assets	1,780	1,698	1,565
Increase/(decrease) in reserves	4	(3)	(55)
Increase/(decrease) of investments	-	-	(1,689)
Total application of capital funding	**5,431**	**2,702**	**1,347**
Surplus/(deficit) of capital funding	**223**	**(93)**	**(124)**
Funding balance	**-**	**-**	**-**

A classification issue has been identified in the Funding Impact Statements that were presented in the 2012-22 Long-Term Plan (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 consistent with the actual 2014 figures to enable comparability.

SOLID WASTE - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

	Long Term Plan 2013 $000	Long Term Plan 2014 $000	Actual 2014 $000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	4,551	4,701	4,706
Targeted rates (other than a targeted rate for water supply)	50	51	37
Subsidies and grants for operating purposes	-	-	-
Fees, charges, and targeted rates for water supply	308	318	724
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	9
Total operating funding	**4,909**	**5,070**	**5,476**
Applications of operating funding			
Payments to staff & suppliers	4,683	4,692	5,052
Finance costs	152	161	753
Internal charges and overheads applied	405	403	209
Other operating funding applications	8	10	(598)
Total applications of operating funding	**5,248**	**5,266**	**5,416**
Surplus/(deficit) of operating funding	**(339)**	**(196)**	**60**
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	1,077	1,399	(124)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	**1,077**	**1,399**	**(124)**
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	607	422	273
- to replace existing assets	336	992	1,289
Increase/(decrease) in reserves	(205)	(211)	237
Increase/(decrease) of investments	-	-	(1,863)
Total application of capital funding	**738**	**1,203**	**(64)**
Surplus/(deficit) of capital funding	**339**	**196**	**(60)**
Funding balance	**-**	**-**	**-**

A classification issue has been identified in the Funding Impact Statements that were presented in the 2012-22 Long-Term Plan (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 consistent with the actual 2014 figures to enable comparability.

STORMWATER - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

	Long Term Plan 2013 $000	Long Term Plan 2014 $000	Actual 2014 $000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	6,468	6,787	6,764
Targeted rates (other than a targeted rate for water supply)	70	73	
Subsidies and grants for operating purposes	-	-	-
Fees, charges, and targeted rates for water supply	24	25	649
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	23
Total operating funding	**6,562**	**6,885**	**7,436**
Applications of operating funding			
Payments to staff & suppliers	1,361	1,351	1,784
Finance costs	404	424	381
Internal charges and overheads applied	175	174	89
Other operating funding applications	21	26	367
Total applications of operating funding	**1,961**	**1,975**	**2,621**
Surplus/(deficit) of operating funding	**4,601**	**4,910**	**4,815**
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	533	575	846
Increase/(decrease) in debt	(3,265)	(3,419)	(428)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	**(2,732)**	**(2,844)**	**418**
Application of capital funding			
Capital expenditure			
- to meet additional demand	291	157	111
- to improve the level of service	592	925	320
- to replace existing assets	1,233	1,241	588
Increase/(decrease) in reserves	(247)	(257)	(52)
Increase/(decrease) of investments	-	-	4,266
Total application of capital funding	**1,869**	**2,066**	**5,233**
Surplus/(deficit) of capital funding	**(4,601)**	**(4,910)**	**(4,815)**
Funding balance	**-**	**-**	**-**

A classification issue has been identified in the Funding Impact Statements that were presented in the 2012-22 Long-Term Plan (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 consistent with the actual 2014 figures to enable comparability.

TRANSPORTATION - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

	Long Term Plan 2013 $000	Long Term Plan 2014 $000	Actual 2014 $000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	23,850	25,146	24,655
Targeted rates (other than a targeted rate for water supply)	5,260	5,271	5,001
Subsidies and grants for operating purposes	3,228	3,351	3,316
Fees, charges, and targeted rates for water supply	4,489	4,636	4,336
Internal charges and overheads recovered	-	-	39
Local authorities fuel tax, fines, infringement fees, and other receipts	3,774	3,892	3,564
Total operating funding	**40,601**	**42,296**	**40,911**
Applications of operating funding			
Payments to staff & suppliers	13,716	14,230	14,687
Finance costs	6,962	7,275	6,649
Internal charges and overheads applied	1,829	1,818	929
Other operating funding applications	374	456	260
Total applications of operating funding	**22,881**	**23,779**	**22,525**
Surplus/(deficit) of operating funding	**17,720**	**18,517**	**18,386**
Sources of capital funding			
Subsidies and grants for capital expenditure	1,029	3,714	6,694
Development and financial contributions	2,319	2,312	4,002
Increase/(decrease) in debt	8,405	(1,753)	(8,975)
Gross proceeds from the sale of assets	-	-	678
Lump sum contributions	-	-	-
Total sources of capital funding	**11,753**	**4,273**	**2,399**
Application of capital funding			
Capital expenditure			
- to meet additional demand	7,803	5,470	6,519
- to improve the level of service	12,118	8,454	12,655
- to replace existing assets	9,299	9,469	8,946
Increase/(decrease) in reserves	253	(603)	(2,641)
Increase/(decrease) of investments	-	-	(4,694)
Total application of capital funding	**29,473**	**22,790**	**20,785**
Surplus/(deficit) of capital funding	**(17,720)**	**(18,517)**	**(18,386)**
Funding balance	**-**	**-**	**-**

A classification issue has been identified in the Funding Impact Statements that were presented in the 2012-22 Long-Term Plan (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 consistent with the actual 2014 figures to enable comparability.

WASTEWATER - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

	Long Term Plan 2013	Long Term Plan 2014	Actual 2014
	$000	*$000*	*$000*
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	14,703	15,647	15,333
Targeted rates (other than a targeted rate for water supply)	160	169	884
Subsidies and grants for operating purposes	-	-	-
Fees, charges, and targeted rates for water supply	3,490	3,655	3,959
Internal charges and overheads recovered	-	-	509
Local authorities fuel tax, fines, infringement fees, and other receipts	400	413	250
Total operating funding	**18,753**	**19,884**	**20,935**
Applications of operating funding			
Payments to staff & suppliers	8,438	8,772	11,363
Finance costs	3,967	4,145	3,794
Internal charges and overheads applied	883	874	506
Other operating funding applications	213	260	103
Total applications of operating funding	**13,501**	**14,051**	**15,766**
Surplus/(deficit) of operating funding	**5,252**	**5,833**	**5,169**
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	2,266	2,305	4,199
Increase/(decrease) in debt	1,639	(796)	(5,100)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	**3,905**	**1,509**	**(901)**
Application of capital funding			
Capital expenditure			
- to meet additional demand	2,678	370	1,475
- to improve the level of service	1,492	986	1,840
- to replace existing assets	4,787	5,775	6,218
Increase/(decrease) in reserves	200	211	(11)
Increase/(decrease) of investments	-	-	(5,254)
Total application of capital funding	**9,157**	**7,342**	**4,268**
Surplus/(deficit) of capital funding	**(5,252)**	**(5,833)**	**(5,169)**
Funding balance	**-**	**-**	**-**

A classification issue has been identified in the Funding Impact Statements that were presented in the 2012-22 Long-Term Plan (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 consistent with the actual 2014 figures to enable comparability.

WATER SUPPLY - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

	Long Term Plan 2013 $000	Long Term Plan 2014 $000	Actual 2014 $000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	8,016	8,125	8,329
Targeted rates (other than a targeted rate for water supply)	87	88	106
Subsidies and grants for operating purposes	-	-	-
Fees, charges, and targeted rates for water supply	7,603	8,340	8,320
Internal charges and overheads recovered	-	-	41
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	175
Total operating funding	**15,706**	**16,553**	**16,971**
Applications of operating funding			
Payments to staff & suppliers	6,335	6,533	6,625
Finance costs	2,969	3,102	2,843
Internal charges and overheads applied	708	696	497
Other operating funding applications	160	195	84
Total applications of operating funding	**10,172**	**10,526**	**10,049**
Surplus/(deficit) of operating funding	**5,534**	**6,027**	**6,922**
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	1,850	1,823	2,783
Increase/(decrease) in debt	(379)	(655)	(3,871)
Gross proceeds from the sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding	**1,471**	**1,168**	**(1,088)**
Application of capital funding			
Capital expenditure			
- to meet additional demand	263	225	600
- to improve the level of service	3,421	2,946	2,306
- to replace existing assets	3,376	3,968	4,400
Increase/(decrease) in reserves	(55)	56	(6)
Increase/(decrease) of investments	-	-	(1,466)
Total application of capital funding	**7,005**	**7,195**	**5,834**
Surplus/(deficit) of capital funding	**(5,534)**	**(6,027)**	**(6,922)**
Funding balance	**-**	**-**	**-**

A classification issue has been identified in the Funding Impact Statements that were presented in the 2012-22 Long-Term Plan (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 consistent with the actual 2014 figures to enable comparability.

Annual report disclosure statement for year ending 30 June 2014

What is the purpose of this statement?

The purpose of this statement is to disclose the council's planned financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings. The council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

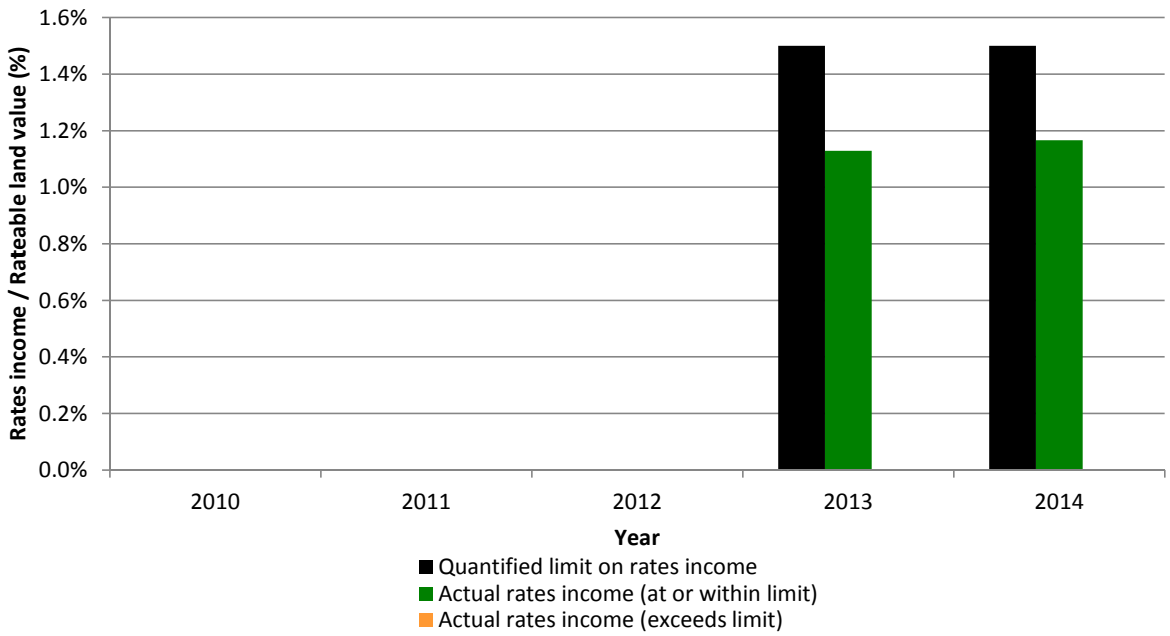
Rates affordability benchmark

The council meets the rates affordability benchmark if -

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

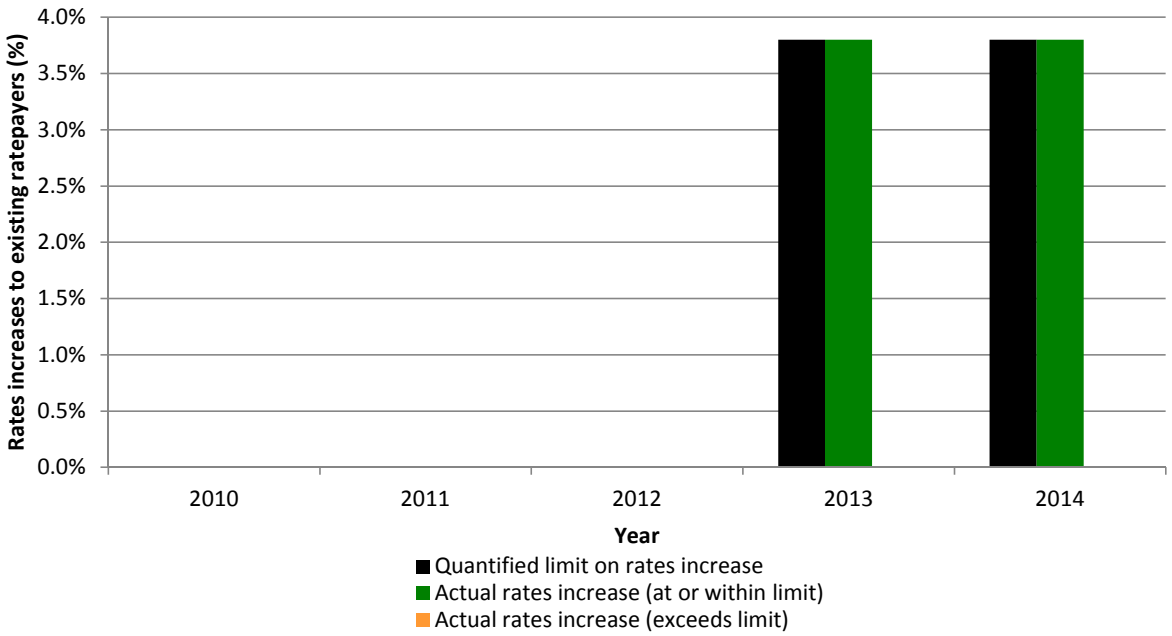
Rates (income) affordability

The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is that rates will not exceed 1.5% of the city's rateable land value.



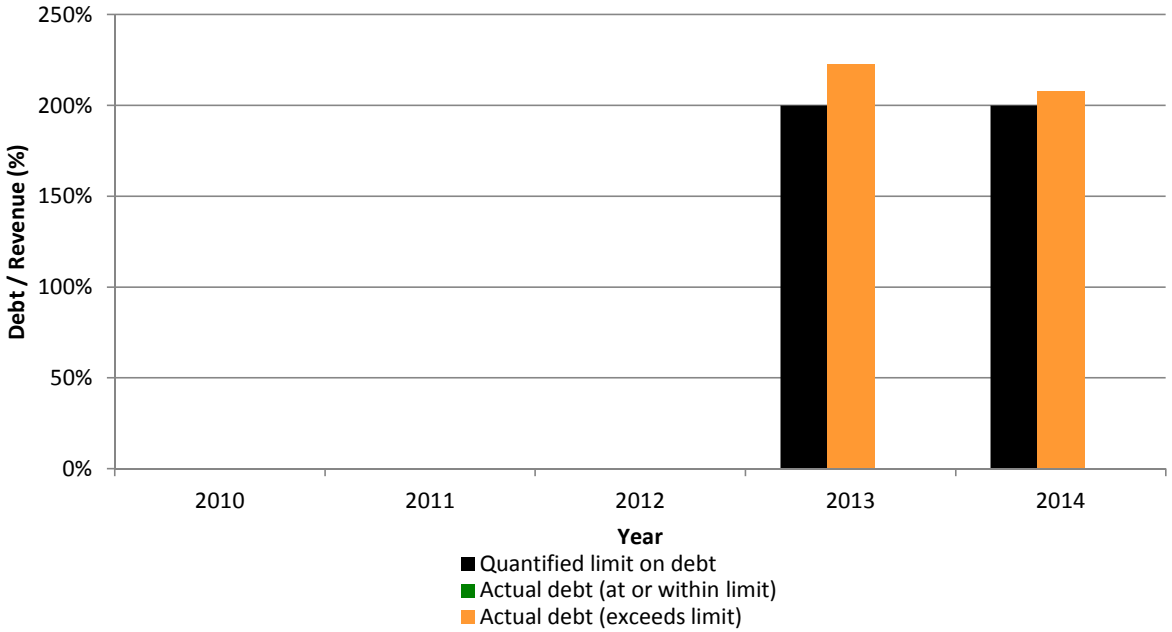
Rates (increases) affordability

The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long-term plan. The quantified limit is that rates increases to existing ratepayers will not exceed 3.8%.



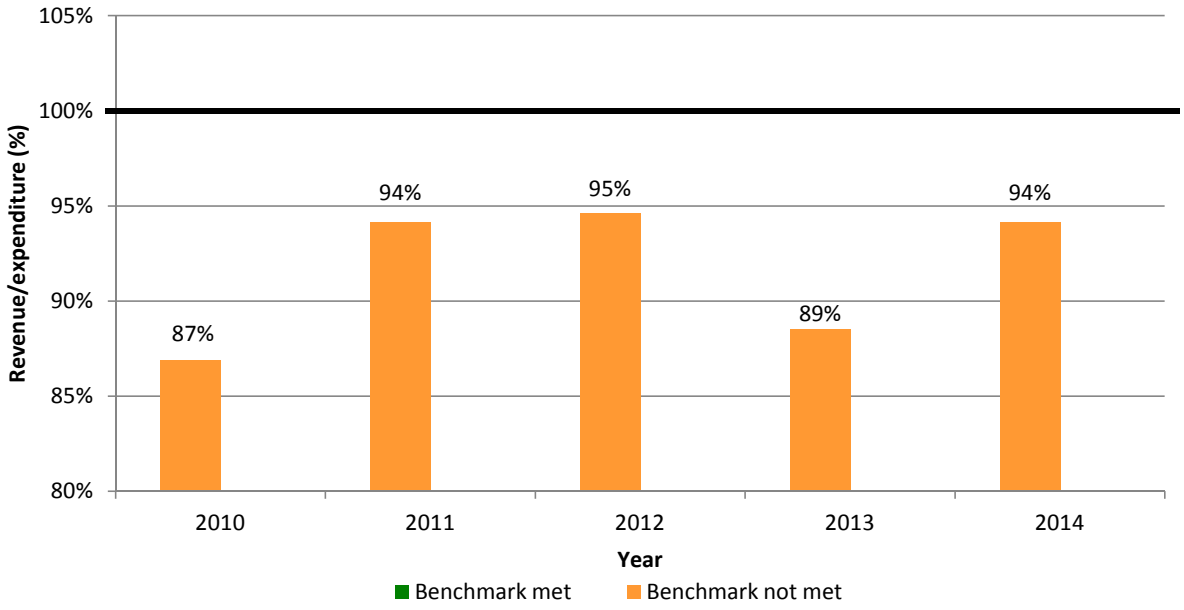
Debt affordability benchmark

The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is that the debt to revenue ratio will be reduced to under 200% by 2019 and thereafter will remain below 200%.



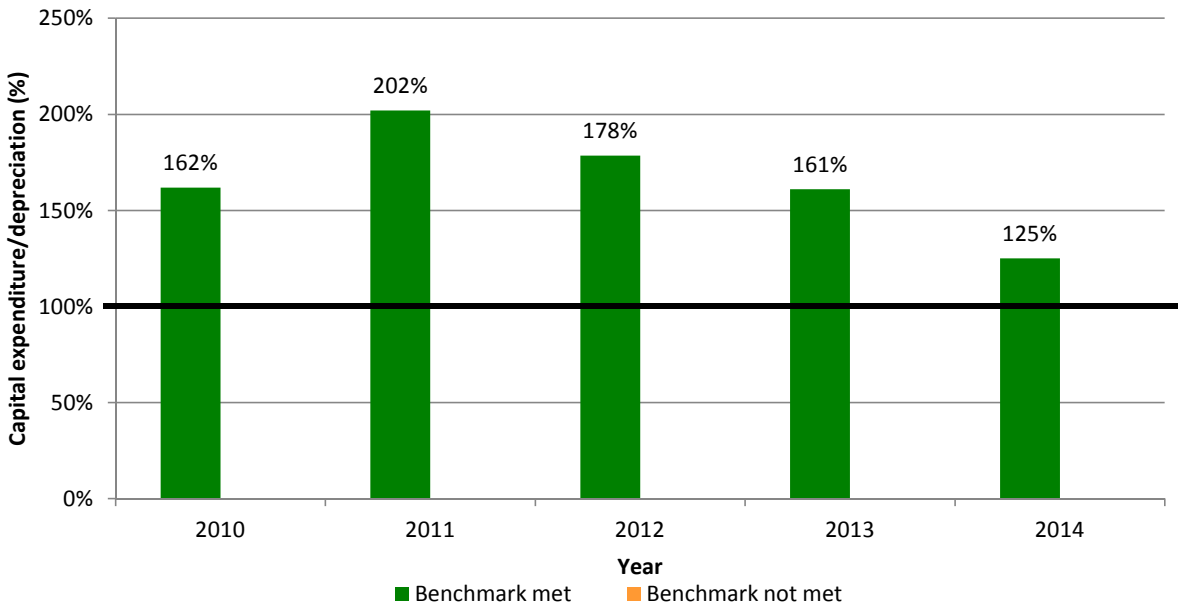
Balanced budget benchmark

The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment). The council meets this benchmark if its revenue equals or is greater than its operating expenses.



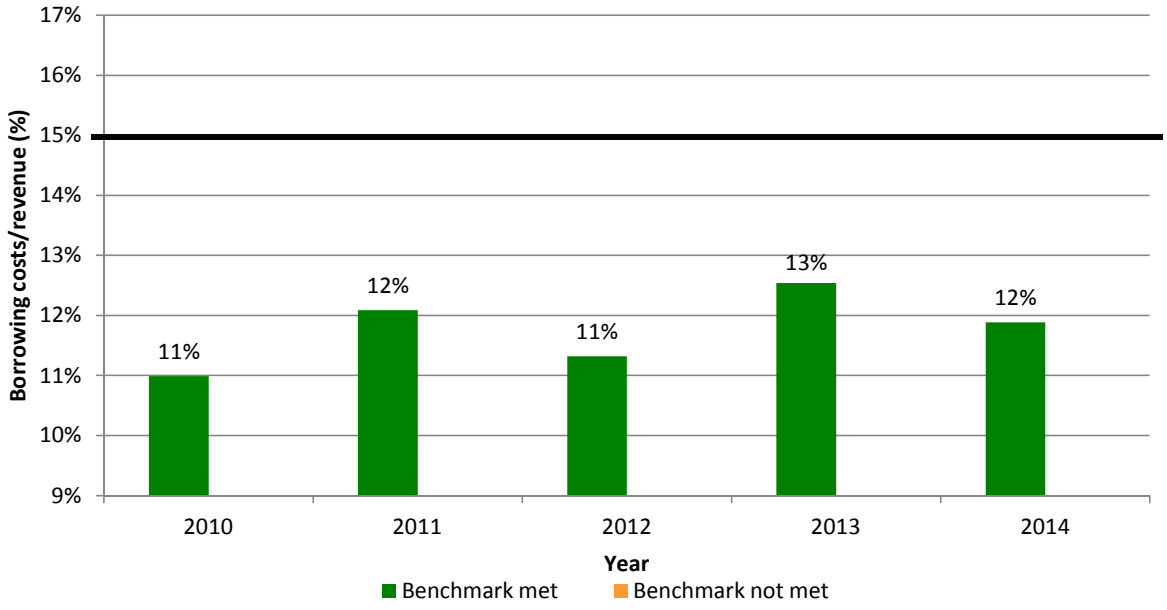
Essential services benchmark

The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services. The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



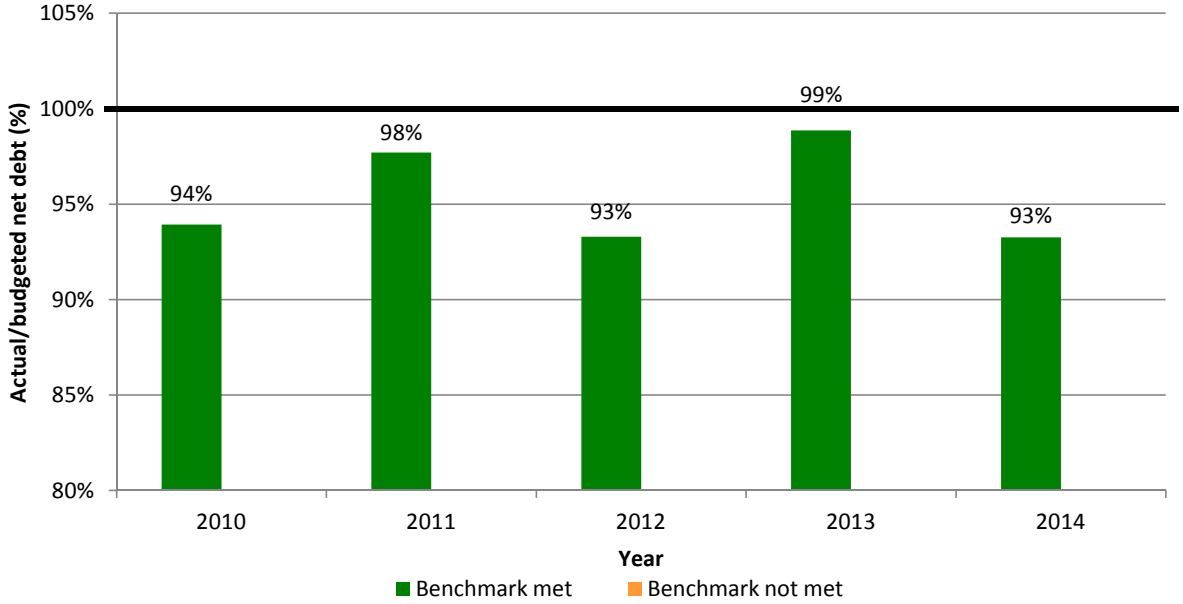
Debt servicing benchmark

The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the council's population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its revenue.



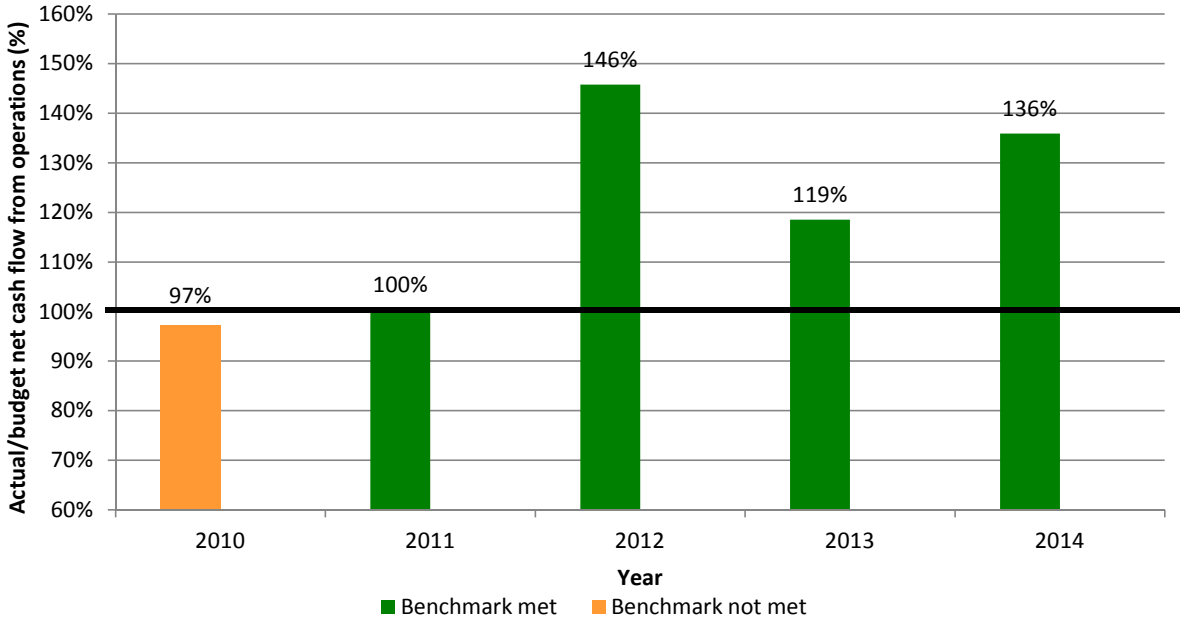
Debt control benchmark

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations control benchmark

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Additional information or comment

DEBT AFFORDABILITY BENCHMARK

The quantified limit of 200% is a target to be achieved by the 2019 year. Council has almost achieved this target for the 2014 year, five years early, mainly due to reduced borrowings resulting from asset sales and deferred capital expenditure.

BALANCED BUDGET BENCHMARK

This benchmark is similar to Council's own "Balancing the Books" measure except for two differences:
- the above Balanced Budget includes all capital subsidies
- the above Balanced Budget excludes development and financial contributions

Council does not currently meet this benchmark.

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 ten 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 Ltd, Vibrant Hamilton Trust, and Innovation Waikato Limited and its subsidiaries Waikato Innovation Park Ltd and New Zealand Food Innovation (Waikato) Limited.

The following tables explain the various organisations significant policies and objectives, nature and scope of activities, key performance targets and outcomes for the 2013-14 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 13.72% SVDS shares and 37.5% WTRM Service shares. (This equates to 24.58 % of the total weighted value of issued shares).
Balance of shares owned by other Local Authorities. Note Council has only one voting right out the twelve 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.
- During the year the company has been focused on demonstrating value for shareholder councils through procurement, facilitation of Waikato Mayoral Forum work streams and improving efficiency of the existing services operating under LASS.
- The company has continued to pursue contacts for additional shared services. These include shared insurance policies, a contract for computer generated print, mail and E-Services, a contact for online economic profile data, a contact for postal and courier services, legal services and another for fleet tracking systems.

Key performance targets

Performance targets are specified in the LASS Statement of Intent for 2013-14 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 January 2014 with nine of the twelve Councils responding. Nine Councils responded that the concept of LASS was still delivering benefits to their Council. Two Councils responded that they were satisfied with the efforts being made by LASS to advance shared service opportunities and seven were fairly satisfied. The comments were made that achievements are constrained by fundamental challenges, and that more benefited could be seen with a more dedicated resource.
Administration expenditure not exceed budget by more than 5%, unless prior approval obtained from Directors.	Achieved, actual expenditure was $10,306 in unfavourable to budget (-4.8%).
The company maintains a positive cash flow position.	Not achieved this year as cash flow was intentionally operated at a negative level in order to use up prior year surpluses. The Company still maintains a safe cash position with cash, cash equivalents and bank accounts at the end of June 2014 being $442,598.
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 September meeting when the annual report is presented.
That SVDS is available to users at least 99% of normal working hours.	SVDS was available 100% of working hours.
That at least 98% of agreed timelines are meet for sale and property files that have been delivered to FTP server for access to customers.	100% 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	Not applicable this year as only minor work items of $5,000 or less have been undertaken as per the road map approved by the advisory group.

That all required WRTM modelling reports are actioned within the required timeframe.	All WRTM modelling reports were completed within specified timeframes.
That the base model adheres to "Screenline Validation Standards" as set-out in the NZTA Economic Evaluation Manual as indicated by an external independent per review	No peer review has been undertaken in the current year (the last report from the peer reviewer was in October 2013 which stated that the model continues to meet all the set out criteria). As a result of the census, an update to the models is being undertaken and an independent reviewed is involved in this process. An independent review will be completed in October 2014.
That a full report on progress of the WRTM model be provided to the LASS Board twice a year.	Reports were provided at the LASS Board meetings in January and May 2014.
The key performance indicators from appendix 4 of the insurance brokerage contract are made.	This target has been achieved.
That any joint procurement projects deliver as per project approved objectives.	LASS joint procurement satisfactorily completed for computer generated print, email and E-Services for rates, accessing online economic profile data, and postal and courier services.
In response to requests from shareholders, the Company will provide regular reports and updates to the Waikato Mayoral Forum group regarding progress with shared service initiatives.	Updates are provided at all Mayoral Forums, the most recent being June 2014.

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 specified in the LGFA Statement of Intent for 2013-14 and the actual results have not been disclosed as these were not available at the time when preparing information on the CCO's.

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 2013-14 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 20 August 2013 and 6 May 2014, respectively 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. The 2011/12 International benchmarking survey showed that overall customer satisfaction is well in excess of industry averages for nearly all core airport measures. The next survey is planned to be undertaken in 2014/15.
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 2013 to 30 June 2014 there were 48 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 2013/14	Statement of Intent Targets for 2013/14	Outcome
Earnings before interest, taxation and depreciation	$2,213, 000	$2,620,000	Not met
Net surplus/(deficit) after tax (total comprehensive income)	($232,425)	$146,000	Not met
Net profit after tax to shareholders' funds	(0.4%)	0.3%	Not met
Net surplus after tax to total assets	(0.3%)	0.2%	Not met
Percentage of non-landing charges revenue	82.1%	81.7%	Met
Total liabilities/shareholders funds: debt equity ratio	26:74	24:76	Met
Interest rate cover (parent company and calculated on the basis of interest from TPL and revaluations being excluded)	3.05	2.63	Met

Earnings before interest, taxation and depreciation (EBITDA which excludes fair value adjustments of interest rate swaps and investment property) of the $2,213,000 compares to the target of $2,620,000.

The difference of $407,000 results from the following:

Lower gross margin on Titanium Park land sales	(689,000)
Lower operating expenses	158,000
Additional Tourism industry funding	138,000
Other miscellaneous	(14,000)
EBITDA difference	(407,000)

The deficit after tax of $232,000 compares to a target surplus of 4146,00. The difference of $378,000 results from the unfavourable variance above, a further variance of $76,000 from fair value adjustments of interest rate swaps and investment property, offset by favourable variance for depreciation and interest of $180,000 resulting from lower capital spend.

The favourable interest cover was a result was achieved through interest expense $94,000 lower than target.

Vibrant Hamilton Trust (VHT)

Ownership Incorporated Society and Charitable Trust

Representation (total trustees) 4(4)

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 transferred funds to the Vibrant Hamilton Trust (65%) and the Waikato District Community Wellbeing Trust Board (35%) on 31 January 2012. The Waikato Foundation was subsequently disestablished.

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 2013-14 and are summarised with the actual results below:

Performance Target	Actual Outcome
Distribute a minimum total annual grant of $200,000 for 2013/14 and for the subsequent two years, in accordance with he Trust's Distribution Policy	Achieved. Total grants of $336,000 were approved by the Trustees on 23 May 2014, in accordance with Trust's Distribution Policy. An amount of $236,000 was paid out in June 2014. The remaining $100,000 will be paid into the new financial year, subject to progress reports being received from the applicant.
Establish a process for promoting the funds availability and allocating the fund.	Achieved. The application/grant process was adopted by the Trust and adhered for the year ended 30 June 2014.
Monitor the performance of investments by receiving regular updates and considering financial information and on at least a quarterly basis.	Achieved. The monthly portfolio performance reports and regular Auditor Reports from Gareth Morgan Investment have been distributed to the Trustees during the year.

Vibrant Hamilton Trust made net a surplus of $142,000 after recognising grants of $336,000 for the year ended 30 June 2014.

Innovation Waikato Limited (IWL) and its Subsidiaries, Waikato Innovation Park Limited (WIPL) and New Zealand Food Innovation (Waikato) Limited (NZFIW)

Ownership	100% of IWL and 19.81% of WIPL (direct ownership)
	IWL owns 80.19% of WIPL, and WIPL owns 100% of NZFIW
Representation (total members)	0(5)

The 100% shareholding in Innovation Waikato Ltd was gifted by the Katolyst Group to Council on 9 October 2013. The group consists of Innovation Waikato Ltd and its subsidiaries Waikato Innovation Park Ltd and New Zealand Food Innovation (Waikato) Ltd.

Significant policies and objectives

- The core purpose of the Innovation Waikato Ltd Group is to promote research, commercialisation and marketing of new and existing entities or individuals of new products, processes, technologies and quality improvement.
- The focus of the Park is on innovation and technology - led businesses that enhance New Zealand's competitive advantage and align with the region's economic development strategy in areas such as: Agriculture, Agribusiness, Food processing, Value add to food products from primary production, Horticulture, Environmental sustainability, Enabling information and communication technology.
- Key objectives include:
    - To contribute to a successful economic growth strategy, in collaboration with other regional agencies, NZTE and Callaghan Innovation, specialising in funding grants, incubation, clustering, business attraction and business to business collaboration
    - To develop full product formulation capability built in NZFIW through a combination of private and government funding by 2015.
    - To have a new building completed through private equity and 90 % occupied by 2016.

Nature and scope of activities

- Innovation Waikato Ltd is involved in the business of the development and operation of an Innovation Park in Hamilton, which currently includes two commercially tenanted properties and a pilot spray dryer facility.

Key performance targets

Performance targets are specified in the IWL Group Statement of Intent for 2013-14 and are summarised with the actual results below:

Financial Performance Measures:	Actual Result for 2013/14	Statement of Intent Targets for 2013/14	Outcome
Earnings before interest , taxation and depreciation (EBITDA)	$1,617, 000	$1,559,000	Met
Cash from operating	$468,000	$140,000	Met
Net surplus/(deficit)	($115,000)	($492,000)	Met
Shareholders' funds (including deferred income) /Tangible asset	48.4%	47.0%	Met

The Group surplus/(deficit) improved by $380,000 to budget, due to the reduction in interest cost of $75,000, reduction in depreciation by $250,000, delay in the wetside development and improvement in cost control in property management.

STATEMENT OF COMPLIANCE

Compliance

The Council of Hamilton City Council confirms that all statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, have been complied with.

Responsibility

Council and management of Hamilton City Council accept responsibility for the preparation of the financial statements in accordance with generally accepted accounting practice and International Financial Reporting Standards.

Council and management of Hamilton City Council considers that the financial statements have been prepared using appropriate accounting policies, which have been consistently applied and adequately disclosed and supported by reasonable judgments 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 2014, and the results of its operations and cash flows and the service performance achievements for the year ended on that date.

Julie Hardaker
MAYOR
30 September 2014

Barry Harris
CHIEF EXECUTIVE
30 September 2014

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Hamilton City Council and group's annual report for the year ended 30 June 2014

The Auditor-General is the auditor of Hamilton City Council (the City Council) and group. The Auditor-General has appointed me, Leon Pieterse, 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 2014 on page 64;
  - the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ending 30 June 2014 on pages 63 and 65;
  - the funding impact statement of the City Council on page 115;
  - the statements about budgeted and actual capital expenditure in relation to each group of activities of the City Council on pages 116 to 127; and
  - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 66 to 114;
- the statement of service performance of the City Council on pages 14 to 61 and the funding impact statements in relation to each group of activities of the City Council on pages 116 to 127; and
- the disclosures of the City Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 128 to 132.

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 97;
  - council-controlled organisations on pages 133 to 139;
  - reserve funds on pages 98 to 100;
  - each group of activities carried out by the City Council on pages 14 to 61;
  - remuneration paid to the elected members and certain employees of the City Council on pages 105 to 106;

- employee staffing levels and remuneration on page 106;
- severance payments on page 106;
- rating base units on page 74; and
- insurance of assets on pages 113 to 114;

- 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 41; and
- a statement of compliance signed by the mayor of the Council, and by the City Council and group's chief executive on page 140.

Opinion

Audited information

In our opinion:

- the financial statements of the City Council and group on pages 63 to 114:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the City Council and group's financial position as at 30 June 2014; and
    - the results of its operations and cash flows for the year ended on that date;
- the funding impact statement of the City Council on page 115, 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 statements about budgeted and actual capital expenditure in relation to each group of activities of the City Council on pages 116 to 127, 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 statement of service performance of the City Council on pages 14 to 61:
  - 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 2014, 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 116 to 127, 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 disclosures on pages 128 to 132 represent a complete list of required disclosures and accurately reflects the information drawn from City Council's audited information.

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 30 September 2014. 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 the statement of 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 the statement of 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 the statement of 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;
- 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;
- 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;
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- 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 this audit, which includes our report on the Other Requirements, we have carried out assignments in the areas of audit of the debenture trust, summary annual report, Long term plan amendment and other assurance services, 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.

Leon Pieterse
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand