

ANNUAL REPORT

2014/2015



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CONTENTS

MAYOR AND CHIEF EXECUTIVE'S MESSAGE	2
YOUR COUNCIL	3
THE CITY'S FINANCES ARE IN GREAT SHAPE	4
SERVICE PERFORMANCE	10
ARTS AND RECREATION: Libraries, pools, Hamilton Zoo, Waikato Museum, theatres, sports parks, arts promotion, indoor recreation	12
CITY PLANNING AND DEVELOPMENT: Planning guidance and compliance, city planning	20
CITY PROSPERITY: Economic development, strategic property investment, Claudelands, Waikato Stadium, Seddon Park	24
CITY SAFETY: Animal control, building control, environmental health and public safety	29
COMMUNITY SERVICES: Emergency management, community investment, housing, cemeteries, crematorium	34
DEMOCRACY: Governance, civic functions, partnership with Maaori	39
PARKS AND OPEN SPACES: Amenity parks, Hamilton Gardens, natural areas, streetscapes	44
SOLID WASTE: Rubbish and recycling collection, waste minimisation, landfill site management	49
STORMWATER: Stormwater network, catchment management	53
TRANSPORTATION: Transport network, travel demand management, parking management	56
WASTEWATER: Wastewater collection, treatment and disposal	62
WATER SUPPLY: Treatment, storage, distribution, demand management	65
FINANCIAL STATEMENTS	70
Statement of Comprehensive Revenue and Expense	71
Balancing the Books Measure	72
Statement of Changes in Equity	72
Statement of Financial Position	73
Statement of Cash Flows	74
Notes to the Financial Statements	75
Council Funding Impact Statement	128
DISCLOSURE STATEMENT	129
INFORMATION ON COUNCIL CONTROLLED ORGANISATIONS	134
STATEMENT OF COMPLIANCE	141
AUDIT OPINION	142

from the **MAYOR AND** **CHIEF EXECUTIVE**

We're pleased to present this year's Annual Report. The city's financial position is in good shape and puts us in an excellent position to support our city's growth into the future.

This year we performed better than expected, balancing the books and achieving an operating surplus of \$5M. This is the second year in a row a surplus has been achieved, which is three years ahead of when we had originally expected.

The overall debt is \$367M, lower than our projected target of \$417M. As a percentage of our income debt is now 187 per cent, below our target of 213 per cent. This equates to \$1.87 of debt for every dollar of income we earn each year.

This positive financial performance means we are in a strong position to deliver our 2015-25 10-Year Plan, adopted earlier this year. The plan focuses on developing and upgrading core infrastructure and community facilities to support our city as it grows. Hamilton's population is expected to grow at around 3,000 people a year and within 30 years our population will be over 200,000.

2014/15 has been a busy year for Hamilton, hosting two international sporting events, the Cricket World Cup and the FIFA U20 World Cup. Crowd attendances were excellent and we welcomed visitors from around the world. The Waikato Stadium and Seddon Park received accolades for the facilities and ground presentation.

The Hamilton Gardens development project is now underway and will be completed within the next three years. Hamilton Gardens was recognised internationally, receiving the prestigious International Garden of the Year award, making it the best garden in the world. The River Plan was signed off and the design process to develop the Ferrybank development plan is now underway, expected to be completed in July 2016.

Hamilton Lake playground received a major upgrade and this new destination playground was opened to the public just before Christmas. A record 2,000 children on one day enjoyed the playground over the summer holidays. The city continues to invest in destination playgrounds.

2014 also saw the adoption of a new rating system, bringing Hamilton into line with other major cities around the country that use a capital value rating system. The new rating system will be phased in over a ten year period, starting in 2015/16.

The city is growing fast and we are seeing this in the amount of building and development activity. Building consents for non-residential buildings are trending up after the low point during the global financial crisis. During the year we saw the opening of the new Mainfreight headquarters and a number of new industrial and commercial buildings. We issued 909 building consents for new houses in 2014/15. Residential consents for subdivisions are strong, with a number of consents issued for major subdivisions in the city's northern areas.

The Council has been working with the Ministry of Education supporting the new junior high school in the north, which is much needed and will be open in February.

2015 marked the 100 year commemorations of Anzac Day and this year's services attracted record crowds. The city opened the Leper Memorial Garden and an outstanding exhibition at the Museum. We also received the Sapper Moore Jones public art memorial, which was unveiled in Victoria Street to an audience that included visitors from around the world.

Looking ahead, the budget challenges of growth continue with the Council having to prioritise investment and find new ways of delivering the infrastructure needed. Meeting the demand for new housing and investment in the city is a great challenge to have as Hamilton continues to be a major New Zealand city.



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Mayor



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THE CITY'S FINANCES ARE IN GREAT SHAPE!

The hard work over the past three years has paid off – our books are balanced and we're no longer borrowing to meet our day-to-day expenses. We've achieved this earlier than planned with a \$5m surplus - an outstanding result and a major turning point for the city's finances.

Our debt level is \$50m lower than planned and we have reduced what it costs to run the city by over \$15m each year compared to 2011.

Keeping within our financial plan, a few lean years, careful prioritisation and a focus on innovation and efficiency have got us to where we are today. But we're still focused on where we've got to go.

Hamilton is a one of the fastest growing places in the country and is emerging as a New Zealand success story.

This Council is moving ahead with a set of clear priorities, which are about redefining Hamilton as a major New Zealand city by building a stronger economy and an attractive place for families.



THE RESULTS



Balancing the books

- Achieved earlier than planned
 - No longer operating in a deficit and borrowing to meet our day-to-day expenses
 - \$5m surplus - \$8m ahead of a forecast \$3m deficit
-



Debt

- Debt balance lower than planned
 - \$367m closing balance, \$50m less than planned
 - Debt to revenue ratio of 187 per cent, below our target of 213 per cent
-



Rates

- Certainty provided for ratepayers
 - 3.8% increase for existing ratepayers (excluding the additional Hamilton Gardens targeted rate of \$10 plus GST per ratepayer)
-



Efficiency savings

- Savings target achieved
 - We have now reduced what it costs to run the city by \$15.4m per year compared to 2011
 - Sound financial management and efficiency savings driven throughout the organisation
-

FUTURE FOCUS

Three years ago, we made some tough decisions to get the city's finances back on track. A lot has changed since then.

Not only are the Council's finances in much better shape, so is our economy.

Hamilton is growing rapidly and this growth is easy to see in the building and development activity happening in the city. In 2014/15 we issued 909 building consents for new houses, compared to 695 in 2011/12. During the past financial year the Council received \$16m in developer contributions, \$8m more than budgeted.

Our population is currently around 153,000 and is predicted to reach nearly 175,000 in 10 years. We are one of only a few places in New Zealand that will continue to experience growth in its youth population.

The financial results achieved over the last three years have set a strong foundation to respond to the challenges and opportunities of a fast growing city.

The Council's budget for the next decade has a big focus on infrastructure. Investing in core infrastructure, such as water and roads come first, and we're making sure we look after our existing assets.

Community infrastructure, like playgrounds, pools and parks are also very important for lifestyle and we are continuing to invest in these assets too.

To do all of this in a way that's affordable we need to prioritise and we will continue to drive efficiency and innovation.

Our priorities are set out in the Hamilton Plan, which is Hamilton's blueprint for the next decade.

The Council has developed the Hamilton Plan to build a stronger economy and an attractive city for families.

We will focus on 10 priorities over the next 10 years that will collectively redefine Hamilton as a major New Zealand city. These priorities build on the lifestyle and economy Hamilton already has.

To find out more about the Hamilton Plan, visit hamilton.govt.nz/hamiltonplan

The Hamilton Plan

1. Balance the books

We have achieved this earlier than planned.

2. Become the third city economy in New Zealand

Hamilton moves from fourth to third in New Zealand's city economy ranking.

3. Provide outstanding infrastructure

Infrastructure development prepares the city for a population of more than 200,000.

4. Strengthen our connection to the Waikato River

At least five transformational projects from the Hamilton City River Plan are completed.

5. Have the best garden in the world

The Hamilton Gardens are completed in 10 years, consistent with the Hamilton Gardens vision.

6. Have an active, strong commercial central city with distinctive suburban villages

The central city has a strong commercial centre, is connected to the Waikato River and residential living is starting to grow.

7. Become an urban garden

Hamilton is green, with parks, trees, beautiful gardens and street plantings.

8. Provide access to affordable housing

The city continues to provide a balanced supply of housing options to meet the city's growth.

9. Waikato is the capital of high performance sport

Hamilton and Waipa are known as the home of New Zealand's high performance sport.

10. Celebrate our arts and culture

Hamiltonians recognise the importance of art, music and culture in our everyday lives.

THE FINANCIAL PLAN

Balancing the books

Since 2008 the Council has been spending more than it is earning and borrowing to pay the difference.

Three years ago we made a plan to change that and balance the books. We planned to achieve this by 2017, but we have done better than expected and have balanced the books with a \$5m surplus.

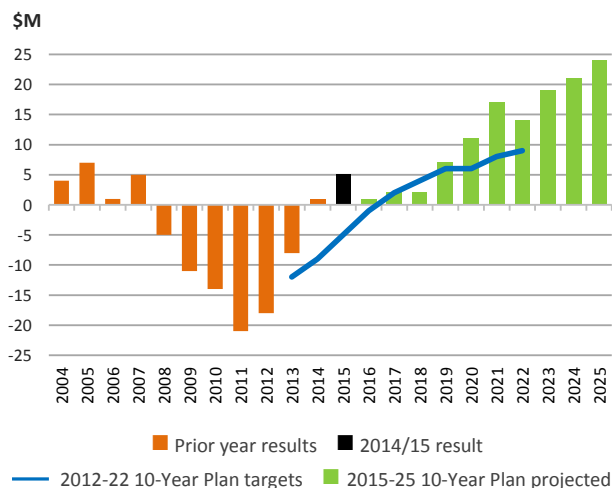
The main reasons for this year's favourable result are:

- Sound financial management and driving efficiency savings throughout the organisation.
- Better than expected revenue due to increased building and development activity in the city. The Council received \$16m in developer contributions during the financial year, \$8m more than projected.
- Less interest paid because we have borrowed less than planned.

As well as our balancing the books measure, the Council's financial statements also report an operating surplus, which is an accounting measure. The operating surplus for the 2015 financial year is \$8.5m. The balancing the books surplus is \$5m.

The operating surplus includes one-off income, such as subsidies for major capital projects like the Ring Road. Our balancing the books measure excludes these one-off funds, making it more conservative.

Balancing the books

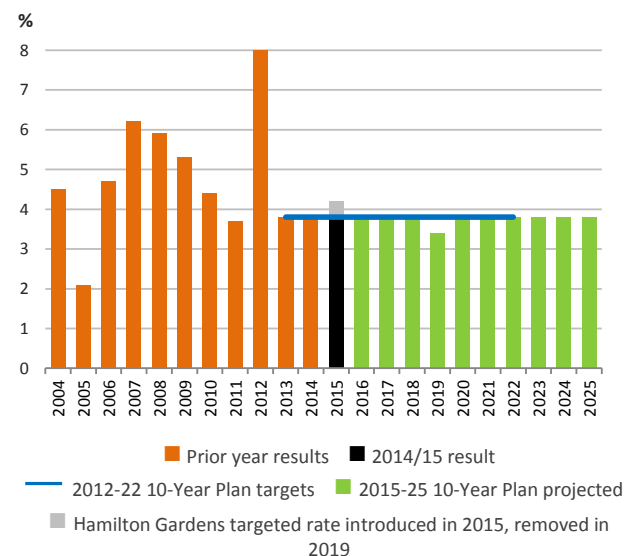


Rates

Our 2012-22 10-Year Plan includes total rates increases of 3.8% to existing ratepayers. Setting rates at this level is an important part of improving the Council's financial position. To manage debt and balance the books, we need to reduce our reliance on borrowing and pay for more through rates.

This financial year 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.

Rates increases to existing ratepayers



Debt

We ended the financial year with a total overall debt balance of \$367m, \$50m less than planned. The main reasons for this are:

- Achieving a balancing the books surplus earlier than planned, which reduced our borrowing requirements.
- Asset sales of \$8m, with the proceeds used to pay off debt.
- Deferral of some capital expenditure.

At 30 June 2015 our debt to revenue ratio was 187 per cent, below our 2014/15 Annual Plan target of 213 per cent. This equates to borrowing of \$1.87 for every dollar collected in rates and user charges.

This ratio keeps our debt level in proportion to our income so we can afford to continue investing in the city and service debt.

To see the details of how the total overall debt figure is calculated, see Note 28 to the financial statements on page 108.

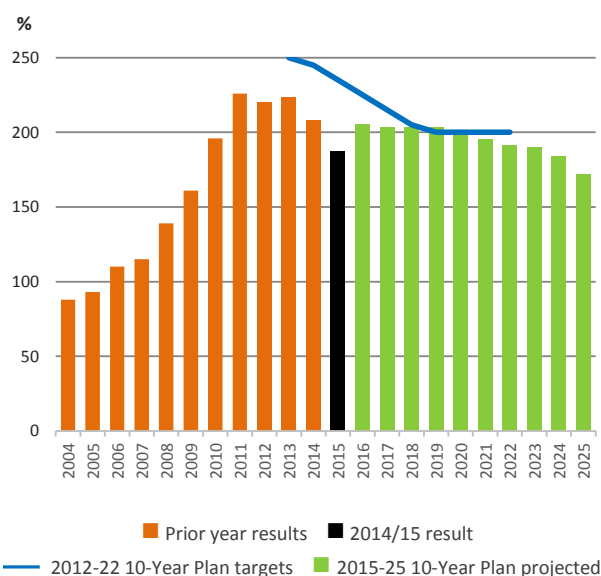
Capital Projects

During the year the Council invested \$58.3m in capital projects. Some of our major expenditure is shown here.

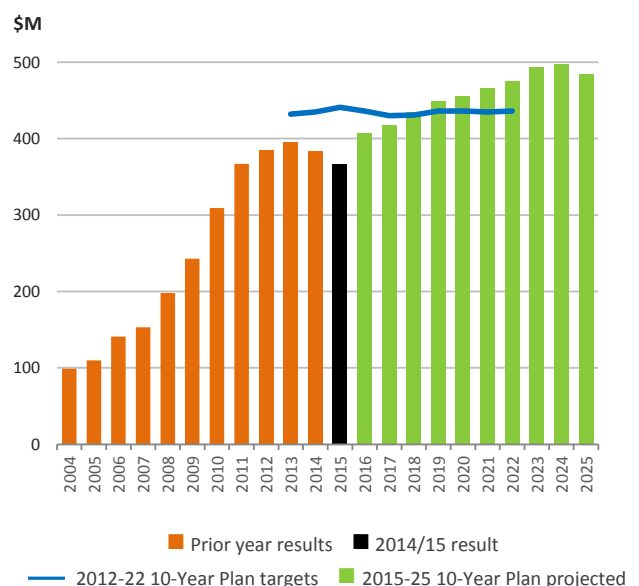
Completion of 15 capital projects with a combined value of \$21m has been deferred to next financial year. As at 30 June 2015, all 15 projects were in progress.

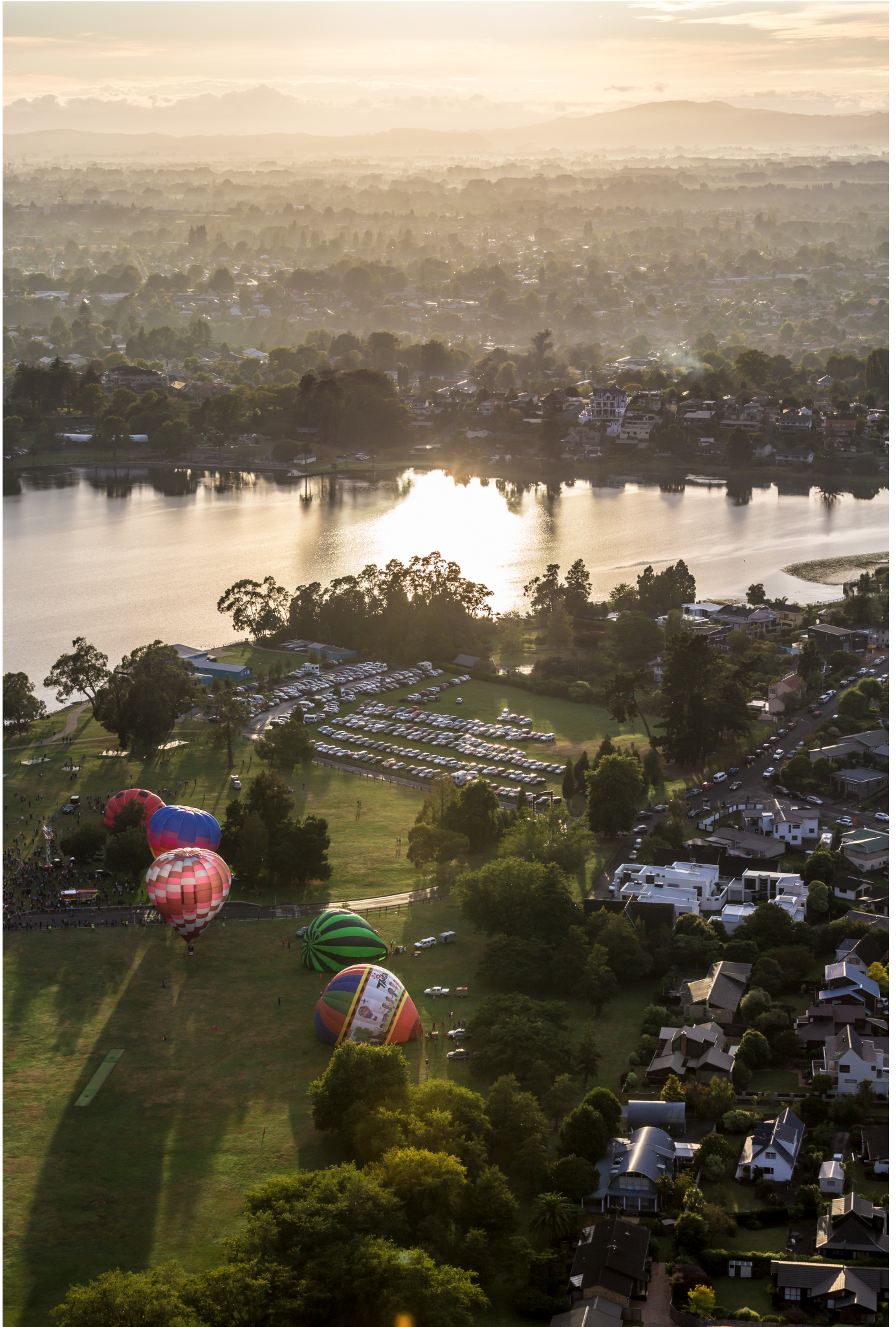
\$12m	Looking after roads and footpaths
\$4.9m	Ring Road construction
\$3.8m	Looking after the city's parks and open spaces
\$3.5m	Upgrades to the Council's IT systems
\$3.2m	Replacement of property assets
\$3.2m	New roads in the Rototua, Rotokauri and Peacocke growth areas
\$2.3m	Water supply, wastewater and stormwater assets
\$2.3m	Land purchased for future parks

Debt to revenue ratio



Total overall debt





SERVICE PERFORMANCE

THIS PART OF THE ANNUAL REPORT COVERS COUNCIL SERVICES.

HERE YOU CAN READ ABOUT HOW WE PERFORMED AGAINST OUR TARGETS FOR THE YEAR.

The Council's business is divided into 12 service groups. Each group has a set of service measures that we use to report back on our performance.

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

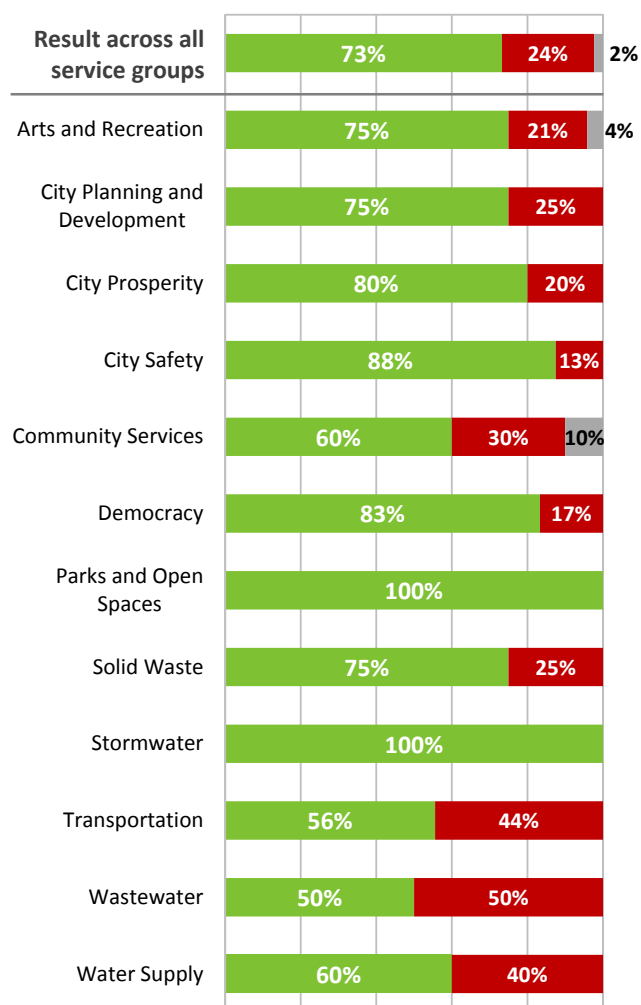
Where to find out more...

- The performance measures and targets reported against in this section are from our 2014/15 Annual Plan hamilton.govt.nz/annualplan
- 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 hamilton.govt.nz/residentssurvey
- If you want to find out more about the Council's services, policies, projects and plans, visit our website: hamilton.govt.nz

Performance Measures

The graph below is a summary of our performance measure results, showing the percentage of targets **achieved**, **not achieved** and those with **no data available**. The detailed reporting on each performance measure is included in pages 12 – 69.

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



■ Target achieved
 ■ Target not achieved
 ■ No data available

Smart City Vision

Over the last three years we have worked towards a vision for Hamilton – to be a smart city, in every way and in everything we do.

This vision includes three outcomes, each with a series of goals.

In the 12 service group sections that follow, we identify which outcomes and goals each service group contributed to.

The outcomes and goals are:

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.

During 2014, the Council reviewed the smart city vision and has developed the Hamilton Plan with the goal of building a stronger economy and an attractive city for families.

We will focus on ten priorities over the next ten years that will collectively redefine Hamilton as a major New Zealand city.

These priorities centre on building on the lifestyle and economy Hamilton already has, to maximise all the opportunities.

The Hamilton Plan does not include all the detail as plans, policies and actions already exist to support many of the ten priorities; others are still to be developed. A set of indicators to measure successful delivery will be prepared and there will be regular reporting on how we are going.

The Hamilton Plan replaces our smart city vision and is Hamilton's blueprint for the next decade. For more information visit hamilton.govt.nz/hamiltonplan



ARTS AND RECREATION

What We Do

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

THE COUNCIL PROVIDES A WIDE ARRAY OF ARTISTIC AND RECREATIONAL ENDEAVOURS THAT CONTRIBUTE TO MAKING HAMILTON A DESIRABLE PLACE TO LIVE.

ARTS PROMOTION: We provide seed funding for public art, administer the Performing Arts Contestable Fund and liaise with arts groups to build a vibrant arts scene.

HAMILTON ZOO: Hamilton Zoo is home to more than 600 exotic and native New Zealand animals spread over 21 hectares. The unique experience at Hamilton Zoo allows residents and visitors to enjoy wildlife in a natural setting and encourages support for wildlife conservation and sustainability of natural resources.

INDOOR RECREATION: The Council owns the Te Rapa Sportsdrome, an indoor recreational facility that supports local sports and community use.

LIBRARIES: Hamilton has a network of six public libraries providing resources and information services. Our libraries are also increasingly becoming community learning spaces or hubs.



SPORTS PARKS: Spread across Hamilton is 392 hectares of sports parks and facilities for formal and informal use. The city has several parks which act as headquarters for senior codes and others for junior sport.

SWIMMING FACILITIES: The Council operates two swimming complexes - Waterworld and Gallagher Aquatic Centre. Waterworld is the largest multi-pool complex in the Waikato region and hosts both local and national competitions. Gallagher Aquatic Centre is a smaller community pool well suited to recreational and leisure swimmers.

THEATRES: Founders Theatre offers space for live entertainment, conferences, seminars and social functions. The Council has gifted both The Meteor and Clarence St theatres to community groups.

WAIKATO MUSEUM: The Museum cares for the city's cultural and artistic treasures. Regular exhibitions and activities share the knowledge, creativity, history and stories of those treasures.

OUR SMART CITY VISION

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

PEOPLE LOVE LIVING HERE

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



Highlights and Key Decisions

Libraries Strategic Review

The Council adopted a strategic plan for its libraries in November 2014. Significant community input was collected via surveys, focus groups and community consultation.

The plan identifies the changing nature of libraries and their transition to vibrant community spaces. It details the five key actions required to achieve a modern library service for Hamilton, including:

- Transformation of the Central Library into a feature library that contributes to an attractive central city
- Suburban libraries to create a focal point for connections with people, information and spaces
- A focus on learning, literacy and reader development in a social and technologically developed environment
- Optimising the use of technology to remain relevant in times of rapid change to meet the needs of an increasingly digitally fluent community
- Maximising the efficiency and effectiveness of the library operations within existing resources.

In 2015/16 tactical plans will be developed to achieve these goals, including a Libraries Facilities Plan and a Digital Plan.

DID YOU KNOW? →

HAMILTON'S FIRST LIBRARY

opened in **1870**. Today, around half of Hamilton's residents hold a **LIBRARY MEMBERSHIP**



DID YOU KNOW? →



We have **37 SPORTS GROUNDS** used for **CLUB SPORTS** throughout the year

DID YOU KNOW? →

There are **25 ARTWORKS AND SCULPTURES** in **HAMILTON'S PUBLIC ART COLLECTION**



Theatres Review

Between late 2012 and mid-2015 the Council reviewed its theatre assets. The review explored the city's future theatre needs and assessed whether our three theatres meet the needs of the city, its residents, and its performing arts community.

The Theatres Review included a public submissions period and resulted in three key outcomes:

- The gifting of The Meteor to the One Victoria Trust in January 2014
- The gifting of the Clarence Street Theatre to the Clarence Street Theatre Trust in June 2015
- Investigation into remedial and development work for Founders Theatre.

The Council has included \$13.8m in its 2015-25 10-Year Plan to upgrade the Founders Theatre in 2021/22. However, first a business case will be prepared to examine all the options. A decision on whether or not to go ahead with the upgrade will not be made until after the business case is finished, which will be later in 2015.

A Plan for Aquatic and Sports Facilities

A Regional Sports Facilities Plan was completed in 2014, which identifies the demand for current and future sport and recreational needs of the Waikato. Based on the findings of this plan, the Council has included funding in its 2015-25 10-Year Plan for indoor recreation, sports fields and a new swimming pool.

- \$4m for a grant towards the construction of an indoor recreation centre, with a feasibility study to be completed first, led by Sport Waikato.
- \$4.8m to develop Rototuna Sports Park and \$2.5m for improvements to existing sports fields, such as irrigation and drainage.
- \$4.8m in 2022/23 for an additional 25m pool within the city, with the location to be determined. The Council will also consider what can be done in the shorter term to address the shortage of pool space, with a report due back as part of the 2016/17 Annual Plan.

The Council also looked at the option of refurbishing the Municipal Pool which has been closed since mid-2012 due to mechanical and structural issues needing major repairs. The Council decided to permanently close the pool and will consider the future of the site as part of the River Plan.

Museum Strategic Review

Waikato Museum celebrates the region's cultural heritage and creativity through exhibitions, public programmes and education programmes about social history, visual arts, tangata whenua and science. The Museum also acts as guardian of collections comprising over 38,000 artworks and objects that have been gifted or loaned and kaitiaki of culturally-significant Tainui taonga.

A strategic review of Waikato Museum is now underway, and will result in a master plan that provides a vision for the development of the museum in the future. The last strategic review was completed in 2003.

The plan, which will involve input from key stakeholders and the community, will respond to museum trends, guide decision-making for future exhibitions and programmes, and shape relevant experiences on offer for the community.

We are aiming to have the review completed by April 2016.

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, expansive exhibits and a substantial collection of animals, but has lower annual patronage and less staff than the other major zoos.

The Council undertook a strategic review of the zoo in 2014. This included the development of a masterplan to provide a vision for the future, including integrating the zoo with Waiwhakareke Natural Heritage Park, which is located across the road.

The plan takes advantage of the unique site, considers zoo industry trends and advances and can be used to guide decision-making on what sort of animals are selected for the zoo and what visitor experiences are on offer.

The Hamilton Zoo Master Plan will be presented for adoption in late 2015.

Siamang Exhibit construction

A new Siamang Gibbon exhibit located in the centre of the Zoo started construction and is expected to be complete in October 2015. This modern enclosure takes advantage of the Zoo's natural waterways and mature trees and is expected to be a popular with visitors in summer 2015.

Public Art

The Council adopted the Public Art Plan and Development Guide in May 2015, replacing the previous Public Art Plan and the Art in Public Places Policy. The new plan has a streamlined approval process to allow the Council to be more responsive to community-led public art activity.

One artwork was added to Council's public art collection in 2014/15 - 'The Line of Fire' - a bronze statue of Sapper Moore-Jones installed at the south end of Victoria Street in March 2015. The work was donated by the TOTI Charitable Trust and celebrates and commemorates the life of Moore-Jones as a significant individual to the city as a WW1 soldier, teacher and artist best known for the iconic Man with the Donkey painting. Moore-Jones died on 3 April 1922 while rescuing others during the Hamilton Hotel fire.

A part of Hamilton history was also welcomed home with the relocation of the Peace Tiles to Civic Square. The tiles were part of the Garden Place Peace Wall in the late 1980s. The tiles were removed and put into storage and the wall taken down in 2012 to make way for the Worley Place and Alexandra Street traffic and pedestrian shared zone.

The wall was a commemoration to the International Year of Peace and was opened by the Governor General Sir Paul Reeves on 21 June 1986. Installation of the tiles in Civic Square was assisted by a \$10,000 grant from the WEL Energy Trust.

The Council is considering a further four public art projects, which are currently in various stages of development.

Effects on the community

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

Arts and recreation facilities offer health, learning, social and leisure benefits. They are a big part of what makes our city a great place with an attractive lifestyle, especially for families.

Service Performance Measures

KEY: **Target achieved** | **Target not achieved**

YOU CAN EXPECT: Quality experiences for residents who use the Council's arts and recreation facilities

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The percentage of Residents Survey respondents who provided a rating who were satisfied with the Council's arts and recreation facilities:				
Hamilton Zoo	90%	93%	91%	93%
Libraries				
• Garden Place (central library)	85%	87%	91%	95%
• St Andrews	84%	100%	89%	98%
• Glenview	84%	95%	97%	95%
• Hillcrest	84%	95%	82%	93%
• Chartwell	84%	92%	89%	90%
• Dinsdale	84%	92%	84%	91%
Swimming Facilities				
• Waterworld	75%	76%	76%	82%
• Gallagher Aquatic Centre	75%	77%	68%	72%
Theatres				
• Founders	75%	69%	78%	71%
• Clarence St	65%	68%	71%	63%
• The Meteor	60%	No data*	80%	54%
Waikato Museum	80%	91%	84%	86%
Outdoor Sports Areas	65%	81%	76%	77%

What this tells us

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

There have been no changes to services levels; however all libraries exceeded their targets for 2014/15. Some results have increased significantly from the previous years. The new Libraries Strategic Plan raised awareness of the range of services our libraries provide. The libraries have reconfigured existing and introduced new events and programmes to meet demand, increased the content within their digital collections and made changes to the layout of the Central Library including moving collections to more user-friendly locations and introducing new dedicated benches for wifi use.

Founders Theatre has not met the residents' satisfaction target. It is currently in need of a significant upgrade to ensure it will meet hirer and customer needs. The 2015-25 10-Year Plan has allocated funding to a business case for the upgrade.

* The Meteor Theatre was handed over to a community group in January 2014 so was not included in the survey.

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The number of visits to the Zoo, libraries, swimming facilities and the Museum each year.				
Hamilton Zoo	120,000	128,519	121,270	121,856
Libraries	1 million	1,340,780	1,369,523	1,062,541
Swimming Facilities	580,000	640,244	603,000	565,876
Waikato Museum	118,000	110,202	120,218	111,915

What this tells us

Visitor numbers can fluctuate and are influenced by other factors such as economic conditions, events held in the city and weather. However, visitor numbers provide a useful indicator of the quality of our services.

The number of visitors to the Museum was slightly below target. A number of factors caused lower visitor attendance in 2014/15 including the dry summer which has a negative effect on attendance during summer, the popular Te Winika waka was under restoration for about a year and there were fewer public programmes than the previous year.

Since the target for the number of visits to Libraries was set in 2012, a new structure has been introduced which focuses on new programmes, services, collections and collaboration with community. These initiatives have resulted in increased number of visits to libraries around the network.

Hamilton Zoo experienced its highest ever recorded number of visits this year with the Sumatran tiger cubs proving a significant draw card. The cubs were born at the Zoo as part of the international breeding programme for the species.

Swimming Facilities had their busiest summer season since 2010 as a result of the long, hot summer. An upgrade to the Waterworld Café and Atrium also proved popular.

YOU CAN EXPECT: Facilities that support a range of activities and learning opportunities

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The number of events and activities run by or hosted at the libraries and the number of attendees.				
Number of events and activities:	At least 350	1,747	1,313	554
Number of attendees:	At least 10,000	29,726	24,886	18,749

What this tells us

The target for events and attendance was set in 2012, prior to the establishment of a new Service Development Team, who have driven the development and delivery of the libraries events programme.

The team has implemented a comprehensive range of programmes which meet the needs of varying sectors of the community including children, teens, migrants, older persons and adults. This broader variety of programming has appealed to a large cross section of the community and has resulted in the formation of a number of valuable community collaborations and partnerships. These relationships have enabled further expansion of the services offered as more community groups and organisations use library spaces as the venue for their activity.

Libraries host approximately 25 events per week.

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The number of people participating in education programmes at Hamilton Zoo, swimming facilities and Waikato Museum.				
Hamilton Zoo	8,000	7,890	7,819	8,380
Swimming Facilities	30,000	49,860	37,000	36,129
Waikato Museum	8,000	5,381	8,014	4,687

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 2014/15. 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 decrease in participants in education programmes in spite of a good curriculum alignment with the WW1 commemorative exhibition, For Us They Fell. The next popular-appeal exhibition, Da Vinci Mechanics, is scheduled for February – May 2016 and an education plan is being developed.

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

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The number of activities held at the theatres each year.	110 activities*	93 activities	119 activities	144 activities

What this tells us

Activities held at the theatres include shows, conferences, seminars and social functions. The theatres are operating in difficult market conditions with limited events available for bookings; the number of activities held at the theatre did not meet the target. A booking for 'Mama Mia' at Founders Theatre over 18 days attracted 13,000 people over 14 shows. This resulted in limited availability for other bookings during that period. These performances are counted as one activity in the year results.

*The target for this measure has been revised to reflect the Meteor Theatre was handed over to a community organisation in January 2014. The target was reduced from 150.

YOU CAN EXPECT: Widely accessible facilities

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The percentage of Residents Survey respondents who provide a rating, who are satisfied with library opening hours.				
Garden Place Library	At least 75%	97%	89%	92%
Dinsdale Library		96%	88%	74%
Chartwell Library		94%	85%	85%
St Andrews Library		95%	83%	74%
Hillcrest Library		93%	83%	87%
Glenview Library		92%	82%	96%

What this tells us

Residents' satisfaction with opening hours at the libraries has far surpassed the targets that were set. The hours, which changed in 2012, have now been in place for a number of years and it appears residents are no longer concerned with the later opening time at the community libraries.

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The number of closures of sports grounds for club sport during a season.	No more than 6 closures per sports ground each 6 month season	0 sports grounds with more than 6 closures	0 sports grounds with more than 6 closures	0 sports grounds with more than 6 closures

What this tells us

This measures whether our sports grounds are generally accessible for sports clubs. Our target is to have no more than 6 Council-enforced closures per sports ground every six months. There are 37 sports grounds used for club sport throughout the year. In 2014/15 there has been one sports field closed due to heavy rainfall.

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
Zoo and pool entry charges as a percentage of the average charges for other similar New Zealand facilities.				
Hamilton Zoo				
• Adult	Child and adult entry charges to be within 20% of the average charge of other similar NZ facilities	19% below the average charge	4% above the average charge	6% below the average charge
• Child		8% below the average charge	16% below the average charge	30% below the average charge
Swimming Facilities				
• Adult	Child and adult entry charges to be within 20% of the average charge of other similar NZ facilities	6% below the average charge	13% below the average charge	13% below the average charge
• Child		18% below the average charge	12% below the average charge	2% below the average charge

What this tells us

Entrance fees are set at a level that will sustain patronage and does not compromise the quality of the experience provided. We set the entrance prices within 20% of the average charges for similar facilities in New Zealand. Both the Zoo and swimming facilities met the targets for the last year.

A different method for calculating and reporting this result was used in 2013/14 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.

ARTS AND RECREATION - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

	Long Term Plan	Long Term Plan	Actual
	2014	2015	2015
	\$000	\$000	\$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	20,806	21,566	26,274
Targeted rates	224	230	29
Subsidies and grants for operating purposes	-	-	829
Fees and charges	7,171	7,498	6,635
Internal charges and overheads recovered	-	-	3
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	167
Total operating funding	28,201	29,294	33,937
Applications of operating funding			
Payments to staff & suppliers	23,879	21,652	27,280
Finance costs	687	721	638
Internal charges and overheads applied	2,953	5,421	3
Other operating funding applications	41	42	141
Total applications of operating funding	27,560	27,836	28,062
Surplus/(deficit) of operating funding	641	1,458	5,875
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	283	292	-
Increase/(decrease) in debt	2,714	3,378	(196)
Gross proceeds from the sale of assets	-	-	1,725
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	156
Total sources of capital funding	2,997	3,670	1,685
Application of capital funding			
Capital expenditure			
ons	-	-	-
- to improve the level of service	395	941	1,207
- to replace existing assets	3,298	4,240	4,249
Increase/(decrease) in reserves	(55)	(53)	2,019
Increase/(decrease) of investments	-	-	85
Total application of capital funding	3,638	5,128	7,560
Surplus/(deficit) of capital funding	(641)	(1,458)	(5,875)
Funding balance	-	-	-

CITY PLANNING AND DEVELOPMENT

What We Do

- CITY PLANNING
- PLANNING GUIDANCE AND COMPLIANCE



GOOD CITY PLANNING SUPPORTS SUSTAINABLE GROWTH AND DEVELOPMENT.

We prepare the District Plan and other policies that guide the future development of our city. We are several years into a review of our District Plan, the key document that defines how and where the city grows and how its natural and physical resources are managed.

We provide planning information and process applications for land use and subdivision consents and work with developers to ensure the city is well designed, safe and successful. Our work also includes monitoring and investigating compliance with resource consent conditions, District Plan, the Prostitution Bylaw and the Gambling Policy.

Effects on the community

We're in the city planning business to protect Hamilton's unique environment as our city grows and develops.

How land is used has a major effect on the look and feel of our city and the city environment.

Our planning activities protect Hamilton's natural and physical resources and help maintain quality of life for Hamilton residents.

OUR SMART CITY VISION

CITY PLANNING AND DEVELOPMENT CONTRIBUTED 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.



DID YOU KNOW? →

70% of **RESIDENTS SURVEY** **RESPONDENTS** had **PRIDE** in the city's **LOOK AND FEEL**

Highlights and Key Decisions

Update on the District Plan Review

The District Plan governs the way Hamilton looks and feels and sets the rules for future city development. It also defines how and where the city grows and how its natural and physical resources are managed.

The Council is now several years into the review of the Operative District Plan. Decisions on the plan were released on 9 July 2014 by independent commissioners. Forty-five appeals were received to the Environment Court and these are being managed in a three-stage process endorsed by the Court. Most unresolved matters have been dealt with by direct negotiations with all parties along or through court assisted mediation.

We will continue to work on resolving all appeals so the proposed District Plan can be made operative. We are also preparing a variation to enable the development of an inland port in Ruakura to progress, which will involve consultation and hearings to rezone some land. This will be notified in November 2015.

The Council is required to monitor the District Plan to make sure that it is successful in achieving the objectives and policies which have been set out in the plan. We are working on putting in place a programme to monitor its effectiveness and by early 2016 we will make the monitoring results available online to the community.



Heritage in Hamilton

The Council recognises the contribution heritage makes to the city's identity and its importance for future generations. To complement the statutory processes the Council must adhere to under both the Resource Management Act and the Building Act, in 2014 it established the Heritage Advisory Panel to provide advice to the Council on heritage matters.

A draft heritage plan and historic heritage funding guidelines have been developed through the Panel to coordinate the management of the city's heritage and set goals and actions to document, conserve, celebrate and use the city's heritage in all its forms. The Council has also established an annual \$100,000 heritage fund to assist with incentivising the protection, conservation, restoration and use of built heritage and archaeological sites.

Engagement with the public on the draft heritage plan and funding guidelines took place in July 2015. Feedback will be considered by the advisory panel in September 2015. A final plan will be considered for adoption in December 2015.

DID YOU KNOW? →

3 % OF YOUR RATES are spent on **CITY PLANNING AND DEVELOPMENT**

DID YOU KNOW? →

Hamilton has a **LOWER MEDIAN AGE** than both the Waikato and New Zealand as a whole. This is **PROJECTED TO CONTINUE** into the future

DID YOU KNOW? →



BY 2025 HAMILTON'S POPULATION is expected to reach **174,000**



Service Performance Measures

KEY: Target achieved | Target not achieved

YOU CAN EXPECT: Applications to be processed within agreed timeframes

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The percentage of land use and subdivision consent applications processed within agreed timeframes.	100%	99.7%	99.9%	98%

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 573 land use and subdivision consents processed during 2014/15. Two consents were not processed within the statutory timeframe.

YOU CAN EXPECT: Regular monitoring of land use consent conditions

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The percentage of land use consents monitored.	95%	100%	90%	100%
The percentage of resource consents monitored that are meeting their conditions.	80%	88%	93%	87%

What this tells us

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

YOU CAN EXPECT: A district plan that will ensure quality development

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The percentage of survey respondents who provide a rating agreeing they have pride in the city's look and feel.	65%	70%	71%	78%

What this tells us

This is measured through Council's independent Residents Survey. Over two thirds of respondents agreed they had pride in Hamilton's look and feel.

CITY PLANNING AND DEVELOPMENT - FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	Long Term Plan	Long Term Plan	Actual
	2014	2015	2015
	\$000	\$000	\$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,833	3,865	4,253
Targeted rates	41	41	5
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,085	1,119	1,809
Internal charges and overheads recovered	-	-	18
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	3
Total operating funding	4,959	5,025	6,088
Applications of operating funding			
Payments to staff & suppliers	4,835	4,325	5,646
Finance costs	5	7	3
Internal charges and overheads applied	548	1,006	18
Other operating funding applications	-	-	18
Total applications of operating funding	5,388	5,338	5,685
Surplus/(deficit) of operating funding	(429)	(313)	403
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	595	540	-
Gross proceeds from the sale of assets	-	-	205
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	7
Total sources of capital funding	595	540	212
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	48	86	159
- to replace existing assets	114	148	181
Increase/(decrease) in reserves	4	(7)	275
Increase/(decrease) of investments	-	-	-
Total application of capital funding	166	227	615
Surplus/(deficit) of capital funding	429	313	(403)
Funding balance	-	-	-

CITY PROSPERITY

What We Do

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



THE COUNCIL IS A KEY CONTRIBUTOR TO ENHANCING THE HAMILTON ECONOMY AND DELIVERING CORE SERVICES AND INFRASTRUCTURE THAT ENABLE BUSINESSES TO THRIVE IN OUR CITY.

ECONOMIC DEVELOPMENT: We work with external agencies to develop and improve the local economy. This includes initiatives such as funding for the regional tourism organisation, event sponsorship, and support for the central city business improvement agency.

STRATEGIC PROPERTY INVESTMENT: The Council manages two strategic property investment funds – the Domain Endowment Fund and the Municipal Endowment Fund – and administers leases across a broad range of Council-owned properties. Both funds are required by law to be invested in property to maximise the financial return for the city.

CLAUDELANDS: Claudelands was crowned ‘Supreme Venue of the Year’ and ‘Large Venue of the Year’ at the 2014 Entertainment Venues Association of New Zealand industry awards. It is a versatile complex that caters for a variety of events and functions. It includes a multi-purpose indoor arena for up to 5000 spectators, conference facilities for up to 1200 delegates and exhibition and show facilities.

WAIKATO STADIUM: Waikato Stadium is one of New Zealand’s premier venues for international and national sports, live performances and functions. It hosts a range of events including international rugby and concerts. The stadium also has a number of lounges that are used for a variety of functions.

SEDDON PARK: An international standard cricket facility, although Seddon Park is predominantly used for cricket, it has also been used for other sports and entertainment events. The pavilion has two lounges suitable for other functions.

OUR SMART CITY VISION

CITY PROSPERITY CONTRIBUTED 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.



Highlights

High Profile Events in Hamilton

In 2015 Hamilton was excited to host three ICC Cricket World Cup matches in February and March and eight FIFA Under-20 World Cup matches over five match days in May and June.

These matches were attended by 70,000 people and attracted colourful and passionate fans from all around the world.

In addition to these prestigious world events we held a wide range of high profile events at our H3 managed venues including Disney on Ice, Bob Dylan, Ricky Martin, Kenny Rogers, Slash and Magic netball at Claudelands; Nitro Circus, Super Rugby and ITM Cup matches at Waikato Stadium; domestic and international cricket at Seddon Park; and, acts like Mamma Mia, Bill Bailey, the Russian Ballet, the NZSO, the Wiggles and the Royal New Zealand Ballet at Founders Theatre.

As well as public ticketed events we also held over 500 conferences, meetings, functions and exhibitions at our venues during the year that were attended by 155,000 people.

DID YOU KNOW? →

Claudelands has a **rich cultural history**, and has been hosting events in Hamilton **since the late 1800s**. The area was used primarily as a race course, but also leased to other organisations for their activities.



DID YOU KNOW? →

The latest population estimates show **HAMILTON** is the **third fastest growing centre in New Zealand** – behind Auckland and Christchurch.

Effects on the community

The Council invests in the city's prosperity to support a strong, productive and sustainable local economy.

A strong economy fosters investment in the city, creating employment and business opportunities and supporting the overall economic well-being of the city. There are also positive social and lifestyle benefits for Hamilton residents.

Significant events at Claudelands, Seddon Park and Waikato Stadium may have temporary negative environmental and social effects. These include litter, traffic congestion, antisocial behaviour, noise and lighting effects for surrounding residents.

The Council manages these effects in compliance with the District Plan, resource consents and effective asset management planning. These include having effective event management plans in place which includes plans to monitor alcohol, traffic and security at and around the event.

DID YOU KNOW? →

During 2014/15 **Claudelands, Waikato Stadium and Seddon Park** hosted **170** national and international events.

DID YOU KNOW? →

10 % OF YOUR RATES goes toward **CITY PROSPERITY**

DID YOU KNOW? →

Balloons over Waikato was recently awarded the **BEST ESTABLISHED COMMUNITY EVENT IN NEW ZEALAND** at the 2015 New Zealand Association of Event Professionals Awards.



Service Performance Measures

KEY: Target achieved | Target not achieved

YOU CAN EXPECT: An economic return to the city from events hosted at the Council's event facilities

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The percentage of people attending ticketed events who are from outside the city.	60%	64%	61%*	59%

What this tells us

Visitors from outside the city who attend events benefit our economy as many stay in the city and buy other services while they are here.

It can be difficult to monitor this measure as ticket buyers are not required to provide an address when purchasing tickets. Data on ticket buyers for international and major rugby games is not available for analysis and is not included in the reported result. Of those people who did provide an address, 64% were from outside of the city.

* The result for 2013/14 was recorded incorrectly in the 2013/14 Annual Report as 34%. For consistency, the result for 2013/14 has been recalculated using the same method used in 2014/15 and 2012/13.

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The number of national and international events held at Claudelands, Waikato Stadium and Seddon Park.	130 events	170 events	119 events	137 events

What this tells us

The reputation of Claudelands, Waikato Stadium and Seddon Park as quality venues for entertainment and sporting events continues to grow in the marketplace, resulting in more national and international events being held at these venues.

Hamilton was successful in securing two significant international sporting events, ICC Cricket World Cup 2015 at Seddon Park and FIFA Under 20 World Cup 2015 New Zealand at Waikato Stadium. They generated three and eight matches respectively.

YOU CAN EXPECT: The funding for Claudelands from rates to reduce over time

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The net revenue received from users of Claudelands.	\$2,200,000	\$2,261,360	\$2,248,000	\$2,003,000

What this tells us

The 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 2014/15 revenue target by 2.8%. This was driven by a mix of achieving net revenue ahead of plan and containing costs across the business. Forward sales for 2015/16 suggest revenue for future years is also on track.

YOU CAN EXPECT: A financial return from the Council's property investments

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The financial return on the Council's commercial property investments.	8%	8%	8%	9.04%
The percentage of Council's commercial and retail premises that are occupied.	90%	83%	84%	97.6%

What this tells us

Keeping properties tenanted is key to ensuring we are achieving good financial returns on our commercial property investments. There continued to be three tenant vacancies within the portfolio in 2014/15, which meant occupancy remained static from the previous year, at an occupancy rate below target of 84%.

Despite these vacancies, the Council was still able to achieve an 8% return on commercial property investments. The Council has been actively seeking tenants over the course of the year but sold two of these buildings in February/March 2015 and has now resolved to sell the third vacant commercial building.

CITY PROSPERITY - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

	Long Term Plan	Long Term Plan	Actual
	2014	2015	2015
	\$000	\$000	\$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	15,177	15,901	12,490
Targeted rates	164	169	295
Subsidies and grants for operating purposes	-	-	113
Fees and charges	10,275	10,491	10,314
Internal charges and overheads recovered	-	-	49
Local authorities fuel tax, fines, infringement fees, and other receipts	275	325	729
Total operating funding	25,891	26,886	23,990
Applications of operating funding			
Payments to staff & suppliers	16,445	15,708	20,333
Finance costs	7,314	7,555	6,739
Internal charges and overheads applied	1,226	2,240	49
Other operating funding applications	461	470	40
Total applications of operating funding	25,446	25,973	27,161
Surplus/(deficit) of operating funding	445	913	(3,171)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	197	206	-
Increase/(decrease) in debt	1,121	1,624	(3,516)
Gross proceeds from the sale of assets	625	-	18,012
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	393
Total sources of capital funding	1,943	1,830	14,889
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	506	355	355
- to replace existing assets	699	854	1,145
Increase/(decrease) in reserves	(491)	(491)	8,689
Increase/(decrease) of investments	1,674	2,025	1,529
Total application of capital funding	2,388	2,743	11,718
Surplus/(deficit) of capital funding	(445)	(913)	3,171
Funding balance	-	-	-

CITY SAFETY

What We Do

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



THE COUNCIL PLAYS A LARGE ROLE IN PROTECTING PUBLIC SAFETY IN A RANGE OF AREAS AIMED AT MAKING HAMILTON A MORE DESIRABLE PLACE TO LIVE.

We ensure dogs are registered and controlled and provide education to schools, businesses and community groups about safety around dogs.

We issue building consents, inspect buildings and provide advice. We also maintain property information and answer property enquiries.

We monitor and enforce standards for businesses selling food and liquor, respond to health nuisances and deal with environmental pollution issues such as noise control and contaminated sites.

Our work also includes partnering with others, such as the Police, on crime prevention initiatives. Some of the services we provide are the City Safe Patrols, CCTV cameras in the central city, a city safe hotline and a Crime Prevention Toolbox for city retailers.

OUR SMART CITY VISION

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

PEOPLE LOVE LIVING HERE

- Hamilton is a safe city.



Effects on the community

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.

Animal control minimises the danger and nuisance from dogs and contributes to a city where people can enjoy the benefits of dog ownership.

Our building control services help to ensure Hamilton's buildings are safe, healthy, durable and fit for purpose.

Environmental health services protect public health and safety and our city safe services respond to public concerns about safety and aim to improve people's perceptions of safety, particularly in Hamilton's central city.

DID YOU KNOW? →

There are **987 FOOD BUSINESS** in Hamilton which include sports clubs, dairies, take aways, restaurants and supermarkets



DID YOU KNOW? →



In 2014/15 there were **11,169 REGISTERED DOGS** in Hamilton

Highlights and Key Decisions

Dog Control Policy and Bylaw

All councils in New Zealand must have a Dog Control Policy. The policy encourages responsible dog ownership and sets out where dog owners can take their dogs in the city. It also outlines the Council's approach to dealing with dangerous dogs. A bylaw is needed to enforce the policy.

The review of the bylaw and policy resulted in the following changes:

- A dog Control Off Lead Exercise and Prohibited Areas Register with maps of each area
- The ability for Council to require the owners of dogs repeatedly found in breach of the bylaw to get their dog desexed
- The number of off lead dog exercise areas increased to reflect the work done through the Pooches and Parks Plan, that you can read more about in the Parks and Open Spaces section of this document.

Local Alcohol Policy

A Local Alcohol Policy sets out guidelines for the sale and supply of alcohol in Hamilton and provides direction to the Hamilton District Licensing Committee when making decisions on whether to renew or grant new licenses to clubs, bars, bottle stores and supermarkets to sell alcohol.

A draft policy was approved for public consultation in November 2013. Submissions on the draft policy were received in January and February 2014.

After receiving and hearing submissions in March 2014, the Council deferred making a decision on the policy until the outcome of several key appeals to the Alcohol Regulatory and Licensing Authority (ARLA) was known.

Several appeals have now been heard and the legal and/or policy consequences determined. The Council will commence deliberations on its draft Local Alcohol Policy (LAP) in late September 2015 and then adopt a Provisional LAP. If there are no appeals, the Provisional LAP will come into force after 30 days.

Open Air Burning Bylaw

The Open Air Burning Bylaw 2015 is a new bylaw adopted by the Council in February 2015. It aims to improve public safety by reducing fire risk in the city.

The Bylaw enables the Council to put a fire ban in place during times of extreme hot and dry weather and provides guidance around safe conditions for the lighting of fires. If a fire ban is put in place it will not apply to barbecues, braziers or traditional cooking fires like hangi and umu.

The NZ Fire Service and warranted council officers are empowered to extinguish fires that are causing a nuisance to others through odour, ash or smoke.

Psychoactive Substances

The government introduced the Psychoactive Substances Act 2013 to regulate the availability of psychoactive substances (legal highs) in New Zealand.

Hamilton became one of the first cities to adopt a policy in February 2014. New regulations were introduced in 2014, which subsequently revoked the approval granted to a number of products resulting in an interim ban on all legal highs.

The intention of these regulations was to introduce a pre-market assessment of these substances for safety and quality and would only allow low risk products to be sold. Potential importers and manufacturers need time to develop their systems in order to meet the new requirements. It is expected the first product approval will not be granted for at least two years.

Central City Safety Plan

Taking safety in the central city seriously and responding to public concerns about feeling unsafe were the drivers for the Central City Safety Plan, adopted by the Council on 3 September 2014.

The plan was developed with the help of experts, including the Police, health providers, government social service organisations and the Hamilton Central Business Association.

It contains goals and a list of actions that the Council and others will deliver over four years to improve people's perception of safety in Hamilton's central city. The plan has two approaches:

- Setting boundaries about what is acceptable and unacceptable behaviour through enforcement of a new public safety bylaw; and
- Providing help and support for homeless and vulnerable people through The People's Project.

You can find out more about the Central City Safety Plan at hamilton.govt.nz/safetyplan

Service Performance Measures

KEY: **Target achieved** | **Target not achieved**

YOU CAN EXPECT: A reliable and timely response to requests for dog control

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The percentage of urgent requests involving threats to public safety responded to within 60 minutes.	95%	99.7%	98.5%	100%
The percentage of routine requests for dog control issues responded to within 48 hours.	90%	97%	99.8%	100%

What this tells us

A threat to public safety is 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.

Six urgent requests were not responded to within 60 minutes because they took place in public holidays or outside of patrol hours. These requests were forwarded to police or other appropriate agencies and one was responded to once the sole officer was available, after attending to another request.

YOU CAN EXPECT: Buildings granted consent to comply with construction standards

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
Maintain the Council's Building Consent Authority (BCA) Accreditation.	Maintain BCA accreditation	Achieved	Achieved	Achieved

What this tells us

Our BCA accreditation is assessed every two years and in 2014/15 reaccreditation was granted on 17 April 2015. We cannot provide building control services without this accreditation, which is designed to improve building design, regulatory control and construction. Accreditation involves an independent assessment by International Accreditation New Zealand (IANZ). The assessment looks at technical competencies, resources, equipment, procedures, systems and processes, and ensures construction standards are maintained.

YOU CAN EXPECT: Premises selling food and liquor to be regularly monitored

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The percentage of high risk premises selling food and liquor monitored annually.*				
Premises selling food	100%	96%	100%	75%
Premises selling liquor	100%	100%	100%	70%

What this tells us

At the end of the year there were 12 high-risk food businesses remaining to be inspected. Four of these are seasonal and difficult to contact. The others were scheduled for inspection in July 2015. 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.

* 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. Low risk food premises do not need to be inspected annually.

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The percentage of food premise compliance issues resolved within agreed timeframes.	100%	100%	100%	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 2014/15.

YOU CAN EXPECT: A reliable and timely response to excessive noise complaints

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The percentage of complaints about excessive noise responded to within 30 minutes.	95%	96%	96%	97%

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 2014/15 there were 11,591 noise complaints, the most common reason being stereo noise from households.

YOU CAN EXPECT: Activity in the central city to be actively monitored

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The percentage of priority incidents in the CBD area detected and reported by CCTV cameras and City Safe Patrols.	90%	99%	93%	93%

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, such as aggressive or offensive behaviour, assault and 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, such as the Police.

The City Safe camera operator now actively monitors the CCTV cameras 21 hours a day, 365 days a year. Since December 2014 the central city has enjoyed the patrol activities of the City Safe Safety Officers. This has added 102 hours per week of observation and reporting of priority incidents that occur. This increased monitoring activity and the way these two teams have coordinated their activities has resulted in a safer city.

CITY SAFETY - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

	Long Term Plan	Long Term Plan	Actual
	2014	2015	2015
	\$000	\$000	\$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,543	1,259	1,224
Targeted rates	17	13	9
Subsidies and grants for operating purposes	103	106	113
Fees and charges	7,012	7,279	8,557
Internal charges and overheads recovered	-	-	62
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	71
Total operating funding	8,675	8,657	10,036
Applications of operating funding			
Payments to staff & suppliers	7,879	7,048	9,148
Finance costs	43	46	44
Internal charges and overheads applied	880	1,622	62
Other operating funding applications	2	3	32
Total applications of operating funding	8,804	8,719	9,286
Surplus/(deficit) of operating funding	(129)	(62)	750
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	190	139	(19)
Gross proceeds from the sale of assets	-	-	352
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	12
Total sources of capital funding	190	139	345
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	19	28	314
- to replace existing assets	46	48	310
Increase/(decrease) in reserves	(4)	1	463
Increase/(decrease) of investments	-	-	8
Total application of capital funding	61	77	1,095
Surplus/(deficit) of capital funding	129	62	(750)
Funding balance	-	-	-

COMMUNITY SERVICES

What We Do

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



WE WORK ALONGSIDE THE COMMUNITY TO PROVIDE SERVICES TO A DIVERSE RANGE OF HAMILTON RESIDENTS.

CEMETERIES AND CREMATORIUM: The Council provides, manages and maintains three cemeteries and one crematorium to provide burial and cremation services.

COMMUNITY DEVELOPMENT: Our work includes community advisory services, funding and grants. We place special emphasis on connecting with the city's ethnic communities, people with disabilities, youth and elderly and communities in areas of low socio-economic status. We also own and operate a number of community centres and halls to support social and recreational activities within the city.

EMERGENCY MANAGEMENT: This aim of this activity is to build community resilience and readiness through engagement, education and identifying and understanding our local hazardscape.

HOUSING: The Council currently provides housing for people 60 years of age and over with limited assets and income. In 2014 the Council decided to sell its pensioner housing units to social housing providers.

OUR SMART CITY VISION

COMMUNITY SERVICES CONTRIBUTED 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.



DID YOU KNOW? →
THE EMERGENCY OPERATIONS CENTRE is located in the Council's Municipal Building



DID YOU KNOW? →
COMMUNITY FACILITIES can be booked out for **COMMUNITY AND COMMERCIAL USE** or **PRIVATE FUNCTIONS**

DID YOU KNOW? →
YOU CAN LOOK UP CEMETERY RECORDS ONLINE at the Council website, including burial records from the 1850s.



Highlights and Key Decisions

Hamilton Cemeteries and Crematorium Management Plan

The Cemeteries and Crematorium Management Plan will provide strategic direction for Hamilton's three cemeteries - Hamilton Park Cemetery at Newstead and the heritage cemeteries in Hamilton East (near Hamilton Gardens) and Hamilton West (near Waikato Stadium).

The plan, which was developed in consultation with the community, stakeholders and involved a formal hearings process, focuses on protecting and encouraging community stewardship of our heritage cemeteries. Heritage aspects were developed with Council's Heritage Advisory Panel.

The plan, which will be ready for adoption in October 2015, will ensure services and facilities meet our diverse customer needs and it identifies future developments, including a reception facility. It also focuses on making sure our cemeteries will continue to operate sustainably from a financial perspective and in terms of land use. A concept plan is included to guide expansion of Hamilton Park Cemetery so the cemetery meets future demand.

Social Housing Review

Social housing in New Zealand has undergone change in the last two years. This has prompted the Council to look at the way pensioner housing is delivered in Hamilton. The Council is of the view that social housing providers are in a better position than the Council to provide housing for older persons.

Social housing providers have access to increased government funding that the Council is not eligible for. They can also offer much wider, wrap-around social services such as meals, outings and health care. The Council is not in a position to offer these.

The Council has decided to sell its pensioner housing units. After considering feedback from the community, it was decided that the units will only be sold to social housing providers and not on the open market.

Conditions of any sale will be that existing tenants are able to remain within the pensioner housing portfolio for as long as they wish and that the units remain as social housing for the next ten years.

Expressions of interest for the purchase of these properties close in August 2015 and the Council will make a decision later in the year. We will continue to manage the social housing units until a sale is completed.

Effects on the community

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

Community Development promotes the social and cultural well-being of Hamilton's diverse communities; enabling and encouraging them to achieve their goals and aspirations by providing facilities, leadership, services and support.

Through our emergency management activity we maintain an appropriate level of resilience through planning and support to ensure that Hamilton can respond to and recover from an emergency or disaster event.

Housing for older people recognises the accommodation needs of our older citizens who cannot access or sustain rent in the private sector.

Our cemeteries and crematorium provide burial and cremation services in park-like settings where people can remember loved ones and celebrate our city's heritage. Potential negative effects on the community from this activity, such as leachate from burial grounds and cremator unit discharges are managed through soil and water testing and resource consent conditions and regular maintenance.

Older Persons Plan

The Older Persons Plan has been developed by the Older Persons Advisory Panel, a group of ten dedicated and experienced older community members, with feedback from agencies with an interest in older person's issues in Hamilton. The Plan's purpose is for Hamilton to be a desirable place for older people to live and addresses three key themes – access, safety and inclusion. We want older people to:

- be able to get around Hamilton and use facilities and services easily
- be safe and secure in Hamilton
- be a valued part of the Hamilton community

The implementation of projects started in June 2015. A number of bus stop shelters were widened to allow space for mobility scooters and wheelchairs to be placed next to seating, out of the weather, and accessible furniture was installed outside the Celebrating Age Centre. Libraries programmes to interact with older people who are unable to travel to their local library will be in place in September 2015.

Service Performance Measures

KEY: Target achieved | Target not achieved

YOU CAN EXPECT: Professional and people-focused services

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The percentage of key stakeholder survey respondents who provide a rating who are satisfied with the services at Hamilton Park Cemetery.	90%	94%	93%	100%
The percentage of stakeholder survey respondents who provide a rating who are satisfied with the Council's community development services.	85%	86%	86%	88%
The percentage of housing tenant survey respondents who provide a rating who are satisfied with Council's landlord service.	80%	No data	88.7%	91%

What this tells us

Much of what we do in the community services area is about working with people, understanding their needs and then doing our best to meet those needs within our resourcing levels. Having professional and people-focused services is very important. The results for 2014/15 indicate that key stakeholders are largely satisfied with the service they are receiving from us.

The Housing Tenant Survey was not carried out this year because the Council decided on 27 November 2014 to sell its pensioner housing units to social housing providers.

YOU CAN EXPECT: The cost of housing to be recovered through rents

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The percentage of annual costs of the housing activity recovered through rentals.	100%	94%	100%	100%

What this tells us

The Council's policy is to recover 100% of the costs to run its pensioner housing. Falling occupation and higher costs meant there was a loss in 2014/15, which was covered by rates. The Council has decided to hold rents at the current level for the next financial year (2015/16) until the outcome of the sale of properties is known. Operational costs have been reduced to help offset the anticipated shortfall.

YOU CAN EXPECT: The Council to always be ready for an emergency

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The Ministry of Civil Defence's rating of Hamilton's overall capability for an emergency event.	60%	75%	73%	66%

What this tells us

To measure our progress against the goals of the regional and national Civil Defence and Emergency Management Strategies, we undertake an annual self assessment using the Ministry of Civil Defence Local Government Capability Self Assessment. Our assessment was completed in July 2015 and moderated by the Regional Emergency Management Advisor. The score has increased again this year due to the work done in public education, hazard research and business continuity.

YOU CAN EXPECT: The Council to work together with others on community issues

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The number of inter-agency groups facilitated by the Community Development Team and the total combined number of meetings these groups hold.				
Number of inter-agency groups	10	10	10	10
Number of times they meet each year	At least 60	64	70	65

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.

The Community Development Team partnered with the community to support a new monthly local network meeting focused on Rototuna. This has enabled organisations located and working in this area to think collaboratively on how to address local concerns. New projects have started in the area as a result of these organisations sharing issues and solutions together.

YOU CAN EXPECT: Community spaces to be well used

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The percentage of bookable time that Enderley Community Centre, the Celebrating Age Centre and Fairfield Hall are used by the community.				
Enderley Community Centre	90%	65%	63%	74%
Celebrating Age Centre	90%	71%	66%	85.5%
Fairfield Hall	60%	82%	81%	80%

What this tells us

A number of initiatives implemented to increase facility use at both Celebrating Age Centre and Enderley Community Centre have seen steady increases throughout the year, although this progress has been slower than anticipated.

Some leaseholders at Celebrating Age Centre have elected not to renew their lease, which has impacted on the usage of bookable space. At Enderley Community Centre, there have been discussions regarding the future management of the facility which has resulted in some groups using alternative spaces in the community.

Bookings are likely to increase throughout 2015/16 with the introduction of new marketing and promotion material.

YOU CAN EXPECT: A timely response to graffiti removal requests

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The percentage of graffiti removal jobs completed within two working days.	85%	98%	97%	96%

What this tells us

The Council provides a service where you can call up to have graffiti removed from publicly visible sites. Prompt removal of graffiti vandalism is the most effective immediate solution to reducing tagging.

COMMUNITY SERVICES - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

	Long Term Plan	Long Term Plan	Actual
	2014	2015	2015
	\$000	\$000	\$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,580	3,664	3,937
Targeted rates	39	39	6
Subsidies and grants for operating purposes	54	56	26
Fees and charges	3,705	3,823	3,930
Internal charges and overheads recovered	-	-	13
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	13
Total operating funding	7,378	7,582	7,925
Applications of operating funding			
Payments to staff & suppliers	6,902	6,471	7,650
Finance costs	104	111	(154)
Internal charges and overheads applied	632	1,151	13
Other operating funding applications	6	6	20
Total applications of operating funding	7,644	7,739	7,529
Surplus/(deficit) of operating funding	(266)	(157)	396
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	310
Increase/(decrease) in debt	224	48	(44)
Gross proceeds from the sale of assets	-	-	263
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	7
Total sources of capital funding	224	48	536
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	252	82	170
- to replace existing assets	174	319	330
Increase/(decrease) in reserves	(468)	(510)	413
Increase/(decrease) of investments	-	-	19
Total application of capital funding	(42)	(109)	932
Surplus/(deficit) of capital funding	266	157	(396)
Funding balance	-	-	-

DEMOCRACY

What We Do

- GOVERNANCE AND CIVIC AFFAIRS
- PARTNERSHIP WITH MAAORI

DEMOCRACY IS ABOUT PROVIDING HAMILTON RESIDENTS WITH EXCELLENT GOVERNANCE BY OFFERING SOUND LEADERSHIP FOR THE CITY WITH OPPORTUNITIES TO BE INVOLVED IN DECISIONS THE COUNCIL MAKES.

This area of our work includes Council and committee meetings, consultation, elected members' remuneration and civic functions. We also run Hamilton's local government elections.

We aim to provide easy access to the information people need to get involved in the Council's decision making.

The Council fosters opportunities for Maaori to be involved and has relationships and service contracts with organisations to ensure Maaori views are represented in decisions about the city.

We have a number of advisory panels that provide guidance and advice to the Council on a range of matters. These include the Older Person's Advisory Panel and Youth Council, who are key representative partners.

DID YOU KNOW? →

At the last census

MAAORI comprised

20.2% OF HAMILTON'S RESIDENTS,
compared to **14.1% NATIONALLY**



OUR SMART CITY VISION

DEMOCRACY CONTRIBUTED 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.



DID YOU KNOW? →

You can **WATCH COUNCIL AND COMMITTEE MEETINGS LIVE** on the website, **www.hamilton.co.nz**

DID YOU KNOW? →

You can **FOLLOW US** on **TWITTER** and **FACEBOOK**



Highlights and Key Decisions

Significance and Engagement Policy

Amendments to the Local Government Act required all councils to develop a Significance and Engagement Policy. The Council adopted a policy in November 2014, which covers how we go about assessing the importance of matters and how and when we will seek information from the community to inform and assist decision making.

When assessing the level of engagement, we take into consideration:

- Legal requirements
- Financial consequences
- Impacts on the community
- Level of community interest
- Whether a proposal will affect the level of service of a significant activity. Rubbish collection is an example of a significant activity because it is a core service to Hamilton residents.

Effects on the community

We're involved with democracy to provide effective, open and responsive city governance and opportunities for people to be part of shaping our city. Enabling democratic local decision-making is one of the purposes of local government.

The Mayor and councillors have been elected by the community and given responsibility for the overall governance of the city. This includes setting Hamilton's long-term direction and ensuring that the Council acts in the best interests of Hamilton residents.

With Hamilton's population becoming increasingly diverse and the city embracing people from different ethnic groups and cultural backgrounds, it is even more important that residents are provided with a range of different ways to participate in local decision-making and that they are encouraged to have an active role in the city's development.

Māori and Decision-making

The Council seeks to honour the principles of partnership in decision-making with its treaty partners.

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

Following an independent review carried out by Pricewaterhouse Coopers in 2012/13, we continue to receive valued support and advice from urban Māori organisation Te Runanga o Kirikiriroa (for strategic policy advice) and Te Hā o te Whenua o Kirikiriroa Trust (THaWK), who represent the five hapū for the greater Hamilton City area on issues relating to the management of Hamilton's natural and physical resources.

A Māori Relationship Advisor role was established in March 2014 to provide support and advice to Council on issues related to Māori and to help with the development of stronger relationships with local Māori. Tame Pokaia was appointed by the Māori King's office as Council's kaumatua, also in March, 2014 following the passing of our valued and respected kaumatua Moko Hamiora.

In November 2014, Her Worship the Mayor and elected members were privileged to be invited and hosted by the Māori King, King Tuuheitia. King Tuuheitia shared his desire to work more closely with the Council in the future, which will bring benefits to Waikato-Tainui and also the residents of Hamilton.

The Council also met with members of management from Waikato-Tainui to discuss building positive and stronger relationships between the organisations. It was agreed that more regular co-management meetings be held to support development of the relationship.

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 2015/16.

Service Performance Measures

KEY: **Target achieved** | **Target not achieved**

YOU CAN EXPECT: Responsible management of the city's finances

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The percentage that total rates increase to existing ratepayers each year.	4.2%*	4.2%	3.8%	3.8%
The percentage by which the Council's total overall debt exceeds income.	235%	188%	208%	223%

What this tells us

The 2012-22 10-Year Plan set rates increases at 3.8% per annum for existing ratepayers. In 2014/15 the Council introduced an additional targeted rate of \$10 plus GST per property per year for four years, to be used only for development at Hamilton Gardens. The total rates increase to existing ratepayers has met the revised target set in the 2014-15 Annual Plan of 4.2%.

Our closing total overall debt balance was budgeted at \$417m, the result was \$367m, \$50m less than budgeted. In everyday dollars, this means the Council has borrowed about \$1.87 instead of \$2.21 for every dollar it collects in rates, user charges and other income streams.

* The target for this measure was changed in 2014/15 to include the Hamilton Gardens targeted rate (\$10 plus GST per property).

YOU CAN EXPECT: Timely and open access to public information

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The percentage of official information requests responded to within 20 working days.	100%	99%	97%	95%

What this tells us

Out of a total of 173 official information requests received in 2014/15, two responses were completed late.

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The number of complaints about the Council withholding information upheld by the Ombudsman.	0	0	0	0

What this tells us

The Local Government Official Information and Meetings Act and the Official Information Act identify certain grounds considered to be "good reasons" for withholding information from the public.

During 2014/15 there were five complaints laid with the Ombudsman about the withholding of information. None of these were upheld.

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The percentage of Residents Survey respondents who provide a rating who are satisfied with the information the Council provides to the community about its services, facilities, projects and plans.	60%	65%	63%	64%

What this tells us

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

The Council uses a wide range of communication tools to reach its residents:

- Our website - hamilton.govt.nz - is a comprehensive source of information on the Council's services and the decisions made by councillors. In a move to be more accessible and transparent we began live web-streaming all Council meetings in 2012 and standing committee meetings from July 2014.
- City News is published monthly and delivered to all Hamilton households where we profile large or significant projects and plans we are working on. We also produce a number of flyers during the year around key issues affecting ratepayers.
- The Council has an active social media presence with 13 Facebook pages catering to different areas of its business. Social media is a key tool for advising residents of any disruption to key services and facilities as well as keeping residents in touch with other developments in the city.
- Phone lines are open 24 hours a day.

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

YOU CAN EXPECT: Opportunities to be involved in decision-making processes

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
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.	50%	56%	45%	51%

What this tells us

We provide a range of opportunities for the community to get involved in decision-making processes, including making submissions and providing feedback on draft Council plans and policies and involvement in working groups.

The Council also provides an opportunity for the public to speak on issues that relate to an item on the agenda at the beginning of council and committee meetings.

DEMOCRACY - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

	Long Term Plan	Long Term Plan	Actual
	2014	2015	2015
	\$000	\$000	\$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	4,002	4,079	5,425
Targeted rates	43	43	16
Subsidies and grants for operating purposes	-	-	-
Fees and charges	236	30	350
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	6
Total operating funding	4,281	4,152	5,797
Applications of operating funding			
Payments to staff & suppliers	3,113	1,535	4,561
Finance costs	7	10	9
Internal charges and overheads applied	1,611	2,935	-
Other operating funding applications	-	-	54
Total applications of operating funding	4,731	4,480	4,624
Surplus/(deficit) of operating funding	(450)	(328)	1,173
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	622	570	-
Gross proceeds from the sale of assets	-	-	598
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	20
Total sources of capital funding	622	570	618
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	50	91	463
- to replace existing assets	119	156	527
Increase/(decrease) in reserves	3	(5)	801
Increase/(decrease) of investments	-	-	-
Total application of capital funding	172	242	1,791
Surplus/(deficit) of capital funding	450	328	(1,173)
Funding balance	-	-	-

PARKS AND OPEN SPACES

What We Do

- AMENITY PARKS
- HAMILTON GARDENS
- NATURAL AREAS
- STREETSCAPES



ONE OF THE GREAT FEATURES OF HAMILTON IS ITS HUGE RANGE OF PARKS, TREES, BEAUTIFUL GARDENS AND STREET PLANTINGS.

The city offers numerous green areas such as Claudelands Park, Hamilton Lake Domain and Memorial Park. We also provide smaller neighbourhood parks throughout the city.

The star of our green spaces in Hamilton Gardens.

Our city has a network of natural areas alongside the Waikato River and a range of gullies and ecological restoration areas such as the Waiwhakareke Natural Heritage Park.

The Council provides planting and street trees throughout the city to enhance the visual appeal of these spaces. We also provide facilities such as playgrounds, public toilets, walkways and cycleways.

DID YOU KNOW? →

The City has more than **70,000 SPECIMEN TREES** and **TENS OF THOUSANDS** more through natural environment areas, such as gullies.



DID YOU KNOW? →



Hamilton has more than **80 PLAYGROUNDS** within the city limits.

OUR SMART CITY VISION

PARKS AND OPEN SPACES CONTRIBUTED 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.



DID YOU KNOW? →

The kumara from the Te Parapara Garden usually goes to a Hamilton foodbank.



Highlights and Key Decisions

Hamilton Gardens Development

A four-year development programme began at Hamilton Gardens in 2014/15. The Gardens are highly valued by our residents and are a must-see visitor destination. Already, at least one million people visit the Gardens each year.

The Hamilton Gardens development is a key component of the Hamilton Plan, which focuses on 10 priorities over the next decade which will collectively redefine Hamilton as a major New Zealand city. The four year development programme will add more gardens and improve infrastructure to cater for an increase in visitor numbers.

The first year of the development programme has been completed with the opening of the new Tudor Garden. The remaining three years includes four more themed gardens, a new jetty, a car park extension, an information centre upgrade, a destination playground and security improvements.

One third of the project is funded by the Council through a targeted rate. In June 2015 the Council secured a \$2.5m grant from the Lottery Significant Projects Fund. Generous contributions were also received in 2014/15 from WEL Energy Trust, Friends of Hamilton Gardens and the Braithwaite Family. The Council is actively working with community groups and businesses to raise the rest of funding required.

Ypres Memorial Garden

The Ypres Memorial Garden in Memorial Park acknowledges the significance of the location as a memorial site dedicated to the memory of military personnel who have died in overseas conflicts.

The design reflects the connecting of two parts or places, reflecting the relationship between Hamilton and Ypres. The structure is a low, partially walled garden within which is a central space defined by a walkway around a reflecting pool intersected by a path of planked boardwalk, bringing to mind the duckboards used in battlefields.

The Council received a \$200,000 grant from the Lottery Grants Board's WW100 fund for the construction of the Ypres Memorial Garden. This project was also partially sponsored by Livingstone Building and Porter Group.

Pooches and Parks Plan

The Council wants to provide family and dog friendly parks by making areas safe and fun for people and their pooches.

The Pooches and Parks Plan outlines where new dog exercise areas will be established in the city and discusses how we intend to make the central city more dog friendly. The Council also intends to launch an etiquette campaign aimed at both people who own dogs and those who don't.

The plan includes improved facilities in dog parks such as signage, bins, waste disposal bags, and drinking water for dogs. A fenced area for dogs to exercise and a large destination dog park are also included in the plan. The Council will work with other funders to establish the new facilities, with facilities in our existing dog exercise parks to be rolled out first.

Effects on the community

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

Our parks and gardens, with their complementing walkways and amenities managed by the Council, provide spaces for leisure and recreation, beautify our city and preserve its green network. They also provide spaces that protect the city's heritage and contribute to people's pride in how Hamilton looks and feels.

DID YOU KNOW? →

In October 2014 **Hamilton Gardens** won the prestigious **INTERNATIONAL GARDEN OF THE YEAR AWARD** from the International Garden Tourism Network, in recognition of the Gardens' **internationally unique concept and high standards.**



Service Performance Measures

KEY: **Target achieved** | **Target not achieved**

YOU CAN EXPECT: Well presented parks and streetscapes

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The percentage of Residents Survey respondents who provide a rating who are satisfied with parks and gardens in the city.	75%	91%	83%	85%

What this tells us

The satisfaction score of 91% reflects Hamiltonians' pride in the city's quality green spaces. Improvements made during the year include the opening of the new Tudor Garden at the Hamilton Gardens, the revamp of the Civic Plaza gardens, the opening of Lake Domain destination playground and the opening of the Ypres Memorial in Memorial Park.

YOU CAN EXPECT: Playgrounds in areas of highest demand

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The percentage of high demand suburbs in the city that have a playground.*	85%	85%	new measure	new measure

What this tells us

The new measure and target introduced in 2014/15 better reflect how playgrounds will be distributed throughout the city under the Playgrounds Policy adopted in February 2014. The policy concentrates on developing destination playgrounds across Hamilton to provide quality play experiences. Destination playgrounds are premium playgrounds for the whole city that attract people from Hamilton and outside the city. The first destination playground under the new policy was built at Hamilton Lake Domain and opened in December 2014.

Over the next 10 years, the playgrounds programme includes the delivery of nine new destination playgrounds, plus upgrades to two existing neighbourhood playgrounds.

* This measure was changed in 2014/15 to align with the Playgrounds Policy that was adopted in 2014.

YOU CAN EXPECT: The city's public natural spaces to be protected and gradually restored

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The total number of native plants planted in natural areas each year.	15,000 - 20,000	85,153	75,436	60,000

What this tells us

This measure was changed in 2013/14 and now measures the total number of native plants planted in natural areas each year, instead of the number of hectares planted annually in native vegetation. 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 to the other two years.

At the time the targets for 2014/15 were set in 2012, external funding had not been secured. This year's result is the culmination of efforts over the past two years to secure external funding for various planting programmes.

The Council held its annual Arbor Day tree planting event at Waiwhakareke Natural Heritage Park in May 2015. It is a popular community event involving hundreds of volunteers including schools, community groups and businesses. This year 13,092 plants were planted on the day.

YOU CAN EXPECT: A high standard of presentation at Hamilton Gardens

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The percentage of Residents Survey respondents who provide a rating who are satisfied with Hamilton Gardens.	95%	98%	97%	97%

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. The Gardens received a lot of publicity over the past year as it was awarded 'International Garden of the Year'. This increased the local and international visibility of the Gardens.

The Tudor Garden opened in February 2015. This was the first garden in the new Fantasy Garden collection to be completed as part of the Hamilton Gardens Development Project.

You can read more about the Gardens' development at hamiltongardens.co.nz

PARKS AND OPEN SPACES - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

	Long Term Plan	Long Term Plan	Actual
	2014	2015	2015
	\$000	\$000	\$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	11,199	11,847	15,678
Targeted rates	121	126	614
Subsidies and grants for operating purposes	-	-	258
Fees and charges	940	970	540
Internal charges and overheads recovered	-	-	778
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	276
Total operating funding	12,260	12,943	18,144
Applications of operating funding			
Payments to staff & suppliers	9,723	9,236	12,537
Finance costs	1,545	1,600	1,433
Internal charges and overheads applied	803	1,463	778
Other operating funding applications	96	98	24
Total applications of operating funding	12,167	12,397	14,772
Surplus/(deficit) of operating funding	93	546	3,372
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	481
Development and financial contributions	469	493	3,016
Increase/(decrease) in debt	2,140	1,970	(713)
Gross proceeds from the sale of assets	-	-	518
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	872
Total sources of capital funding	2,609	2,463	4,174
Application of capital funding			
Capital expenditure			
- to meet additional demand	316	440	2,254
- to improve the level of service	691	1,010	2,931
- to replace existing assets	1,698	1,559	1,334
Increase/(decrease) in reserves	(3)	-	717
Increase/(decrease) of investments	-	-	310
Total application of capital funding	2,702	3,009	7,546
Surplus/(deficit) of capital funding	(93)	(546)	(3,372)
Funding balance	-	-	-

SOLID WASTE

What We Do

- RUBBISH AND RECYCLING COLLECTION
- WASTE MINIMISATION
- LANDFILL SITE MANAGEMENT

THE COUNCIL IS RESPONSIBLE FOR THE COLLECTION, SAFE DISPOSAL AND MINIMISATION OF HOUSEHOLD RUBBISH AND RECYCLING.

We provide kerbside rubbish and recycling collections for residential properties (excluding inner city apartments).

Our rubbish is disposed of in a landfill at Hampton Downs, as the Council no longer operates a landfill locally. We manage closed landfill sites at Rototuna, Cobham Drive, Willoughby and Horotiu to prevent adverse effects on the environment and public health.

The Council has a legal responsibility to reduce the amount of waste going into landfills and to encourage more recycling and reuse.

Our resource recovery centres include the Lincoln Street Refuse Transfer Station, Recycling Centre and the Hamilton Organic Centre. The operation of these three facilities is contracted to privately owned businesses.

DID YOU KNOW? →

A grant fund of **\$50,000** per year from the Government's national waste levy is used to fund projects promoting or achieving **WASTE MINIMISATION** in the city



OUR SMART CITY VISION

SOLID WASTE CONTRIBUTED 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.



DID YOU KNOW? →

5% OF YOUR RATES are spent on solid waste management

DID YOU KNOW? →

21,800 tonnes of refuse is collected from Hamilton's **53,000 homes** each year for kerbside collection. An additional **9,000 tonnes of recycling** is collected annually



Highlights and Key Decisions

Waste Services Review

The 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. You can find out more at hamilton.govt.nz/wasteminimisation

One of the key priorities of the plan is a Waste Services Review. The review began in 2013 and looked at how we currently manage waste within the city and new ways we can promote the diversion of recyclable materials from our black bags and other waste streams.

The review has now finished and its findings serve to inform the Council's future waste minimisation activity.

The Council has included \$2.8m in its 10-Year budget for an expanded recycling service from 2017/18, with a preference for recycling wheelie bins.

A business case will be prepared over the next year, to be considered by the Council as part of the 2016/17 Annual Plan. The business case will also look at options for a user-pays rubbish bag system.

Effects on the community

We provide these services to protect people's health and our environment by minimising the production of waste and promoting recycling and reuse.

The Council aims to reduce the amount of waste produced by residential properties by investigating options to divert recyclable materials from black bags and waste streams; continuing education programmes; providing grants for promotion of waste minimisation and investigating alternative containers.

By reducing our resource consumption and reusing products, we can minimise the amount we need to recycle or dispose of and ultimately the waste we generate.

Landfilling is the most common method of disposing of solid waste from Hamilton, as it is elsewhere in New Zealand. Dealing with solid waste this way is problematic because of the need to find suitable land and the potential adverse environmental effects to soil, air and waterways.

The best way to reduce the need for new landfill sites is to decrease the amount of waste that we need to dispose of, by reducing the volume of waste we produce, purchasing low waste products, or diverting waste for re-use, recycling or recovery.



Service Performance Measures

KEY: **Target achieved** | **Target not achieved**

YOU CAN EXPECT: A reliable refuse and recycling collection

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The number of weeks with more than 20 complaints about uncollected household rubbish and recycling.	0 weeks	0	0	0
The percentage of customer complaints about uncollected rubbish and recycling resolved within 24 hours.	95%	99%	97%	97%

What this tells us

Making sure that 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 met our targets for both of these measures, indicating that a reliable service is being provided and the Council is responsive to requests for service.

YOU CAN EXPECT: The Council to promote and encourage recycling and reuse

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The total volume of waste produced per residential property.	Less than 600kg per residential property*	597kg	582kg	592kg
The percentage of waste recovered for recycling.	34%	29%	30%	32%

What this tells us

We met our 2014/15 target for the total volume of waste being produced per residential property and long-term we are aiming to reduce this further.

We did not meet our target for the amount of waste recovered for recycling. Over the coming months, the Council will be looking at options for kerbside rubbish and recycling services.

* Target was incorrectly recorded in the 2012-22 10-Year Plan as 60kg.

SOLID WASTE - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

	Long Term Plan	Long Term Plan	Actual
	2014	2015	2015
	\$000	\$000	\$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	4,701	5,023	5,955
Targeted rates	51	54	40
Subsidies and grants for operating purposes	-	-	-
Fees and charges	318	328	401
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	508
Total operating funding	5,070	5,405	6,904
Applications of operating funding			
Payments to staff & suppliers	4,692	4,508	5,368
Finance costs	161	168	734
Internal charges and overheads applied	403	733	-
Other operating funding applications	10	10	12
Total applications of operating funding	5,266	5,419	6,114
Surplus/(deficit) of operating funding	(196)	(14)	790
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	1,399	1,365	(72)
Gross proceeds from the sale of assets	-	-	132
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	4
Total sources of capital funding	1,399	1,365	64
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	422	491	354
- to replace existing assets	992	1,079	624
Increase/(decrease) in reserves	(211)	(219)	(156)
Increase/(decrease) of investments	-	-	32
Total application of capital funding	1,203	1,351	854
Surplus/(deficit) of capital funding	196	14	(790)
Funding balance	-	-	-

STORMWATER

What We Do

- **NETWORK MANAGEMENT**
- **CATCHMENT MANAGEMENT**

STORMWATER IS THE RAINWATER THAT FLOWS FROM SURFACES LIKE ROOFS, GARDENS, FOOTPATHS AND ROADS.

The stormwater system consist of pipes, channels, treatment devices and open watercourses, which release water into the city's streams, lakes and the Waikato River.

Large amounts of uncontrolled stormwater can lead to flooding and damage to property, so it is important that it is managed.

Effects on the community

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

The Council manages stormwater through encouraging stormwater re-use and ground soakage. Where re-use or soakage is not possible we transfer stormwater away from properties and provide treatment to ensure the environment is protected.

Stormwater may contain contaminants, such as sediments, oils, greases, rubbish and metal/organic materials that have washed off roads or other surfaces. These are managed through network design and resource consents which include regular street sweeping, monitoring stormwater quality and investigating the source of contaminants.



OUR SMART CITY VISION

STORMWATER CONTRIBUTED 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.



DID YOU KNOW? →

There are **653KM OF STORMWATER PIPES** in Hamilton.



DID YOU KNOW? →

Prior to settlement, native bush and scrub intercepted rainwater and allowed it to soak into the ground before it emerged again as springs.



Service Performance Measures

KEY: **Target achieved** | **Target not achieved**

YOU CAN EXPECT: An effective stormwater system that protects properties from flooding

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The number of buildings flooded each year.	Less than 5 buildings	0	0	1
The number of reported incidences of surface water flooding on private residential property that are due to network capacity or maintenance issues.	Less than 6 reported	1	1	3

What this tells us

There was one incident of surface water flooding on a private property reported in August 2014.

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

YOU CAN EXPECT: The Council to minimise the impact of stormwater on the city's waterways

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The percentage of days tested where Council-managed stormwater discharges meet bathing water standards.	50%	93%	82%	14%

Based on 2 months of data

What this tells us

The Council has a resource consent that requires us 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. In 2014/15 the number of stormwater samples taken and tested increased, which has led to more data compared to previous years.

In May 2015 the Council adopted a Stormwater Bylaw. This is a new bylaw that manages the quality and quantity of stormwater discharges and the majority of the clauses will come into force on 28 September 2015.

The bylaw requires:

- People take all practicable steps to prevent contaminants from entering the stormwater drains; and
- Owners and occupiers of high risk facilities to take a proactive approach to prevent any contaminants from their sites entering the city's stormwater system.

STORMWATER - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

	Long Term Plan	Long Term Plan	Actual
	2014	2015	2015
	\$000	\$000	\$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	6,787	7,289	3,191
Targeted rates	73	78	2
Subsidies and grants for operating purposes	-	-	258
Fees and charges	25	26	57
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	43
Total operating funding	6,885	7,393	3,551
Applications of operating funding			
Payments to staff & suppliers	1,351	1,337	1,739
Finance costs	424	440	372
Internal charges and overheads applied	174	316	-
Other operating funding applications	26	27	5
Total applications of operating funding	1,975	2,120	2,116
Surplus/(deficit) of operating funding	4,910	5,273	1,435
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	575	609	1,027
Increase/(decrease) in debt	(3,419)	(3,400)	(193)
Gross proceeds from the sale of assets	-	-	59
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	77
Total sources of capital funding	(2,844)	(2,791)	970
Application of capital funding			
Capital expenditure			
- to meet additional demand	157	878	1,005
- to improve the level of service	925	833	855
- to replace existing assets	1,241	1,039	515
Increase/(decrease) in reserves	(257)	(268)	(54)
Increase/(decrease) of investments	-	-	84
Total application of capital funding	2,066	2,482	2,405
Surplus/(deficit) of capital funding	(4,910)	(5,273)	(1,435)
Funding balance	-	-	-

TRANSPORTATION

What We Do

- **TRANSPORT NETWORK**
- **TRAVEL DEMAND MANAGEMENT**
- **PARKING MANAGEMENT**

WE PROVIDE AND MANAGE A SAFE AND EFFICIENT TRANSPORT NETWORK FOR HAMILTON WHICH INTEGRATES FREIGHT, PRIVATE VEHICLES, BUSES, WALKING AND CYCLING. WE ALSO MANAGE ON-STREET PARKING, CLEARWAYS, AND COUNCIL-OWNED CAR PARKS.

Our services include operation and maintenance of the existing network and planning for future development and growth.

We work with the community to promote different modes of travel and influence travel behaviour to manage the city's transport demand and get the most out of our investment in the network.

The government, through the New Zealand Transport Agency (NZTA), partners with the Council by operating the state highways that run through Hamilton and co-investing with the Council in transport infrastructure and services.

The bus service is provided and managed by the Waikato Regional Council through a partnership with the city.

DID YOU KNOW? →

About **130,000 CARS CROSS THE CITY'S SIX BRIDGES** every day



OUR SMART CITY VISION

TRANSPORTATION CONTRIBUTED 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.



DID YOU KNOW? →

More than **18,000 HOURS OF PHYSICAL WORK** is carried out each year to maintain Hamilton's road network



DID YOU KNOW? →

More than **318 CYCLE TRIPS** are made across the Victoria Street Bridge every day



Highlights and Key Decisions

Southern Links

The Southern Links project involves 32km of future transport network, including 21km of state highway and 11km of urban arterial roads in the city's Peacocke area.

Once completed, it will link State Highway 1 from Kahikatea Drive in Hamilton to Tamahere and the Waikato Expressway in the south, and State Highway 3 from Hamilton Airport to central and east Hamilton. The urban arterials will establish the key transport network within the Peacocke area and become the building blocks for future urban development.

The designation phase is part of a long-term strategy to secure these future transport networks defining where they align and what they look like. The designation phase is close to conclusion and there are three outstanding appeals to be resolved before these future transport routes can become confirmed.

Timing for construction depends on funding availability and priorities. The Council's 2015-25 10-Year Plan has allocated funds for:

- Progressing pre-construction designation conditions
- Land procurement for staged development
- Improvements at the Dixon Road/Ohaupo Road intersection, which will enable continued development for stage one of the Peacocke Structure Plan area.

Ring Road Progress

Progress on the city's Ring Road has continued over the last year. Following the completion of the four-laning of Wairere Drive between Pukete Road and Resolution Drive, the Wairere Drive extension to Cambridge Road is now also complete.

Planning for the final section of the Ring Road to connect Cambridge Road to Cobham Drive progressed significantly over the past year with construction scheduled to commence this coming summer.

The construction of this final link will mark a big milestone for the city as this 12.4km major arterial road will be completed in its entirety.

Effects on the community

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.

The city's Access Hamilton Transport Strategy focuses on a balance in the areas of transport planning, infrastructure provision, transport demand management and the ability to respond to a changing environment.

Negative effects transportation, such as air pollution and noise from traffic, potential loss of natural heritage areas and roads creating barriers to the community. These are mitigated and managed in a variety of ways, for example road surfacing designed to reduce noise where there are high traffic flows; providing alternative transport methods that have less environmental impacts; consulting with tangata whenua and other affected parties prior to construction and infrastructure to make the road network more accessible such as refuge islands, traffic signals and underpasses.

Hamilton Biking Plan

Hamilton currently has a good biking network but it has gaps. This can make riding a bike an unattractive option for people not confident riding on the road with motor vehicles.

The Biking Plan is a 30-year vision, which will make Hamilton a bike friendly city. It will provide a fully connected network of bike routes connecting major destinations to the suburbs. These routes will provide separation from vehicles where possible and look to use quiet streets where the number and speed of vehicles make for an easy place to ride a bike.

The Biking Plan has been developed through a working group of councillors, council staff and representatives of the New Zealand Transport Agency, Cycling New Zealand and Sport Waikato with extensive stakeholder engagement early in the process.

Along with providing the infrastructure, we will promote the benefits of riding a bike through promotional activities and educational campaigns. Increasing the number of people choosing to ride a bike provides a range of benefits for the community, including improved health, a reduction in the number of cars on the roads and creating a more liveable city. The plan will be presented for adoption in September 2015.

Service Performance Measures

KEY: **Target achieved** | **Target not achieved**

YOU CAN EXPECT: Roads, cycleways and footpaths to be kept in good condition

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The number of potholes, cycleway faults and footpath trip hazards identified each year.	750	465	542	677
The number of complaints about the "look and feel" of the network, including cleanliness and landscaping.	No more than 1,550	1,775	1,272	1,345

What this tells us

In 2013 the Council entered into a collaborative working agreement called the 'Infrastructure Alliance' with Downer NZ Ltd to improve the level of maintenance and repairs of the transport network. This collaborative approach has seen a reduction in the number of potholes, cycleway faults and footpath trip hazards identified since 2013.

The cleanliness and landscaping measure is based on the number of litter and landscaping complaints received. There were 1,298 litter requests during the year, which include rubbish collection and sweeping requests. The sweeping requests were significantly higher from May to August due to seasonal leaf fall. An increase in litter collection in the CBD was introduced in 2014/15; this has reduced the number of complaints received about cleanliness related to the CBD. Overall, there has been an increase in "look and feel" complaints.

Certain areas of the transport network experienced high vegetation growth over the summer season, resulting in a total of 477 landscaping service requests for the year.

YOU CAN EXPECT: Predictable motor vehicle travel times

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The percentage of extra time taken to travel key routes in the city during peak travel times.	Less than 50%	41%	38%	48%

What this tells us

This is a measure of how much longer it takes to get around the city via five identified key routes during peak traffic. The results from 2014/15 show that travelling at peak times on these routes takes 41% longer than non-peak times. This means a journey that would normally take 20 minutes will take about 28 minutes at peak times.

The addition of new roading projects has improved travel times on some routes, such as Hukanui and Peachgrove Roads, while on some other routes congestion has increased.

In November 2014 a new travel time measurement system was introduced using bluetooth sensors. These sensors provide more accurate information and could enable the use of advanced technologies, such as time-to-destination signs.

YOU CAN EXPECT: A transport network that is safe to use

Measure	2014/15 Target	2014/15 Result	2013/14 Result*	2012/13 Result*
The number of fatal and serious injury crashes per 10,000 people in Hamilton.	A steady or decreasing trend for the 5-year average results	2.6	2.9	3.2
The percentage of fatal and serious casualties in urban Hamilton that involve pedestrians, cyclists and motorcyclists.		57%	54%	55%
The percentage of injury crashes occurring when crossing/turning in urban Hamilton.		35%	32%	32%

What this tells us

These measures were updated in 2013/14 due to a change in the availability of New Zealand Transport Agency (NZTA) data.

The Council has partnerships with NZTA, Waikato Regional Council and the Police to help deliver road safety messages. These safety initiatives include education campaigns, intersection and safety facilities such as pedestrian islands and ensuring good quality surfaces, road marking and signage.

The data that informs these results is collected on a calendar year basis and is for the year ending December 2014.

*Results are continuously updated as files are processed and the conditions of casualties change. Results for previous years may differ to what has been recorded in past Annual Reports.

YOU CAN EXPECT: Enough car parks in the CBD for shoppers and people doing business

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The percentage of on-street car parks that are full between 8am-5pm on weekdays.	No more than 85% each year	53%	52%	47%

What this tells us

Parking in the central city needs to be managed to achieve a good balance so there is a reasonable chance of finding a park without having too many empty car parks.

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

New smart parking technology will be introduced into the central city over the next two years to replace the existing manual coin operated parking meters. This new technology will enable motorists to have the ability to see information on parking availability and pay for their parking using a smart phone.

YOU CAN EXPECT: Transport infrastructure and services that support sustainable travel choices

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The percentage of Hamilton primary schools with active school travel plans.	96%	89%	86%	75%

What this tells us

There are 36 primary schools in Hamilton with 32 actively engaged in delivering various programmes and safety initiatives. We aim to encourage children and parents to choose ways of getting to school that reduce traffic congestion including 'walking school buses', cycling, buses, or carpooling.

The safety initiatives are subsidised by New Zealand Transport Agency (NZTA) and have included scooter training, safety at the school gate programmes and puppet shows for primary school children.

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The number of bus trips per capita.	30-35 trips per capita each year	32.5	33	33

What this tells us

The Waikato Regional Council runs the bus service including routes and Hamilton City Council manages and maintains the bus infrastructure such as bus stops and shelters.

This measure shows whether more people are choosing to travel by bus from year to year and it also tells us if our investment in bus infrastructure is having positive results.

The trips per capita are based on a population of 141,000 for 2014/15 and results have remained steady over the last three years.

TRANSPORTATION - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

	Long Term Plan	Long Term Plan	Actual
	2014	2015	2015
	\$000	\$000	\$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	25,146	26,312	22,467
Targeted rates	5,271	5,280	5,020
Subsidies and grants for operating purposes	3,351	3,669	3,585
Fees and charges	4,636	4,783	4,286
Internal charges and overheads recovered	-	-	131
Local authorities fuel tax, fines, infringement fees, and other receipts	3,892	4,019	4,050
Total operating funding	42,296	44,063	39,539
Applications of operating funding			
Payments to staff & suppliers	14,230	12,907	16,442
Finance costs	7,275	7,527	6,887
Internal charges and overheads applied	1,818	3,311	131
Other operating funding applications	456	466	352
Total applications of operating funding	23,779	24,211	23,812
Surplus/(deficit) of operating funding	18,517	19,852	15,727
Sources of capital funding			
Subsidies and grants for capital expenditure	3,714	10,156	5,232
Development and financial contributions	2,312	2,317	3,517
Increase/(decrease) in debt	(1,753)	(8,532)	(3,376)
Gross proceeds from the sale of assets	-	-	2,495
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	191
Total sources of capital funding	4,273	3,941	8,059
Application of capital funding			
Capital expenditure			
- to meet additional demand	5,470	1,147	3,153
- to improve the level of service	8,454	13,085	8,046
- to replace existing assets	9,469	10,276	9,856
Increase/(decrease) in reserves	(603)	(715)	1,263
Increase/(decrease) of investments	-	-	1,468
Total application of capital funding	22,790	23,793	23,786
Surplus/(deficit) of capital funding	(18,517)	(19,852)	(15,727)
Funding balance	-	-	-

WASTEWATER

What We Do

- **WASTEWATER COLLECTION**
- **WASTEWATER TREATMENT AND DISPOSAL**

WASTEWATER DRAINS FROM SHOWERS, BATHS, SINKS, WASHING MACHINES, DISHWASHERS AND TOILETS.

Liquid waste from commercial and industrial premises is also treated through the wastewater system.

In Hamilton, wastewater is transported through a network of pipes and pump stations to the treatment plant at Pukete, where it is treated to a high standard before being discharged into the Waikato River. Solid waste is removed as part of the treatment process and then composted off-site for reuse.

The wastewater network services approximately 50,000 households and 4800 commercial and industrial premises.

Effects on the community

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

Wastewater services have potential negative environmental effects such as odour, noise and discharges into waterways.

The Council manages these effects through compliance with its resource consent conditions, maintaining odour control devices at treatment plants and upgrading or replacing infrastructure as necessary.



OUR SMART CITY VISION

WASTEWATER CONTRIBUTED 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.



DID YOU KNOW? →

13% OF YOUR RATES are spent on **WASTEWATER**

DID YOU KNOW? →

45 MILLION LITRES of wastewater is generated in the city **PER DAY**



Service Performance Measures

KEY: **Target achieved** | **Target not achieved**

YOU CAN EXPECT: Reliable wastewater services

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The number of unplanned interruptions to services.	No more than 500	527	560	410
The percentage of service interruptions to customers resolved within 8 hours.	100%	96%	94%	100%

What this tells us

Interruptions to our wastewater service are caused by either a pipe failure or a blockage. Blockages can be caused by tree roots, fat blockages or material that should not be put into the wastewater system such as rags, nappies and disposable wipes. In 2014/15 we experienced 527 faults which resulted in interruptions to the wastewater network. There has been a significant increase in service interruptions over the last two years. This is being addressed with ongoing education and communication programmes.

Service interruptions resolved within 8 hours measures how quickly services are restored, both for planned maintenance and unexpected problems. Improvements have begun to commence electronic asset data capture in the field. This will allow our staff to access data in real-time to improve accuracy and efficiency of asset information.

YOU CAN EXPECT: Risks to people's health and our waterways will be minimised

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The number of wastewater overflows from pump stations and the treatment plant directly into streams and the Waikato River.	No more than 100	39	37	76
The percentage of days tested where water discharged from the Wastewater Treatment Plant meets bathing water standards.	70%	93%	86%	86%

What this tells us

Wastewater system overflows have been a focus over the last two years which shows in the improved results. There were 35 overflows from pump stations and four bypass events from the Wastewater Treatment Plant of untreated and partially treated wastewater. In April 2015, a one in 50 year rain event occurred, which resulted in a large number of pump station overflow events.

The Council has a resource consent that sets quality standards for the water we discharge from the Wastewater Treatment Plant into the Waikato River. Bathing water standards are measured by the presence of E. coli, which is removed from wastewater by exposing it to ultraviolet (UV) light.

Pukete 2 Project Update

The \$20 million Pukete Wastewater Treatment Plant Upgrade (Pukete 2) project was completed in 2014/15. The project commenced in 2007 and included construction of a new bioreactor, clarifier and chemical dosing facility as well as significant upgrades to the existing digesters, bioreactors, UV treatment plant and interstage pump station.

The programme of projects has been completed to high standard, providing increased plant capacity to service city growth and improved treatment quality to enable compliance with wastewater discharge resource consent conditions. Planning for the next Pukete Wastewater Treatment Plant Upgrade (Pukete 3) is currently underway.

WASTEWATER - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

	Long Term Plan	Long Term Plan	Actual
	2014	2015	2015
	\$000	\$000	\$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	15,647	16,681	16,262
Targeted rates	169	178	817
Subsidies and grants for operating purposes	-	-	-
Fees and charges	3,655	3,826	4,101
Internal charges and overheads recovered	-	-	780
Local authorities fuel tax, fines, infringement fees, and other receipts	413	427	477
Total operating funding	19,884	21,112	22,437
Applications of operating funding			
Payments to staff & suppliers	8,772	8,351	12,011
Finance costs	4,145	4,285	3,936
Internal charges and overheads applied	874	1,596	780
Other operating funding applications	260	266	27
Total applications of operating funding	14,051	14,498	16,754
Surplus/(deficit) of operating funding	5,833	6,614	5,683
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	2,305	2,405	4,999
Increase/(decrease) in debt	(796)	(148)	(1,925)
Gross proceeds from the sale of assets	-	-	952
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	214
Total sources of capital funding	1,509	2,257	4,240
Application of capital funding			
Capital expenditure			
- to meet additional demand	370	926	196
- to improve the level of service	986	1,801	2,606
- to replace existing assets	5,775	5,926	6,067
Increase/(decrease) in reserves	211	218	217
Increase/(decrease) of investments	-	-	837
Total application of capital funding	7,342	8,871	9,923
Surplus/(deficit) of capital funding	(5,833)	(6,614)	(5,683)
Funding balance	-	-	-

WATER SUPPLY

What We Do

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



THE COUNCIL TREATS, DISTRIBUTES AND MANAGES HAMILTON'S WATER SUPPLY, WHICH ALL COMES FROM ONE PLACE – THE WAIKATO RIVER.

We are allowed to draw a set limit of water from the river into the Water Treatment Plant, where it is treated to provide a high standard of drinking water for residents and businesses.

The water supply network services around 50,000 households and 5500 commercial and industrial premises. Water from the city also supplies approximately 1600 properties in the Waikato area and 100 properties in the Waipa area.

The Council is legally required to ensure water is used sustainably. There are a number of ways we do this, including water restrictions when demand is high, such as in summer. We also encourage residents to conserve water as much as possible because it is a precious resource.

DID YOU KNOW? →

The Water Treatment Plant produces an average of **57 MILLION LITRES PER DAY** which is about **228 MILLION GLASSES**



7%

OF YOUR RATES go towards the **CITY'S WATER SUPPLY**



OUR SMART CITY VISION

WATER SUPPLY CONTRIBUTED 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.



DID YOU KNOW? →

On average, each person in Hamilton consumes **341 LITRES OF WATER EVERY DAY**



Highlights and Key Decisions

Waikato Water Study

In October 2014, Hamilton City Council agreed to join with Waipa and Waikato district councils to jointly fund a study into how best to manage water infrastructure across all three councils in the future.

The study looked at three options:

- Boosting the existing shared service arrangements between all three councils
- Retaining the status quo with each council running its own operations
- Forming a ratepayer-owned and council controlled organisation (CCO) to run water services on behalf of all three councils.

The study was not asked to consider establishing a private water company. The privatisation of council-delivered water services is against the law in New Zealand.

The key recommendations of the study were:

- That Hamilton City, Waikato District and Waipa District Councils transfer their water and wastewater assets into a jointly-owned not-for-profit council-controlled organisation (CCO), and
- That the councils retain ownership of their urban stormwater assets, but outsource management of those assets to the CCO on a cost recovery basis.

Hamilton City Council has voted to support formation of a CCO. This is an in principle decision, meaning a final decision will not be made until the public is fully consulted on the proposal.

The decision is also dependent on all three councils agreeing to join the CCO.

More information, including copies of the reports is available at waterstudywaikato.org.nz

Effects on the community

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

Having a sufficient amount of good quality drinking water is essential for a healthy community and our economy. The Council also has to ensure that long-term, there will be an adequate supply of water for the city.

As Hamilton's population continues to grow, issues of water availability and conservation are becoming more important. To help manage the demand for water, particularly during the summer months, the Council works with Waikato and Waipa District Councils to promote smart water use. For more information, including water alerts, restrictions and water saving tips, go to smartwater.org.nz

There are a number of parties with consent to extract water from the Waikato River. Extracting an excess volume of water from the river can impact the amount of water available from users downstream and the ecology and health of the river. Waikato Regional Council is responsible for managing the amount of water taken from the river and the Council has a consent with a set limit that it can take per day.

Water management practices, which also include the management of stormwater and wastewater, can vary from Maaori cultural beliefs and practices. For example the mixing of water from different catchments, discharge of treated wastewater into the Waikato River and water supply practices. The Council takes into account Maaori values regarding the extraction and discharge water in all its water management practices and consults with local iwi as part of the resource consent process.

Service Performance Measures

KEY: **Target achieved** | **Target not achieved**

YOU CAN EXPECT: High quality water

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
Maintain the city's current high Ministry of Health water grade.	Aa water grade	Aa	Aa	Aa

What this tells us

Water grades range from Aa to Ee. 'A' refers to the quality of the water treatment and water 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".

The Council maintains its water grade through regular monitoring and reporting which is approved by the Waikato District Health Board's 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	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
The number of unplanned interruptions to service per year.	No more than 410	472	536	445
The percentage of service interruptions to customers resolved within 8 hours.	100%	100%	99%	97%

What this tells us

There were 472 unplanned interruptions to service in 2014/15. Our target of 410 was not met because of an increase in third party damage to our network. We will continue to work with third party contractors to provide clarification of where pipes are located when requested and supervise when major pipes are required to be crossed.

The percentage of interruptions to customers resolved within 8 hours measures how quickly interrupted services are restored, both for planned maintenance and unexpected problems. All 472 interruptions in 2014/15 were resolved within 8 hours.

YOU CAN EXPECT: Sustainable management of water resources

Measure	2014/15 Target	2014/15 Result	2013/14 Result	2012/13 Result
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.	0	0	0	0
Litres of water lost in the network through leaks per connection, per day.	Less than 110L	149L	149L	No Data

What this tells us

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

The maximum amount the Council can take from the river in one day changed in December 2014 from 105 million litres to 116 million litres per day.

Assessments of water loss are carried out every three years. The first assessment was carried out in 2009/10 and the second in 2012/13. The result from the 2012/13 assessment was received in January 2014 so was reported in 2013/14. The result obtained from both assessments was 149 litres of water lost. The next assessment is due in 2015/16.

To further understand water loss, a programme is underway to install additional bulk metres and valves to sectionise the water network, enabling comprehensive leak assessment and analysis to occur.

WATER SUPPLY - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

	Long Term Plan	Long Term Plan	Actual
	2014	2015	2015
	\$000	\$000	\$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	8,125	8,397	8,924
Targeted rates	8,143	8,911	7,805
Subsidies and grants for operating purposes	-	-	-
Fees and charges	285	294	392
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	311
Total operating funding	16,553	17,602	17,432
Applications of operating funding			
Payments to staff & suppliers	6,533	6,334	7,231
Finance costs	3,102	3,207	2,951
Internal charges and overheads applied	696	1,275	-
Other operating funding applications	195	199	187
Total applications of operating funding	10,526	11,015	10,369
Surplus/(deficit) of operating funding	6,027	6,587	7,063
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	1,823	1,968	3,201
Increase/(decrease) in debt	(655)	9,456	(1,443)
Gross proceeds from the sale of assets	-	-	373
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	338
Total sources of capital funding	1,168	11,424	2,469
Application of capital funding			
Capital expenditure			
- to meet additional demand	225	5,771	971
- to improve the level of service	2,946	7,723	4,180
- to replace existing assets	3,968	4,462	3,919
Increase/(decrease) in reserves	56	55	(166)
Increase/(decrease) of investments	-	-	628
Total application of capital funding	7,195	18,011	9,532
Surplus/(deficit) of capital funding	(6,027)	(6,587)	(7,063)
Funding balance	-	-	-

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE	71
BALANCING THE BOOKS MEASURE	72
STATEMENT OF CHANGES IN EQUITY	72
STATEMENT OF FINANCIAL POSITION	73
STATEMENT OF CASH FLOWS	74
NOTES TO THE FINANCIAL STATEMENTS	75
COUNCIL FUNDING IMPACT STATEMENTS	128
DISCLOSURE STATEMENT	129
INFORMATION ON COUNCIL CONTROLLED ORGANISATIONS	134
STATEMENT OF COMPLIANCE	141
AUDIT OPINION	142

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2015

		Council			Group	
	Note	Actual 2015	Budget 2015	Actual 2014	Actual 2015	Actual 2014
		\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
Rates	3	140,738	140,525	134,151	140,613	134,116
Subsidies and grants	4	10,895	14,582	11,301	10,895	11,301
Development and financial contributions		16,069	7,571	16,103	16,069	16,103
Fees and charges	5	41,372	38,096	38,474	47,970	40,312
Interest revenue	6	2,319	1,200	1,279	2,534	1,407
Other revenue	7	26,451	13,125	39,357	26,513	41,263
Total revenue		237,844	215,099	240,665	244,594	244,502
Expenses						
Personnel costs	9	63,039	56,184	57,248	64,827	58,406
Depreciation and amortisation	22	57,278	56,295	55,060	58,105	55,644
Finance costs	6	23,591	24,887	23,269	24,596	24,004
Other expenses	10	68,418	66,225	67,197	70,920	69,054
Total expenses		212,326	203,591	202,774	218,448	207,108
Operating surplus/(deficit)		25,518	11,508	37,891	26,146	37,394
Gains	8	3,022	-	14,985	5,020	11,489
Losses	8	(20,124)	-	(4,508)	(20,141)	(4,666)
Share of associates' surplus/(deficit)	24	-	-	-	85	(116)
Surplus/(deficit) before tax		8,416	11,508	48,368	11,110	44,101
Income tax expense		-	-	-	343	-
Surplus/(deficit) after tax		8,416	11,508	48,368	10,767	44,101
Surplus/(deficit) attributable to: Hamilton City Council		8,416	11,508	48,368	10,767	44,101
Other comprehensive revenue and expense						
Items that could be reclassified to surplus/(deficit)						
Financial assets at fair value through other comprehensive revenue and expense	29	-	-	106	-	106
Items that will not be reclassified to surplus/(deficit)						
Gain on property, plant and equipment revaluations	29	36,098	143,967	99,686	36,098	100,075
Total other comprehensive revenue and expense		36,098	143,967	99,792	36,098	100,181
Total comprehensive revenue and expense		44,514	155,475	148,160	46,865	144,282

The accompanying notes form part of these financial statements.
Explanations of major variances against budget are provided in note 39.

BALANCING THE BOOKS MEASURE FOR THE YEAR ENDED 30 JUNE 2015

	Note	Council		
		Actual 2015	Budget 2015	Actual 2014
Surplus/(deficit) before tax		8,416	11,508	48,368
Adjustments for balancing the books measure				
Gains	8	3,022	-	14,985
Losses	8	(20,124)	-	(4,508)
Vested assets (included in Other revenue)	7	19,824	8,414	34,615
Ring Road subsidy (included in Subsidies and grants)		637	6,360	2,207
Total adjustments		3,359	14,774	47,299
Balancing the books surplus/(deficit)		5,057	(3,266)	1,069

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	Note	Council			Group	
		Actual 2015 \$000	Budget 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Balance at 1 July		2,872,017	3,406,177	2,723,857	2,899,976	2,755,694
Total comprehensive revenue and expense for the year		44,514	155,475	148,160	46,865	144,282
Issue of NZFIW shares		-	-	-	3,000	-
Balance at 30 June	29	2,916,531	3,561,652	2,872,017	2,949,841	2,899,976
<i>Total comprehensive revenue and expense attributable to:</i>						
Hamilton City Council		44,514	155,475	148,160	46,865	144,282
<i>Transactions with owners of the NZFIW:</i>						
Gain on non-controlling interest through retained equity		-	-	-	1,685	-
Non-controlling interest from issue of NZFIW shares		-	-	-	1,315	-
Total comprehensive revenue and expense		44,514	155,475	148,160	49,865	144,282

The accompanying notes form part of these financial statements.

Explanations of major variances against budget are provided in note 39.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

		Council			Group	
	Note	Actual 2015 \$000	Budget 2015 \$000	Actual 2014 \$000	Actual 2015 \$000	Actual 2014 \$000
Assets						
Current assets						
Cash and cash equivalents	12	57,291	25,000	42,967	57,616	43,326
Receivables	13	19,276	17,661	17,101	20,183	17,474
Prepayments		1,465	-	1,311	1,606	1,394
Inventory	16	109	533	166	109	166
Other financial assets	15	5,010	242	119	11,252	5,441
Derivative financial instruments	14	-	-	15	-	15
Non-current assets held for sale	17	-	-	569	-	569
Total current assets		83,151	43,436	62,248	90,766	68,385
Non-current assets						
Property, plant and equipment	20	3,237,606	3,901,574	3,198,600	3,260,646	3,214,024
Intangible assets	21	19,726	9,090	14,089	19,726	14,089
Investment property	23	24,139	57,326	41,203	39,839	55,703
Investment in associates	24	7,430	7,431	7,430	29,835	29,750
Other financial assets	15	8,611	9,765	8,899	6,125	6,404
Investment in subsidiaries	18	10,150	-	10,150	-	-
Total non-current assets		3,307,662	3,985,186	3,280,371	3,356,171	3,319,970
Total assets		3,390,813	4,028,622	3,342,619	3,446,937	3,388,355
Liabilities						
Current liabilities						
Payables and deferred revenue	25	32,206	18,183	32,795	36,334	33,719
Provisions	26	2,219	2,024	1,724	2,219	1,724
Employee entitlements	27	7,038	6,177	6,230	7,038	6,230
Borrowings	28	56,375	107,744	76,292	62,630	85,010
Derivative financial instruments	14	234	-	-	234	-
Total current liabilities		98,072	134,128	117,041	108,455	126,683
Non-current liabilities						
Provisions	26	8,477	9,479	8,085	8,648	8,085
Employee entitlements	27	881	1,917	886	881	886
Payables and deferred revenue	25	-	-	-	512	-
Deferred tax liability	11	-	-	-	1,965	1,758
Borrowings	28	340,989	321,446	332,569	350,772	338,946
Derivative financial instruments	14	25,863	-	12,021	25,863	12,021
Total non-current liabilities		376,210	332,842	353,561	388,641	361,696
Total liabilities		474,282	466,970	470,602	497,096	488,379
Net assets		2,916,531	3,561,652	2,872,017	2,949,841	2,899,976
Equity						
Accumulated funds	29	1,611,331	1,611,984	1,618,890	1,626,982	1,632,122
Other reserves	29	1,305,200	1,949,668	1,253,127	1,321,544	1,267,854
Non-controlling interest	29	-	-	-	1,315	-
Total equity attributable to Hamilton City Council		2,916,531	3,561,652	2,872,017	2,949,841	2,899,976
Total equity		2,916,531	3,561,652	2,872,017	2,949,841	2,899,976

The accompanying notes form part of these financial statements.
 Explanations of major variances against budget are provided in note 39.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	Note	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2015	2015	2014	2015	2014
		\$000	\$000	\$000	\$000	\$000
Cash flows from operating activities						
Cash was provided from:						
Rates revenue		140,482	140,525	134,043	140,357	134,008
Fees, rents and charges		43,210	41,280	41,937	50,223	43,775
Subsidies and grants		10,634	15,583	10,208	10,634	10,208
Other capital contributions		19,212	7,571	16,681	19,212	16,681
Interest received		2,133	1,200	1,197	2,348	1,325
Dividends received		132	100	113	185	164
Net GST received		1,564	-	-	1,564	-
Sundry revenue		-	426	-	494	2,495
		217,367	206,685	204,179	225,017	208,656
Cash was applied to:						
Payments to employees		61,483	56,184	56,937	63,257	58,013
Payments to suppliers		69,583	64,368	57,507	72,105	59,210
Interest paid		23,179	24,887	22,948	24,186	23,690
Tax payments		-	-	-	4	-
Net GST paid		-	1,917	240	72	256
		154,245	147,356	137,632	159,624	141,169
Net cash flow from operating activities	30	63,122	59,329	66,547	65,393	67,487
Cash flows from investing activities						
Cash was provided from:						
Proceeds from reduction in other financial assets		291	-	7,018	291	7,018
Proceeds from sale of shares		-	-	11,827	3,000	11,827
Proceeds from sale of investment property		17,565	-	-	17,565	-
Proceeds from sale of property, plant and equipment		8,119	108	3,023	8,119	3,023
		25,975	108	21,868	28,975	21,868
Cash was applied to:						
Acquisition of investments		5,000	-	560	5,602	1,319
Purchase of investment property		-	-	-	14	-
Purchase of intangible assets		7,895	-	4,635	7,895	4,635
Purchase of property, plant and equipment		50,381	67,903	60,050	56,186	60,238
		63,276	67,903	65,245	69,697	66,192
Net cash flow from investing activities		(37,301)	(67,795)	(43,377)	(40,722)	(44,324)
Cash flows from financing activities						
Cash was provided from:						
Loans raised		35,290	25,000	60,000	44,822	60,061
Finance leases raised		555	618	764	555	764
		35,845	25,618	60,764	45,377	60,825
Cash was applied to:						
Loan repayments		47,000	17,152	90,204	55,416	90,204
Finance lease repayments		342	-	580	342	580
		47,342	17,152	90,784	55,758	90,784
Net cash flow from financing activities		(11,497)	8,466	(30,020)	(10,381)	(29,959)
Net increase/(decrease) in cash held		14,324	-	(6,850)	14,290	(6,796)
Opening cash and cash equivalents balance		42,967	25,000	49,817	43,326	50,122
Closing cash and cash equivalents balance	12	57,291	25,000	42,967	57,616	43,326

The accompanying notes form part of these financial statements.
 Explanations of major variances against budget are provided in note 39.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2015

REPORTING ENTITY

Hamilton City Council (the Council) is a territorial local authority governed by the Local Government Act 2002 and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

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 Council's subsidiaries and Waikato Regional Airport Ltd are incorporated and domiciled in New Zealand.

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 (PBEs) 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 2015. The financial statements were authorised for issue by Council on 24 September 2015.

BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

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).

The financial statements have been prepared in accordance with Tier 1 PBE accounting statements. These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. The material adjustments arising on transition to the new PBE accounting standards are explained in note 41.

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.

Standards issued and not yet effective and not early adopted

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. The Council has applied these standards in preparing the 30 June 2015 financial statements.

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. The Council will apply these updated standards in preparing its 30 June 2016 financial statements. The Council expects that there will be minimal or no change in applying these updated accounting standards.

SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements are prepared by 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.

Rates arising from late payment penalties are recognised as revenue when rates become overdue.

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.

Rates remissions are recognised as a reduction of rates revenue when the council has received an application that satisfies its rates remission policy.

Rates collected on behalf of the Waikato Regional Council (WRC) are not recognised in the financial statements, as the Council is acting as an agent for the WRC.

- **Infringement fees and fines**

Infringement fees and fines mostly relate to traffic and parking infringements and are recognised when the infringement notice is issued. The fair value of this revenue is determined based on the probability of collecting fines, which is estimated by considering the collection history of fines over the preceding 2-year period.

- **Other grants received**

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

- **Interest and dividends**

Interest income is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest rate.

Dividends are recognised when the right to receive payment has been established. When dividends are declared from pre-acquisition surpluses, the dividend is deducted from the cost of the investment.

- **Development and financial contributions**

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.

- **New Zealand Transport Agency roading subsidies**

The Council receives funding assistance from the New Zealand Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

- **Entrance fees**

Entrance fees are fees charged to users of the Council's local facilities, such as the zoo, pools, museum, and gallery. Revenue from entrance fees is recognised upon entry to such facilities.

- **Sales of goods**

Revenue from the sale of goods is recognised when a product is sold to the customer.

- **Vested or donated physical assets**

For assets received for no or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The Fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments,

the fair value is based on construction price information provided by the property developer.

For long-lived assets that must be used for a specific use (e.g. land must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the council expects that it will need to return or pass the asset to another party.

- **Donated and bequeathed financial assets**

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there is substantive use or return conditions and the liability released to revenue as the conditions are met (e.g. as the funds are spent for the nominated purpose).

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Construction contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to balance date as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract, and an allocation of overhead expenses incurred in connection with the group's construction activities in general.

An expected loss on construction contracts is recognised immediately as an expense in the surplus or deficit.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred. When it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised surpluses less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred, plus surpluses less losses, the net amounts are presented as a liability.

Grant expenditure

Non-discretionary grants are 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 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 or 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 (and tax laws) 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. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Current tax and deferred tax is recognised against the surplus or deficit for the period, except when it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly 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 and group. Each asset type includes all items that are required for the network to function.

Land (operational and restricted) is measured at fair value, and buildings (operational and restricted), library books, and infrastructural assets (except land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost 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 on all property, plant, and equipment other than land, 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	8 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 (base course)	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 not depreciated due to 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 continuing 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.

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred. Costs associated with maintaining computer software are recognised in the surplus or deficit when incurred. Costs associated with development and maintenance of the Council's website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives of major classes of intangible assets have been estimated as follows:

Computer Software	3-5 years
Consents & Delegations	10-35 years
Licenses	3-10 years
Models	7-15 years

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

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.

Impairment of property, plant, and equipment and intangible assets

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, and goodwill, are not subject to amortisation and are tested annually for impairment.

Property, plant, and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Inventory

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the FIFO method), adjusted, when applicable, for any loss of service potential.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition. Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value.

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.

When land held for development and future resale is transferred from investment property/property, plant, and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost. Costs directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant, and equipment.

Receivables

Receivables are recorded at their face value, less any provision for impairment.

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

Other financial assets

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

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

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

- Loans and receivables
- Fair value through surplus or deficit
- Fair value through other comprehensive revenue and expense
- **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 balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit. Loans to community organisations made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as

a grant expense. The loans are subsequently measured at amortised cost using the effective interest method.

- **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 revenue and expense**

Financial assets at fair value through other comprehensive revenue and expense 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 receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation, and default payments are 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 investments, 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 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.

Payables

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

Borrowings

Borrowings are initially recognised at their face value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

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 vested long service leave are classified as a current liability. Non-vested long service 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 and hedge accounting

Derivative financial instruments are used to manage exposure to foreign exchange arising from the Council's operational activities and interest rate risks arising from Council's financing activities.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date. 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

- **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. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Provisions

A provision is recognised 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 an outflow of future economic benefits 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. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability that the Council will be required to reimburse a holder for a loss incurred discounted to present value. If the fair value of a guarantee cannot be reliably determined, a liability is

only recognised when it is probable there will be an outflow under the guarantee.

Financial guarantees are subsequently measured at the higher of:

- The present value of the estimated amount to settle the guarantee obligation if it is probable there will be an outflow to settle the guarantee; and
- The amount initially recognised less, when appropriate, cumulative amortisation as revenue.

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
- Property revaluation reserves
- Restricted reserves
- Council created reserves; and
- Fair value through other comprehensive revenue and expense reserve

Accumulated funds

Accumulated funds comprise accumulated surpluses over the years.

Property Revaluation Reserve

Revaluation reserves comprise accumulated revaluation increments/decrements.

Restricted reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

Restricted reserves include those subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Council created reserves

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.

Fair value through other comprehensive revenue and expense reserve

This reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

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.

Cost allocation

The cost of service for each significant activity of the Council has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers, and floor area.

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 20 provides information about the estimates and assumptions applied in determining the fair value of infrastructural assets.

- **Landfill aftercare provision**

Note 26 provides information about the estimates and assumptions surrounding the landfill aftercare provision.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies for the year ended 30 June 2015:

Classification of property

The Council owns a number of properties held to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the Council's social housing policy. The properties are therefore accounted for as property, plant, and equipment rather than as investment property.

NOTE 2: SUMMARY REVENUE AND EXPENDITURE FOR GROUP OF ACTIVITIES

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Revenue				
Arts and Recreation	7,747	7,961	7,747	7,961
City Planning and Development	1,831	1,913	1,831	1,913
City Prosperity	11,301	11,111	18,176	14,948
City Safety	8,801	8,215	8,801	8,215
Community Services	4,305	4,083	4,305	4,083
Democracy	355	666	355	666
Parks and Open Spaces	8,516	4,661	8,516	4,661
Solid Waste	910	412	910	412
Stormwater	4,224	3,616	4,224	3,616
Transportation	31,800	38,952	31,800	38,952
Wastewater	13,274	12,114	13,274	12,114
Water Supply	12,967	12,622	12,967	12,622
Total activity revenue	106,031	106,326	112,906	110,163
Less internal revenue	(1,831)	(2,283)	(1,831)	(2,283)
General rates	133,644	126,473	133,519	126,473
Vested Assets - Shares in Innovation Waikato Limited	-	10,149	-	10,149
Total revenue	237,844	240,665	244,594	244,502
Expenditure				
Arts and Recreation	33,979	32,177	33,979	32,177
City Planning and Development	6,232	7,078	6,232	7,078
City Prosperity	31,226	29,890	37,348	34,224
City Safety	10,235	10,051	10,235	10,051
Community Services	8,554	8,112	8,554	8,112
Democracy	6,261	4,940	6,261	4,940
Parks and Open Spaces	16,278	14,902	16,278	14,902
Solid Waste	6,797	6,195	6,797	6,195
Stormwater	7,925	8,399	7,925	8,399
Transportation	43,527	41,787	43,527	41,787
Wastewater	25,113	24,371	25,113	24,371
Water Supply	18,030	17,155	18,030	17,155
Total activity expenditure	214,157	205,057	220,279	209,391
Less internal expenditure	(1,831)	(2,283)	(1,831)	(2,283)
Total expenditure	212,326	202,774	218,448	207,108

Each significant activity is stated gross of internal costs and revenues, and includes targeted rates attributable to activities (refer to note 3). In order to fairly reflect the total external operations for the Council in the statement of comprehensive revenue and expense, these transactions are eliminated as shown above.

Revenue reclassified as exchange or non-exchange transactions

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Revenue from exchange transactions				
Fees and user charges	38,252	34,198	44,850	36,036
Rental income	3,120	4,276	3,120	4,276
Subsidies and grants	1,792	1,397	1,792	1,397
Targeted rates for water supply	7,693	7,678	7,693	7,678
Interest revenue	2,319	1,279	2,534	1,407
Total revenue from exchange transactions	53,176	48,828	59,989	50,794
Revenue from non-exchange transactions				
Development and financial contributions	16,069	16,103	16,069	16,103
Subsidies and grants	9,103	9,904	9,103	9,904
Infringements and fines	2,374	2,237	2,374	2,237
Other revenue	4,253	2,505	4,315	4,411
Rates, excluding targeted rates for water supply	133,045	126,473	132,920	126,438
Vested assets	19,824	34,615	19,824	34,615
Total revenue from non-exchange transactions	184,668	191,837	184,605	193,708
Total revenue	237,844	240,665	244,594	244,502

NOTE 3: RATES

	Council		Group	
	2015	2014	2015	2014
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
General rates	126,696	120,934	126,571	120,902
Targeted rates attributable to activities:			-	
- Metered water supply	7,693	7,678	7,693	7,675
- Access Hamilton	5,005	5,001	5,005	5,001
- 100% non-rateable land	846	921	846	921
- 50% non-rateable land	223	106	223	106
- Business improvement district	283	280	283	280
- Hamilton Gardens	607	-	607	-
Rates penalties	920	820	920	820
Rates remissions	(936)	(918)	(936)	(918)
Less rates charges to Council properties	(599)	(671)	(599)	(671)
Total rates	140,738	134,151	140,613	134,116

Rates remissions

Rates revenue is shown gross 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.

Rating base information

The rating base information is as at the end of the preceding financial year:

	30 June 2014	30 June 2013
The number of rating units	55,447	54,739
The total capital value of rating units	\$25,913,715,550	\$25,278,503,800
The total land value of rating units	\$10,845,594,050	\$10,752,896,300

NOTE 4: SUBSIDIES AND GRANTS

	Council		Group	
	2015	2014	2015	2014
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
New Zealand Transport Agency roading subsidies	9,103	9,904	9,103	9,904
Other grants	1,792	1,397	1,792	1,397
Total subsidies and grants	10,895	11,301	10,895	11,301

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2014 nil).

NOTE 5: FEES AND CHARGES

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Building and resource consent charges	7,737	8,018	7,737	8,018
Rental income from investment properties	3,120	4,276	3,120	6,159
Swimming pool revenue	2,617	2,506	2,617	2,506
Parking fees	3,360	3,595	3,360	3,595
Rendering of services	-	-	6,137	-
Sale of goods	765	317	765	317
Commission received	1,183	1,353	1,183	1,353
Pensioner housing	2,230	1,979	2,230	1,979
Other rental income	1,346	670	1,346	670
Trade waste	2,146	3,003	2,146	3,003
Cemetery and crematorium	1,555	1,395	1,555	1,395
Event facilities	5,952	5,817	5,952	5,817
Shared services recoveries	713	769	713	769
Zoo	1,282	1,193	1,282	1,193
Animal control	980	911	980	911
Other fees and charges	6,386	2,672	6,847	2,627
Total fees and charges	41,372	38,474	47,970	40,312

NOTE 6: INTEREST REVENUE AND FINANCE COSTS

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Interest revenue				
Term deposits	1,939	1,260	2,154	1,388
Community loans	19	19	19	19
Local authority and government bonds	361	-	361	-
Total interest revenue	2,319	1,279	2,534	1,407
Finance costs				
Interest on borrowings	22,913	22,603	23,903	23,338
Interest on finance leases	66	55	81	55
Discount unwind on provisions (note 26)	612	611	612	611
Total finance costs	23,591	23,269	24,596	24,004
Net finance costs	21,272	21,990	22,062	22,597

NOTE 7: OTHER REVENUE

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Other revenue				
Vested land and infrastructure from property development	19,824	24,466	19,824	24,466
Vested Assets - Shares in Innovation Waikato Limited	-	10,149	-	10,149
Traffic and parking infringements	2,374	2,237	2,374	2,237
Petrol tax	950	961	950	961
Bequests and other donations	2,423	1,017	2,423	1,017
Dividends	132	113	185	164
Insurance recoveries:				
- plant and equipment	64	-	64	-
- motor vehicles	45	-	45	-
- other	84	-	84	-
Other	555	414	564	2,269
Total other revenue	26,451	39,357	26,513	41,263

NOTE 8: GAINS/(LOSSES)

	Council		Group	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Gains				
Investment property gain on disposal	260	-	260	-
Property, plant, and equipment gain on disposal (note 20)	2,521	-	2,521	-
Investment property revaluation gain (note 23)	241	-	1,427	-
Unrealised gain on revaluation of interest rate swaps (note 14)	-	9,158	-	9,158
Realised gain on sale of associate	-	5,827	-	1,854
Unrealised gain on other financial assets	-	-	318	-
Realised gain on other financial assets	-	-	494	477
Total gains	3,022	14,985	5,020	11,489
Losses				
Property, plant, and equipment loss on disposal (note 20)	(6,033)	(4,059)	(6,050)	(4,059)
Investment property revaluation loss (note 23)	-	(449)	-	(476)
Unrealised loss on other financial assets	-	-	-	(131)
Unrealised loss on revaluation of interest rate swaps (note 14)	(14,091)	-	(14,091)	-
Total losses	(20,124)	(4,508)	(20,141)	(4,666)
Total net gains/(losses)	(17,102)	10,477	(15,121)	6,823

NOTE 9: PERSONNEL COSTS

	Council		Group	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Salaries and wages	61,338	56,119	63,126	57,277
Defined contribution plan employer contributions *	898	818	898	818
Increase/(decrease) in employee benefit liabilities	803	311	803	311
Total employee benefit expenses	63,039	57,248	64,827	58,406

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

NOTE 10: OTHER EXPENSES

	Council		Group	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Fees to auditors:				
- Fees to Audit New Zealand for audit of financial statements	199	199	252	241
- Fees to Audit New Zealand for other services*	130	33	130	33
- Fees to Assurance CA firm for the internal audit function	253	242	253	242
General grants	2,173	1,809	2,173	1,809
Contractors	16,982	19,395	16,982	19,395
Insurance premiums	1,747	1,670	1,747	1,670
Consultants**	4,535	2,468	4,535	2,468
Legal fees**	1,767	860	1,767	860
ACC Accredited Employers Programme	408	444	408	444
Inventory consumption	168	210	168	210
Impairment of receivables (note 13)	(181)	236	(175)	236
Impairment of property, plant and equipment (note 20)	492	63	492	63
Impairment of other financial assets (note 15)	107	583	107	583
Operating lease expense	327	433	327	433
Other operating expenses	39,311	38,552	41,754	40,367
Total other expenses	68,418	67,197	70,920	69,054

* The fees paid to Audit New Zealand for other services in the year ending 30 June 2015 were for the audit of the Council's 2015-2025 Consultation Document and Long-Term Plan, Long-Term Plan Amendment and other assurance services. The fees paid to Audit New Zealand in 2014 for assurance services were in relation to Council's Information Technology Work Programme.

** The major portion of these items relate to the City Planning and Development.

NOTE 11: TAX

Components of tax expense

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Current tax expense	-	-	136	-
Deferred tax expense	-	-	207	-
Tax expense	-	-	343	-

Relationship between tax expense and accounting profit

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Surplus/(deficit) before tax	8,416	48,368	11,110	44,101
Tax at 28% (2014 28%)	2,356	13,543	3,111	12,348
Effect of tax exempt income	(2,355)	(13,544)	(2,999)	(12,381)
Taxation loss not recognised	(1)	1	-	1
Equity accounted earnings of associates	-	-	24	32
Deferred tax adjustment	-	-	207	-
Tax expense	-	-	343	-

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

	Group				
	PPE	Investment properties	Other provisions	Tax losses	Total
Balance as at 1 July 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)
Acquired balance	-	-	-	-	-
Charged to surplus or deficit	23	(153)	25	(102)	(207)
Charged to other comprehensive income	-	-	-	-	-
Balance at 30 June 2015	(1,879)	(153)	31	36	(1,965)

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	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Tax losses - Council	132	127	136	127
Tax losses - Hamilton Properties Limited	-	-	134	134
	132	127	270	261

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 12: CASH AND CASH EQUIVALENTS

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Cash at bank and on hand	1,745	2,826	2,070	3,185
Term deposits with maturities of less than 3 months at acquisition	55,546	40,141	55,546	40,141
Total cash and cash equivalents	57,291	42,967	57,616	43,326

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 2015 the interest rate on the facility was 6.0 percent per annum (2014 6.0 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 2015 the interest rate was 6.0 percent per annum (2014 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	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Cash at bank and on hand	1,745	2,826	2,070	3,185
Term deposits with maturities of less than 3 months at acquisition	55,546	40,141	55,546	40,141
Total	57,291	42,967	57,616	43,326

NOTE 13: RECEIVABLES

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Rates receivables	3,740	3,233	3,740	3,233
New Zealand Transport Agency	2,465	2,074	2,465	2,074
Water by meter	1,953	1,977	1,953	1,977
GST refund due	1,637	2,322	1,637	2,322
Sundry debtors	12,798	12,955	13,705	13,356
Other receivables:				
- receivables from subsidiaries and associates	-	12	-	4
Gross debtors and other receivables	22,593	22,573	23,500	22,966
Less: provision for impairment	(3,317)	(5,472)	(3,317)	(5,492)
Total receivables	19,276	17,101	20,183	17,474

Total receivables comprise:

Receivables from non-exchange transactions include outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	9,638	9,150	9,638	9,150
Receivables from exchange transactions include outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates.	9,638	7,951	10,545	8,324

Fair value

Receivables are generally short-term and non-interest bearing. 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 any 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 3 months of the Court's judgement, then Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plan options in special circumstances.

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

	2015			2014		
	Gross	Impairment	Net	Gross	Impairment	Net
	\$000	\$000	\$000	\$000	\$000	\$000
Council						
Not past due	13,864	-	13,864	10,681	-	10,681
Past due 1-60 days	2,613	-	2,613	2,494	-	2,494
Past due 61-120 days	1,278	-	1,278	1,443	(6)	1,437
Past due > 120 days	4,838	(3,317)	1,521	7,955	(5,466)	2,489
Total	22,593	(3,317)	19,276	22,573	(5,472)	17,101
Group						
Not past due	14,771	-	14,771	10,955	-	10,955
Past due 1-60 days	2,613	-	2,613	2,561	-	2,561
Past due 61-120 days	1,278	-	1,278	1,456	(6)	1,450
Past due > 120 days	4,838	(3,317)	1,521	7,994	(5,486)	2,508
Total	23,500	(3,317)	20,183	22,966	(5,492)	17,474

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

The impairment provision has been calculated based on a review of specific overdue receivables and a collective assessment. The collective impairment provision is based on an analysis of past collection history and debt write-offs.

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Individual impairment	313	494	313	494
Collective impairment	3,004	4,978	3,004	4,978
Total provision for impairment	3,317	5,472	3,317	5,472

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 is as follows:

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
0 to 3 months	-	-	-	-
3 to 6 months	-	93	-	93
6 to 9 months	-	137	-	137
9 to 12 months	4	8	4	8
> 12 months	309	256	309	256
Total individual impairment	313	494	313	494

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

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
At 1 July	5,472	5,496	5,472	5,496
Additional provisions made during the year	60	224	60	224
Provisions reversed during the year	(242)	(238)	(242)	(238)
Receivables written off during the period	(1,973)	(10)	(1,973)	(10)
At 30 June	3,317	5,472	3,317	5,472

The Council and group holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

NOTE 14: DERIVATIVE FINANCIAL INSTRUMENTS

	Council		Group	
	2015	2014	2015	2014
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Current asset portion				
Interest rate swaps - held for trading	-	15	-	15
Total	-	15	-	15
Total derivative financial instrument assets	-	15	-	15
Current liability portion				
Interest rate swaps - held for trading	234	-	234	-
Total	234	-	234	-
Non-current liability portion				
Interest rate swaps - held for trading	25,863	12,021	25,863	12,021
Total	25,863	12,021	25,863	12,021
Total derivative financial instrument liabilities	26,097	12,006	26,097	12,006

Fair value*Interest rate swaps*

The fair values of interest rate swaps have been determined by calculating the expected future cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest yield curves. Most market parameters are implied from instrument prices.

Information about interest rate swaps

The notional principal amounts of outstanding interest rate swap contracts for the Council were \$420 million (2014 \$359.5 million) and for the group were \$420 million (2014 \$359.5 million). This includes \$81.5 million (2014 \$32 million) of forward start swaps, leaving \$338.5 million (2014 \$327.5 million) in actual committed swaps at 30 June 2015. At 30 June 2015, the fixed interest rates of fair value interest rate swaps varied from 4.09% to 6.45% (2014 3.47% to 6.48%).

The revaluation of interest rate swaps held by Council shows an unrealised mark-to-market revaluation loss for 2015 of \$14,091,000 (2014 gain \$9,158,000) as disclosed in note 8.

The Council and group currently have no fair value hedges.

Information about forward foreign exchange contracts

The Council and group currently have no foreign currency forward exchange contracts.

NOTE 15: OTHER FINANCIAL ASSETS

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Current portion:				
Loans and receivables				
Term deposits with original maturities greater than 3 months and remaining maturities less than 12 months	5,000	100	5,000	100
Community loans	10	19	10	19
Fair value through surplus/deficit				
Equity securities managed by Gareth Morgan Investments (GMI)	-	-	3,240	2,790
Fixed interest instruments managed by Gareth Morgan Investments (GMI)	-	-	3,002	2,532
Total	5,010	119	11,252	5,441
Non-current portion:				
Loans and receivables				
Term deposits with maturities greater than 1 year	3,600	3,680	3,600	3,680
Community loans	141	242	141	242
Unlisted shares				
Local Authority Shared Services Ltd (LASS)	254	378	254	378
NZ Local Government Funding Agency Ltd (LGFA)	1,866	1,866	1,866	1,866
NZ Local Government Insurance Co Ltd (Civic)	244	227	244	227
NZ Food Innovation Network Ltd (NZFIN)	-	-	20	11
Waikato Innovation Park Ltd (WIPL)	2,506	2,506	-	-
Total	8,611	8,899	6,125	6,404
Total other financial assets	13,621	9,018	17,377	11,845

Fair value**Term deposits**

The carrying amount of term deposits approximates their fair value.

Community loans

The fair value of community loans is \$151,000 (2014 \$261,000).

Staples Rodway was advanced a loan in 2012 in respect of the fit out for the BNZ building they lease from Council. The loan was repaid in March 2015.

The Northern Districts Cricket Association Incorporated has been provided with a loan to enable them to fund their share of the upgrade to Seddon Park.

Unlisted shares

NZ Local Government Insurance Co Ltd made a net surplus for the year ended 31 December 2014 of \$0.17 million (31 December 2013 net deficit \$0.62 million). Council has made an adjustment through surplus/(deficit) to reflect its share of the increase in net equity of the company resulting from the surplus for the year.

New Zealand Food Innovation (Waikato) Ltd (NZFIW), Waikato Innovation Park Ltd (WIPL) and Innovation Park Ltd (IWL) became Council Controlled Organisations (CCOs) on 9 October 2013, when Council was gifted the shares in Innovation Waikato Ltd (IWL) by the Katolyst Group. Council has a shareholding in IWL (100%) and is recognised as a subsidiary of Council. Refer note 18, Investment in subsidiaries for further details. IWL has 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 70% of NZFIW, and in turn NZFIW holds a 25% shareholding in NZFIN.

Impairment

An impairment of \$124,000 was made to Council's investment in Local Authority Shared Services Limited to reflect Council's share of the reduction in LASS's equity resulting from an operating loss for the year ended 30 June 2015.

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:

	Number of Shares	Holding %	Council		Group	
			2015 \$000	2014 \$000	2015 \$000	2014 \$000
Unlisted Shares						
Local Authority Shared Services Ltd						
- Ordinary	1	7.69	1	1	1	1
- Shared Valuation Data	220,514	13.72	77	114	77	114
- Waikato Regional Transport Model	50,625	37.50	176	263	176	263
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	244	227	244	227
NZ Food Innovation (Waikato) Ltd- uncalled capital	100	100.00	-	-	-	-
NZ Food Innovation Network Ltd	25	25.00	-	-	20	11
Waikato Innovation Park Ltd	247	19.80	2,506	2,506	-	-
Total unlisted shares			4,870	4,977	2,384	2,482

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

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Loan to Staples Rodway (SR)	7.14%	7.14%	7.14%	7.14%
Loan to Northern Districts Cricket Club (NDC)	5.70%	0.00%	5.70%	0.00%

Movements in loans are summarised as follows:

	Council and Group (\$000)		
	SR	NDC	Total
2015			
Opening balance	261	-	261
Advance of loan	-	161	161
Repayment of loan	(261)	(10)	(271)
Closing balance	-	151	151

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

Movements in unlisted shares are summarised as follows:

	Council (\$000)					Group (\$000)	
	WIPL	LASS	NZLGI	LGFA	Total	NZFIN	Total
2015							
Opening balance	2,506	378	227	1,866	4,977	11	4,988
Impairment of shares (surplus/deficit)	-	(124)	17	-	(107)	9	(98)
Closing balance	2,506	254	244	1,866	4,870	20	4,890

	Council (\$000)					Group (\$000)	
	WIPL	LASS	NZLGI	LGFA	Total	NZFIN	Total
2014							
Opening balance	2,400	500	239	1,866	5,005	-	5,005
Acquisition of shares	-	-	-	-	-	3	3
Share of surplus	-	-	-	-	-	8	8
Fair value through 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

NOTE 16: INVENTORY

	Council		Group	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Held for distribution inventory:				
Nursery	91	147	91	147
Utilities	18	19	18	19
Total inventory	109	166	109	166

The write-down of inventory during the year was \$nil (2014 \$nil). There have been no reversals of write-downs (2014 \$nil).

No inventory is pledged as security for liabilities (2014 \$nil). However, some inventory is subject to retention of title clauses.

NOTE 17: NON-CURRENT ASSETS HELD FOR SALE

	Council		Group	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Non-current assets held for sale are:				
- Land	-	569	-	569
Total non-current assets held for sale	-	569	-	569

There are no properties that meet the criteria required to be presented as held for sale as at 30 June 2015.

In 2014, a property on Rotokauri Road was presented as held for sale following the approval by Council on 27 February 2014 to sell the property. The sale completed in April 2015.

The accumulated property revaluation reserve recognised in equity for the Rotokauri Road property at 30 June 2014 was \$21,433, which was transferred to Equity through the Statement of comprehensive revenue and expense.

Property purchased specifically for roading purposes was presented as held for sale after being deemed as surplus to requirements. This followed approval by Council on 9 November 2011, and the sales were all 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, which was transferred to equity through the Statement of comprehensive revenue and expense.

NOTE 18: INVESTMENT IN SUBSIDIARIES

	Council		Group	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Hamilton Properties Ltd (HPL)	1	1	-	-
Vibrant Hamilton Trust (VHT)	-	-	-	-
Innovation Waikato Ltd (IWL)	10,149	10,149	-	-
Total investments in subsidiaries	10,150	10,150	-	-

Council has a 100% shareholding in its subsidiary Hamilton Properties Limited and comprises 1,000 shares. Hamilton Properties Limited remains a non-active company for the year ended 30 June 2015.

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 subsequently 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. 80.2% of \$12.655 million). Based on using the same fair value of the IWL Group net assets as at 30 September 2013, Council reflected a gain on the shares in WIPL of \$0.106 million, which increased the Council's investment to \$2.506 million (i.e. 19.8% of \$12.655 million).

Council has utilised the following IWL Group financial results for the year ended 30 June 2015 for the Group consolidation. An adjustment has been made to eliminate intercompany revenue and expenses in the Statement of comprehensive revenue and expense.

	Group	
	2015	2014
	\$000	\$000
Innovation Waikato Ltd		
Assets	39,976	30,399
Liabilities	23,006	17,675
Equity	16,970	12,724
Revenue	7,790	3,746
Expenditure	6,545	4,066
Surplus/(deficit) after tax	1,245	(320)
Gain on property revaluation	-	389
Total comprehensive revenue and expense	1,245	69

NOTE 19: 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 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 notes 15 and 18 for further information.

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Investment in subsidiaries				
Hamilton Properties Ltd (HPL)	1	1	-	-
Innovation Waikato Ltd (IWL)	10,149	10,149	-	-
Vibrant Hamilton Trust (VHT)	-	-	-	-
Investment in associates				
Waikato Regional Airport Ltd (WRAL)	7,430	7,430	29,835	29,750
Other financial assets				
Local Authority Shared Services Ltd (LASS)	254	378	254	378
NZ Local Government Insurance Co Ltd (Civic)	244	227	244	227
NZ Local Government Funding Agency Ltd (LGFA)	1,866	1,866	1,866	1,866
NZ Food innovation (Waikato) Ltd (NZFIW)	-	-	-	-
Waikato Innovation Park Ltd (WIPL)	2,506	2,506	-	-
Total investments in Council Controlled Organisations	22,450	22,557	32,199	32,221

NOTE 20: PROPERTY, PLANT AND EQUIPMENT

\$000

\$000

																COUNCIL 2015			GROUP 2015		
	Cost / revaluation	Accumulated depreciation & impairment charges	Carrying amount	Cost transfers / reclassifications	Accumulated depreciation transfers / reclassifications	Gain/(loss) on revaluations	Current year additions (Constructed)	Current year additions (Vested)	Change in 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	Cost / revaluation	Accumulated depreciation & impairment charges	Carrying amount	Cost / revaluation	Accumulated depreciation & impairment charges	Carrying amount	
	01-Jul-14	01-Jul-14	01-Jul-14												30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	
Operational assets																					
Land	55,599	-	55,599	(1,476)	-	6,302	1	-	5	-	-	-	-	-	60,431	-	60,431	60,431	-	60,431	
Buildings	269,464	(30,159)	239,305	(268)	32	27,866	2,683	-	856	(6,695)	(314)	(9,410)	116	-	263,779	(9,608)	254,171	270,756	(10,045)	260,711	
Land - parks and gardens	317,678	-	317,678	-	-	(3,779)	2,320	1,383	(74)	-	-	-	-	-	317,528	-	317,528	317,528	-	317,528	
Improvements - parks and gardens	60,913	(8,587)	52,326	(22)	7	8,551	3,689	924	1,588	(397)	-	(2,881)	37	-	66,666	(2,844)	63,822	67,249	(2,844)	64,405	
Plant and equipment	42,996	(25,467)	17,529	290	(39)	-	1,991	-	1,404	(1,230)	(236)	(3,034)	1,150	-	45,451	(27,626)	17,825	63,292	(29,550)	33,742	
Vehicles	7,004	(3,665)	3,339	-	-	-	157	-	69	(412)	-	(396)	331	-	6,818	(3,730)	3,088	6,818	(3,730)	3,088	
Library books	20,671	(12,021)	8,650	-	-	-	753	-	207	-	-	(1,018)	-	-	21,631	(13,039)	8,592	21,631	(13,039)	8,592	
Zoo animals	1,181	(1,064)	117	-	-	-	-	-	63	-	-	(19)	-	-	1,244	(1,083)	161	1,244	(1,083)	161	
Leasehold Improvements	2,096	(1,727)	369	-	-	-	-	-	-	-	-	(325)	-	-	2,096	(2,052)	44	2,096	(2,052)	44	
Total operational assets	777,602	(82,690)	694,912	(1,476)	-	38,940	11,594	2,307	4,118	(8,734)	(550)	(17,083)	1,634	-	785,644	(59,982)	725,662	811,045	(62,343)	748,702	
Restricted assets																					
Land	19,895	-	19,895	(1,075)	-	(3,659)	-	1,085	-	-	-	-	-	-	16,246	-	16,246	16,246	-	16,246	
Heritage assets																					
Museum and library	35,082	-	35,082	-	-	(422)	22	-	(6)	-	-	-	-	-	34,676	-	34,676	34,676	-	34,676	
Infrastructure assets																					
Land	19,790	-	19,790	-	-	1,332	-	-	37	(2,250)	-	-	-	-	18,909	-	18,909	18,909	-	18,909	
Refuse	54,993	(186)	54,807	-	-	-	17	-	793	-	-	(186)	-	-	55,803	(372)	55,431	55,803	(372)	55,431	
Roads and traffic network	731,141	(16,433)	714,708	-	-	-	18,084	4,835	(4,757)	(759)	-	(17,264)	170	-	748,544	(33,527)	715,017	748,544	(33,527)	715,017	
Land under roads	659,771	-	659,771	2,551	-	-	1,124	6,147	254	(7)	-	-	-	-	669,840	-	669,840	669,840	-	669,840	
Stormwater system	369,207	(5,511)	363,696	-	-	-	247	2,765	1,559	-	-	(5,530)	-	-	373,778	(11,041)	362,737	373,778	(11,041)	362,737	
Wastewater system	263,299	(5,486)	257,813	-	-	-	3,121	1,627	3,046	(1,040)	-	(5,525)	80	-	270,053	(10,931)	259,122	270,053	(10,931)	259,122	
Wastewater treatment plant	61,376	(2,053)	59,323	-	-	-	6,142	-	(3,902)	-	-	(2,595)	-	-	63,616	(4,648)	58,968	63,616	(4,648)	58,968	
Water system	262,653	(5,128)	257,525	-	-	-	1,073	1,056	4,533	(180)	-	(5,254)	24	-	269,135	(10,358)	258,777	269,135	(10,358)	258,777	
Water treatment station	62,642	(1,364)	61,278	-	-	-	3,555	-	(995)	-	-	(1,617)	-	-	65,202	(2,981)	62,221	65,202	(2,981)	62,221	
Total infrastructure assets	2,484,872	(36,161)	2,448,711	2,551	-	1,332	33,363	16,430	568	(4,236)	-	(37,971)	274	-	2,534,880	(73,858)	2,461,022	2,534,880	(73,858)	2,461,022	
Total property, plant and equipment	3,317,451	(118,851)	3,198,600	-	-	36,191	44,979	19,822	4,680	(12,970)	(550)	(55,054)	1,908	-	3,371,446	(133,840)	3,237,606	3,396,847	(136,201)	3,260,646	

(1) The Group cost figures include \$25,401,000 for Innovation Waikato Ltd (Group) - \$6,977,000 of buildings, \$583,000 of parks and gardens improvements, and \$17,841,000 of plant and equipment.

(2) The Group accumulated depreciation figures include \$2,361,000 for Innovation Waikato Ltd (Group) - \$437,000 for buildings, and \$1,924,000 for plant and equipment.

NOTE 20: PROPERTY, PLANT AND EQUIPMENT

\$'000

\$'000														COUNCIL 2014			GROUP 2014			
	Cost / revaluation	Accumulated depreciation & impairment charges	Carrying amount	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	Cost / revaluation	Accumulated depreciation & impairment charges	Carrying amount	Cost / revaluation	Accumulated depreciation & impairment charges	Carrying amount
	01-Jul-13	01-Jul-13	01-Jul-13												30-Jun-14	30-Jun-14	30-Jun-14	30-Jun-14	30-Jun-14	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) Transfer to Intangible assets \$(84,081)

(2) Transfer to Intangible assets amortisation \$5,168

(3) Work in progress adjustment due to the reclassification of WIP into each individual asset class

(4) The Group cost figures includes \$16,963,000 for Innovation Waikato Ltd (Group) - \$3,036,000 of building assets, \$582,000 of improvement park and garden assets, and \$13,337,000 of plant and equipment assets, and \$8,000 of vehicles.

(5) The Group accumulated depreciation figures include (\$1,539,000) for Innovation Waikato Ltd (Group) - (\$316,000) for building assets, \$nil for improvement park and garden assets, (\$1,221,000) for plant and equipment assets, and (\$2,000) for vehicles.

VALUATION

	Most recent estimate of replacement cost	Date of estimate	Previous estimate of replacement cost	Date of estimate
	\$'000		\$'000	
Roads & footpaths	1,077,387	30 June 2015	1,033,209	30 June 2014
Water				
- Treatment and facilities	96,439	30 June 2015	93,162	30 June 2014
- Other	411,807	30 June 2015	412,568	30 June 2014
Sewerage				
- Treatment and facilities	84,125	30 June 2015	78,255	30 June 2014
- Other	452,311	30 June 2015	451,307	30 June 2014
Stormwater	529,235	30 June 2015	529,728	30 June 2014
Flood protection & control works	-	30 June 2015	-	30 June 2014

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 independent valuers, Maria McHugh, B.Com NPM, MPINZ and Ian Sutherland, BBS (VPM), ANZIV of QV Asset & Advisory, and the valuation was effective as at 1 July 2014.

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 independent valuers, Kees Beentjes BSc, BE (Hons), Asset Management Consultant for SPM Assets Ltd, and reviewed by C Jenkins BE (Civil) (First Class Honours), MIPENZ, MInstD of SPM Assets Ltd, Maria McHugh, B.Com NPM, MPINZ and Ian Sutherland, BBS (VPM), ANZIV of QV Asset & Advisory, and Sarah Seel, Principal Asset Management Consultant, of AECOM New Zealand Ltd. The valuation was effective as at 1 July 2014.

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 and determined by details provided by a random cross section sampling methodology.

The most recent valuation for the Library Reference Collection was performed by Pam Plumbly, Rare Book Consultant of Art + Object, The 21st Century Auction House, and James Parkinson, Director of Valuations and Collections Management of Art + Object. The last revaluation was effective as at 1 July 2014.

Museum Heritage Collection is valued at fair value using various methods as follows:

- a) Reference to observable prices in an active market. Where that market exists for the same or similar asset the market prices are deemed to be fair value. The values ascribed are primarily based on observable prices in both the primary retail market and the secondary auction market.

- b) If there is no active market, fair value is determined by other market based evidence adjudged by the valuers as active and knowledgeable participants in the market.

When ascribing values, consideration was given to the following:

- Historical and cultural significance recognising that there is a strong trend in sales that reflect this significance
- Comparison with the values ascribed to the value of similar items held in other institutions.
- Recent auction catalogue sales nationally and/or internationally. These values are known by the valuer's attendance at sales as well as by access to numerous auction houses and on line data base records, such as the Australian Art Sales Digest which tracks sales results across all of the major auction houses in Australasia.

The most recent valuation for the Museum Heritage Collection was performed by Ben Plumbly, Director Art of Art + Object, The 21st Century Auction House, and James Parkinson, Director of Valuations and Collections Management of Art + Object. The last revaluation was effective as at 1 July 2014.

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 Mectildah Chikwiri BSc (Computer, Statistics) and Hannah Helleur

BSocSc (Hons) of Hamilton City Council and reviewed by B Smith B Com CA of Brian Smith Advisory Services Ltd, and Sarah Seel, Principal Asset Management Consultant, of AECOM New Zealand Ltd. The valuation was effective as at 1 July 2014.

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 18 Knox Street (Knox Street Carpark Building), was completed in November 2014. 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 \$189,045.

During the year, the building and equipment located within the Clarence Street Theatre at 59 Clarence Street, was gifted to the Clarence Street Theatre Trust. The net carrying value of the assets gifted was \$3,761,778 and has been recognised as a loss on disposal.

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 \$2,472,544.

A new playground at Hamilton Lake Domain was opened in December 2014, and the athletics track at Porritt Stadium has also been replaced. The original assets were scrapped, and the carrying amount of \$360,303 was recognised as a loss on disposal.

Infrastructure assets (for roading, water supply, waste- water and stormwater reticulation) were replaced during the year due to failure, or obsolescence. The carrying amount of \$1,714,344 was recognised as a loss on disposal.

The net loss on disposal of Property, Plant and Equipment (\$3.512 million) has been recognised in the Statement of comprehensive revenue and expense in the line items "Property, plant, and equipment gain on disposal" and "Property, plant, and equipment loss on disposal".

Impairment

Impairment losses totalling \$550,200 (2014 \$75,395) have been recognised for Property, plant and equipment.

Of this, \$314,198 relates to the buildings and pools located on Victoria Street (known as the Municipal Pools) that have deteriorated to such a stage that they were no longer fit for purpose, and require removal. As these impaired assets are carried at their revalued amount (after deduction of accumulated depreciation subsequent to its revaluation as at 1 July 2014) impairment losses of \$94,749 have been treated as a revaluation

decrease. The remaining \$219,449 has been recognised in Other expenses in the Statement of comprehensive revenue and expense, and the impairment was calculated as being 100% of the pools asset's carrying amount and 80% of the buildings assets as at balance date.

The remaining \$236,002 relates to the Garden Place Carpark access control equipment that has deteriorated and required replacement much earlier than planned. This has been recognised in Other expenses in the Statement of comprehensive revenue and expense, 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 \$1,631,148 (2014 \$824,783) 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.

Restrictions

Land in the "Restricted Asset" category is subject to either restrictions on use, or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land under a bequest or donation that restricts the purpose for which the asset can be used)

Work in progress

Property, plant and equipment in the course of construction by class of asset are detailed as follows:

	2015	2014
	\$'000	\$'000
Operational assets		
- Land	6	1
- Buildings	3,955	3,099
- Land – parks and gardens	470	545
- Improvement – parks and gardens	4,957	3,369
- Plant and equipment	3,941	2,537
- Vehicles	114	45
- Library Books	308	102
- Zoo Animals	63	-
- Leasehold Improvements	-	-
Restricted Assets		
- Land	-	-
Heritage Assets		
- Museum and library	-	6
Infrastructure Assets		
- Land	134	97
- Refuse	1,950	1,157
- Roads and traffic network	16,621	21,378
- Land under roads	994	739
- Stormwater system	3,158	1,599
- Wastewater system	10,963	7,917
- Wastewater treatment plant	1,848	5,750
- Water system	10,479	5,946
- Water treatment station	2,699	3,694
TOTAL	62,660	57,981

The increase in value relates to the increasing focus on the improvement and growth of the reticulation systems within the city.

NOTE 21: 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				
	Infrastructural Modelling	Licenses	Computer Software	Consents & Designations	Total
	\$000	\$000	\$000	\$000	\$000
Cost					
Balance as at 1 July 2014	-	162	15,276	6,317	21,755
Additions	2,152	55	4,750	4,611	11,568
Opening WIP	-	1	6,241	752	
Closing WIP	483	20	2,492	326	
Change in WIP	483	19	(3,749)	(426)	(3,673)
Balance as at 30 June 2015	2,635	236	16,277	10,502	29,650
Balance as at 1 July 2013	-	-	10,934	6,102	17,036
Additions	-	161	1,473	-	1,634
Disposals	-	-	-	-	-
Opening WIP	-	-	3,372	537	
Closing WIP	-	1	6,241	752	
Change in WIP	-	1	2,869	215	3,085
Balance as at 30 June 2014	-	162	15,276	6,317	21,755
Accumulated amortisation and impairment					
Balance as at 1 July 2014	-	(11)	(5,308)	(2,347)	(7,666)
Amortisation charge	(211)	(14)	(1,603)	(394)	(2,222)
Impairment	-	-	(36)	-	(36)
Balance as at 30 June 2015	(211)	(25)	(6,947)	(2,741)	(9,924)
Balance as at 1 July 2013	-	-	(4,360)	(2,000)	(6,360)
Transferred accumulated depreciation	-	(5)	-	-	(5)
Amortisation charge	-	(6)	(948)	(347)	(1,301)
Balance as at 30 June 2014	-	(11)	(5,308)	(2,347)	(7,666)
Carrying amounts					
Balance as at 1 July 2013	-	-	6,574	4,102	10,676
Balance as at 30 June and 1 July 2014	-	151	9,968	3,970	14,089
Balance as at 30 June 2015	2,424	211	9,330	7,761	19,726

Restrictions over title

There are no restrictions over the title of intangible assets. No assets are pledged for security for liabilities.

Impairment

The software for the library book management system has been fully impaired and the management of the library collection is now handled through Software as a Service arrangement (2014 nil).

NOTE 22: DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY

	Council		Group	
	2014	2015	2015	2014
	\$000	\$000	\$000	\$000
Directly attributable depreciation and amortisation expense by group of activity				
Arts and Recreation	2,873	2,603	2,873	2,603
City Prosperity	2,559	2,701	2,559	2,701
City Safety	51	78	51	78
Community Services	193	116	193	116
Parks and Open Spaces	1,522	1,546	1,522	1,546
Solid Waste	292	272	292	272
Stormwater	5,623	5,566	5,623	5,566
Transportation	17,935	16,880	17,935	16,880
Wastewater	8,312	7,683	8,312	7,683
Water Supply	6,949	6,518	6,949	6,518
Total directly attributable depreciation and amortisation by group of activity	46,309	43,963	46,309	43,963
Depreciation and amortisation not directly related to group of activities	10,969	11,097	11,796	11,681
Total depreciation and amortisation expense	57,278	55,060	58,105	55,644

NOTE 23: INVESTMENT PROPERTY

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Balance at 1 July	41,203	41,652	55,703	41,652
Additions from acquisitions	-	-	-	14,527
Additions from subsequent expenditure	-	-	14	-
Disposals	(17,305)	-	(17,305)	-
Fair value gains/(losses) on valuation (note 8)	241	(449)	1,427	(476)
Balance at 30 June	24,139	41,203	39,839	55,703

The valuation of investment property was performed by R A Smithers an independent valuer from Telfer Young (Waikato) Limited and P A Curnow an independent valuer from Curnow Tizard Limited. Telfer Young (Waikato) Limited and Curnow Tizard Limited are experienced valuers with extensive market knowledge in the types and locations of investment properties owned by the Council.

The fair value of investment property has been determined using the capitalisation of net revenue and discounted cash flow methods. These methods are based upon assumptions including future rental revenue, anticipated maintenance costs, and appropriate discount rates.

Information about revenue and expenses in relation to investment property is detailed below:

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Rental revenue	3,120	4,276	3,120	6,159
Direct operating expenses from investment property generating revenue	2,172	726	2,172	1,137

NOTE 24: INVESTMENT IN ASSOCIATES

	Council		Group	
	2015	2014	2015	2014
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Waikato Regional Airport Limited	7,430	7,430	29,835	29,750
Total	7,430	7,430	29,835	29,750

Summarised financial information of associate presented on a gross basis

	2015	2014
	<i>\$000</i>	<i>\$000</i>
Assets	78,543	80,436
Liabilities	18,874	20,936
Revenue	7,765	7,022
Surplus/(deficit)	169	(232)
Group's interest	50.00%	50.00%
Number of shares	2,486,802	2,486,802
Balance date	30 June	30 June

Details of any contingent liabilities arising from the group's involvement in an associate are disclosed separately in note 32.

Waikato Regional Airport Limited is an unlisted company.

NOTE 25: PAYABLES AND DEFERRED REVENUE

	Council		Group	
	2015	2014	2015	2014
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Current portion				
<i>Payables and deferred revenue under exchange transactions</i>				
Trade payables and accrued expenses	26,742	28,747	30,870	29,672
Income in advance	4,799	3,439	4,799	3,439
Amounts due to subsidiaries and associates	-	139	-	138
Amounts due to customers for contract work	632	440	632	440
Total	32,173	32,765	36,301	33,689
<i>Payables and deferred revenue under non-exchange transactions</i>				
Other taxes payable (FBT)	33	30	33	30
Total	33	30	33	30
Non-current portion				
<i>Payables and deferred revenue under exchange transactions</i>				
Revenue received in advance	-	-	512	-
Total	-	-	512	-
Total payables and deferred revenue	32,206	32,795	36,846	33,719

Payables are generally non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of payables approximates their fair value.

NOTE 26: PROVISIONS

	Council		Group	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Current portion				
Restructuring provision	753	-	753	-
Weathertight homes resolution services claims	763	1,063	763	1,063
Landfill aftercare	703	661	703	661
Total	2,219	1,724	2,219	1,724
Non-current portion				
Landfill aftercare	8,477	8,085	8,477	8,085
Loan repayment provision	-	-	171	-
Total	8,477	8,085	8,648	8,085
Total provisions	10,696	9,809	10,867	9,809

	Council				Group	
	Weather-tightness claims \$000	Restructuring \$000	Landfill \$000	Total Council \$000	Loan repayment \$000	Total Group \$000
2014						
Balance at 1 July 2013	1,713	-	8,736	10,449	-	10,449
Additional provisions made	450	-	118	568	-	568
Amounts used	(1,100)	-	(719)	(1,819)	-	(1,819)
Unused amount reversed	-	-	-	-	-	-
Discount unwind (note 6)	-	-	611	611	-	611
Balance at 30 June 2014	1,063	-	8,746	9,809	-	9,809
2015						
Balance at 1 July 2014	1,063	-	8,746	9,809	-	9,809
Additional provisions made	100	753	681	1,534	171	1,705
Amounts used	(300)	-	(859)	(1,159)	-	(1,159)
Unused amount reversed	(100)	-	-	(100)	-	(100)
Discount unwind (note 6)	-	-	612	612	-	612
Balance at 30 June 2015	763	753	9,180	10,696	171	10,867

Weathertight homes resolution services claims provision

Five claims have been lodged with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2015 (2014 9 claims). These claims relate to weathertightness issues of homes in Hamilton and name the Council as well as other parties. The WHRS is a central government service established under the Weathertightness Homes Resolution Services Act 2006.

One claim (2014 3 claims) lodged via the court system was outstanding with an estimated exposure of \$762,500 (2014 \$1,062,500). This represents an overall decrease of \$300,000 for the year.

Landfill aftercare costs

Council is responsible for four closed landfill sites - Horotiu, Willoughby, Cobham Drive and Rototuna.

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 need 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 2049. 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% (2014 7.0%)
- an inflation rate of 3.2% (2014 3.2%)

Restructuring

The provision represents the expected cost to implement the restructuring plan that was ratified by Council on 14 May 2015. The restructuring plan and associated payments is expected to be completed by December 2015.

Loan repayment

A subsidiary of Innovation Waikato Limited, New Zealand Food Innovation (Waikato) Limited, has entered into a contract for the use of a factory and has received a loan for equipment. If the contract is not renewed on 1st September 2019, one third of the loan is repayable on that date. A provision has been created, discounted to present value, for one third of the loan.

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 27: EMPLOYEE ENTITLEMENTS

	Council		Group	
	2015	2014	2015	2014
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Current portion				
Accrued pay	1,915	1,695	1,915	1,695
Annual leave*	4,560	3,916	4,560	3,916
Sick leave	214	175	214	175
Retiring gratuities	349	444	349	444
Total current portion	7,038	6,230	7,038	6,230
Non-current portion				
Retiring gratuities	881	886	881	886
Total non-current portion	881	886	881	886
Total employee entitlements	7,919	7,116	7,919	7,116

* Annual leave balances have increased due to change in the calculation method for the leave liability.

Key assumptions in measuring retiring gratuity obligations

The present value of retiring gratuity obligations depends on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

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 28: BORROWINGS

	Council		Group	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Current				
Secured loans	56,000	76,000	62,255	84,718
Lease liabilities	375	292	375	292
Total	56,375	76,292	62,630	85,010
Non-current				
Secured loans	340,000	332,000	349,783	338,377
Unsecured loans	290	-	290	-
Lease liabilities	699	569	699	569
Total	340,989	332,569	350,772	338,946
Total borrowings	397,364	408,861	413,402	423,956

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	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Total borrowings (excluding bank overdraft)	397,364	408,861	413,402	423,956
less: Cash investments (note 13)	(57,291)	(42,967)	(57,616)	(43,326)
less: Term deposits (note 15)	(8,600)	(3,780)	(8,600)	(3,780)
plus: Restricted and cash-backed reserves	35,783	18,025	35,783	18,025
Total overall debt	367,256	380,139	382,969	394,875

Interest terms for secured loans

Council has \$40,000,000 of its total debt of \$396,000,000 issued at fixed rates of interest (2014 \$40,000,000 of \$408,000,000). The remainder of Council's secured loans are issued at floating rates of interest. For floating rate debt, the interest rate is reset quarterly based on the 90-day bank bill rate plus a margin for credit risk.

Council uses synthetic instruments (swaps and FRAs) to manage the interest rate risk profile based on independent professional advice (see note 14).

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:

- a \$1,000,000 loan used to purchase Victoria on the River property was secured by a first registered mortgage over the property. This loan was repaid during the 2015 year.
- \$30,000,000 of Commercial Paper 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.

Unsecured loans

Council has an unsecured loan of \$290,000 being the NZTA advance funded portion of the Cambridge Road to Cobham Drive section of the Ring Road. The loan is due for repayment at the later of 1 July 2019 or the completion of the works.

Fair values

The carrying amounts of borrowings repayable within one year approximate their fair value as the effect of discounting is not significant.

Due to interest rates on debt resetting to the market rate every three months, the carrying amounts of the majority of secured loans approximates their fair value. There is a \$10,000,000 secured loan that has been issued at a fixed rate and has greater than 12 months to maturity. The fair value of this loan is \$10,629,000 (2014 \$10,267,000). Fair value has been determined using contractual cash flows discounted using a rate based on market borrowing rates at balance date of 3.84% (2014 4.41%).

Analysis of lease liabilities

	Council		Group	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Total minimum finance lease payments payable:				
Not later than one year	440	345	440	345
Later than one and not later than five years	762	632	762	632
Later than five years	-	-	-	-
Total minimum finance lease payments	1,202	977	1,202	977
Future finance charges	(128)	(116)	(128)	(116)
Present value of minimum finance lease payments	1,074	861	1,074	861
Present value of minimum finance lease payments payable:				
Not later than one year	375	292	375	292
Later than one and not later than five years	699	569	699	569
Later than five years	-	-	-	-
Total minimum finance lease payments	1,074	861	1,074	861
Current portion	375	292	375	292
Non-current portion	699	569	699	569
Total finance lease liability	1,074	861	1,074	861

Interest rate

The interest rates applying to lease liabilities for 2015 range from 3.89% to 7.31% (2014 range from 5.29% to 8.56%).

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 20.

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 apply to Council created reserves that are not supported by cash. These are the Reserves Contribution Fund and Rotokauri Land Sale Reserves both of which support the Parks and Open Spaces Activity.

The interest earned by these reserves is an internal interest allocation, based on the weighted average cost of borrowing to Council less 0.5%.

During 2015 Council choose to support the Bus Shelter Reserve, Project Watershed Reserve and Waste Minimisation Reserve with cash and as such they are no longer subject to internal borrowings. These reserves support the Solid Waste, Stormwater and Transportation activities.

	Balance 1 July \$000	Repaid \$000	Borrowed \$000	Interest \$000	Balance 30 June \$000
2015					
Parks and Open Spaces	4,979	(480)	218	223	4,940
Solid Waste	508	(508)	-	-	-
Stormwater	480	(480)	-	-	-
Transportation	305	(305)	-	-	-
Total internal borrowings	6,272	(1,773)	218	223	4,940

	Balance 1 July \$000	Repaid \$000	Borrowed \$000	Interest \$000	Balance 30 June \$000
2014					
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

NOTE 29: EQUITY

	Council		Group	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Accumulated funds				
Balance 1 July	1,618,890	1,564,634	1,632,122	1,582,133
Surplus/(deficit) for the year	8,416	48,368	10,767	44,101
Transfer from property revaluation reserve on disposal	2,318	2,818	2,318	2,818
Transfers from restricted and Council created reserves	1,725	5,120	1,725	5,120
Transfers to restricted and Council created reserves	(20,018)	(2,050)	(20,018)	(2,050)
Gain on Non Controlling Interest	-	-	1,685	-
Transfer to asset revaluation reserve	-	-	(1,617)	-
Balance at 30 June	1,611,331	1,618,890	1,626,982	1,632,122
Restricted and Council created reserves				
Balance at 1 July	22,524	25,594	22,524	25,594
Transfers from accumulated funds	20,018	2,050	20,018	2,050
Transfers to accumulated funds	(1,725)	(5,120)	(1,725)	(5,120)
Balance at 30 June	40,817	22,524	40,817	22,524
Revaluation reserve				
Balance at 1 July	1,230,603	1,133,629	1,245,330	1,147,967
Transfer to accumulated funds on disposal of assets	(2,318)	(2,818)	(2,318)	(2,818)
Impairment	(95)	(12)	(95)	(12)
Revaluation gains/(losses) - property, plant and equipment	36,193	99,712	36,193	100,101
Revaluation gains/(losses) - share of associates' reserves	-	-	-	-
Other movements	-	(14)	1,617	(14)
Revaluation gains/(losses) - shareholdings	-	106	-	106
Balance at 30 June	1,264,383	1,230,603	1,280,727	1,245,330
Property revaluation reserves for each class consist of:				
Operational assets				
Buildings	97,021	66,965	97,021	66,965
Plant and equipment	-	-	2,006	389
Heritage assets	11,284	11,706	11,284	11,706
Land	37,593	32,382	37,593	32,382
Parks and gardens improvement	21,178	12,953	21,178	12,953
Parks and gardens land	170,912	174,712	170,912	174,712
Restricted assets				
Land	6,686	10,840	6,686	10,840
Infrastructure assets				
Land	13,309	13,527	13,309	13,527
Refuse	39,461	39,461	39,461	39,461
Roads and streets	307,538	307,880	307,538	307,880
Stormwater	223,353	223,353	223,353	223,353
Wastewater	160,450	161,119	160,450	161,119
Wastewater treatment station	12,582	12,582	12,582	12,582
Water treatment station	10,627	10,627	10,627	10,627
Water Supply	152,283	152,390	152,283	152,390
Total	1,264,277	1,230,497	1,266,283	1,230,886
Fair value through other comprehensive revenue and expense reserve				
Balance at 1 July	106	-	14,444	14,338
Net change in fair value	-	106	-	106
Balance at 30 June	106	106	14,444	14,444
Total reserves	1,305,200	1,253,127	1,321,544	1,267,854
Non controlling interest	-	-	1,315	-
Total equity	2,916,531	2,872,017	2,949,841	2,899,976

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

Reserve	Activities to which the reserve relates	Balance 1 July \$000	Transfers into fund \$000	Transfers out of fund \$000	Balance 30 June \$000
2015					
Cemetery plot maintenance in perpetuity reserve	Cemeteries and Crematorium	1,695	87	(81)	1,701
Domain Endowment Fund	Parks and Open Spaces and Stormwater	1,778	-	-	1,778
Municipal Endowment Fund	Strategic property investment	9,435	17,565	-	27,000
Waikato Art Gallery Endowment reserve	Arts promotion	9	-	-	9
Dame Hilda Ross Children's Library Memorial Fund	Libraries	1	-	-	1
Roman Catholic Schools Library Fund	Libraries	2	-	-	2
Total restricted reserves - 2015		12,920	17,652	(81)	30,491
Bus shelter reserve	Travel demand management	305	69	(37)	337
Project Watershed operating reserve	Parks and Open Spaces and Stormwater	960	564	(571)	953
Hamilton Gardens reserve	Parks and Open Spaces	-	609	(141)	468
Housing upgrade reserve	Housing	3,332	164	(76)	3,420
Rotokauri land sale reserve	Strategic property investment	2,167	107	-	2,274
Reserves contribution fund	Strategic property investment	2,332	334	-	2,666
Waste minimisation reserve	Waste minimisation	508	519	(819)	208
Total Council created reserves - 2015		9,604	2,366	(1,644)	10,326
Total restricted and Council created reserves - 2015		22,524	20,018	(1,725)	40,817
Reserve	Activities to which the reserve relates	Balance 1 July \$000	Transfers into fund \$000	Transfers out of fund \$000	Balance 30 June \$000
2014					
Cemetery plot maintenance in perpetuity reserve	Cemeteries and Crematorium	1,736	88	(129)	1,695
Domain Endowment Fund	Parks and Open Spaces	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

Purpose of each reserve fund:**Restricted reserves 2015**

Cemetery plot maintenance in perpetuity reserve - To maintain and provide for improvements to the cemeteries.

Domain endowment fund reserve - Established by the Hamilton Domain Endowment Act 1979 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.

Council Created Reserves 2015

Bus shelter reserve - To manage the income generated from advertising in bus shelters to provide, maintain and enhance passenger infrastructure.

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.

Hamilton Gardens reserve - To provide funds for the development of Hamilton Gardens. Funds are being sourced from a target rate over a four year period starting 2014/15.

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.

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.

Reserves closed in 2014

The following Council created reserves were closed in 2014:

- Access Hamilton reserve
- Museum collection reserve
- Public art reserve
- Rail infrastructure reserve
- Retiring gratuity reserve
- Zoo animal purchases reserve

NOTE 30: RECONCILIATION OF NET SURPLUS/(DEFICIT) AFTER TAX TO NET CASH

	Council		Group	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Surplus/(deficit) after tax	8,416	48,368	10,767	44,101
Add/(less) non-cash items:				
Depreciation and amortisation	57,278	55,060	58,105	55,644
(Gains)/losses in fair value of bank borrowings	-	-	-	-
(Gains)/losses in fair value of interest rate swaps	14,091	(9,158)	14,091	(9,158)
(Gains)/losses in fair value of investment properties	(241)	449	(1,427)	476
(Gains)/losses unrealised on fair value of other financial assets	-	-	(318)	55
Impairment of other financial assets	107	134	107	134
Share of associates (surplus)/deficit	-	-	(94)	116
Income tax expense recognised in surplus/deficit	-	-	207	-
Reclassification of WIP to operating expenditure	913	-	913	-
Vested assets	(19,824)	(34,615)	(19,824)	(34,615)
Total non-cash items	52,324	11,870	51,760	12,652
Add/(less) items classified as investing or financing activities:				
Change in capital expenditure accruals	(191)	5,317	(2,846)	5,317
Change in loan repayment provision	-	-	(171)	-
(Gains)/losses on disposal of property, plant and equipment	3,512	4,059	3,529	4,059
(Gains)/losses on disposal of investment property	(260)	-	(260)	-
(Gains)/losses on disposal of investment in associate	-	(5,827)	-	(1,854)
Impairment of property, plant and equipment	492	63	492	63
Total items classified as investing or financing activities	3,553	3,612	744	7,585
Add/(less) movements in working capital:				
Receivables	(2,175)	(2,312)	(2,706)	(2,685)
Inventory	57	14	57	14
Prepayments	(154)	(286)	(213)	(369)
Payables	(588)	5,610	3,124	6,518
Employee entitlements	803	311	803	311
Provisions	886	(640)	1,057	(640)
Net movements in working capital	(1,171)	2,697	2,122	3,149
Net cash inflow from operating activities	63,122	66,547	65,393	67,487

NOTE 31: CAPITAL COMMITMENTS AND OPERATING LEASES

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Capital commitments				
Property, plant and equipment	32,978	30,315	38,621	30,315
Total capital commitments	32,978	30,315	38,621	30,315

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

	Council		Group	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Capital commitments by asset class				
Buildings	226	301	5,869	301
Improvements - parks and gardens	484	266	484	266
Leasehold improvements	228	114	228	114
Museum and library	79	579	79	579
Plant and equipment	941	1,473	941	1,473
Refuse	11	318	11	318
Roads and traffic network	28,249	22,941	28,249	22,941
Stormwater system	176	3	176	3
Wastewater system	313	3,208	313	3,208
Wastewater treatment plant	586	61	586	61
Water system	1,360	555	1,360	555
Water treatment station	325	496	325	496
	32,978	30,315	38,621	30,315

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	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Not later than one year	248	433	273	458
Later than one year and not later than five years	416	462	491	545
Later than five years	192	265	326	416
Total non-cancellable operating leases	856	1,160	1,090	1,419

The total minimum future sublease payments expected to be received under subleases at balance date is \$nil (2014 \$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	
	2015	2014	2015	2014
	\$000	\$000	\$000	\$000
Not later than one year	2,053	2,880	2,053	2,880
Later than one year and not later than five years	5,782	8,589	5,782	8,589
Later than five years	2,420	4,183	2,420	4,183
Total non-cancellable operating leases	10,255	15,652	10,255	15,652

No contingent rents have been recognised during the period.

NOTE 32: 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	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Lending institution:				
ASB Bank	-	18	-	18
Bank of New Zealand	290	308	290	308
Westpac	-	5	-	5
Total loans guaranteed	290	331	290	331

Insurance and liability claims

Council was involved as defendant in various public liability and professional indemnity claims as at 30 June 2015. Council's potential liability, if at all, would be its insurance excess. Council has also estimated its other liability claims.

	Council		Group	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Insurance claim excess	-	39	-	39
Other liability claims	859	445	859	445
Total insurance and liability claims	859	484	859	484

Unquantified claims

The Council is also exposed to potential future claims which have not yet been advised until the statutory limitation period expires. The amount of potential future claims are not able to be reliably measured and is therefore unquantifiable.

The Supreme Court decision in October 2012 on Council's liability for non-residential buildings may affect the liability of the Council for weathertightness claims for non-residential buildings. The impact of the decision is yet to be quantified by the Council. The Council has one outstanding claim.

Weathertight homes resolution services and court claims

A provision for potential liability for the five claims (2014 8 claims) that are outstanding with the weathertight homes resolution service, and one claim (2014 3 claims) made via the court system have been made per note 26. 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	
	2015 \$000	2014 \$000	2015 \$000	2014 \$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 commitments as at 30 June 2015 (2014 nil).

New Zealand Local Government Funding Agency Ltd

Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA 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 LGFA. The LGFA has uncalled capital of \$20 million of which Council's share is \$1.866 million as at 30 June 2015 (2014 \$1.866 million). At 30 June 2015, LGFA had total borrowings of \$4.955 billion (2014 \$3.695 billion) for which Council is a guarantor along with other shareholders and guarantors.

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable value for the guarantee, and therefore has not recognised a liability.

The Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- Council is not aware of any local authority debt default events in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligation if further funds were required.
- LGFA has a credit rating of AA+.

Waikato Regional Airport Ltd

Subsequent to balance date Council has entered into a sale and purchase agreement with WRAL for the Airport to buyback Council’s portion of the uncalled capital.

There are no contingent liabilities arising from Council's involvement in its associates for 2015 (2014 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 33: RELATED PARTY TRANSACTIONS

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Council and group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Council group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities, and are on normal terms and conditions for such group transactions.

Key management personnel compensation

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).

	2015	2014
	\$	\$
Salaries and other short term employee benefits	3,152	3,117
Post employment benefits	-	-
Other long term benefits	31	27
Termination benefits	-	-
Total key management personnel remuneration	3,183	3,144
Total full-time equivalent personnel	22	22

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

No provision has been required, or any expense recognised for impairment of receivables for any loans or other receivables to related parties.

NOTE 34: REMUNERATION

Elected members

Elected members received the the following remuneration:

	Council		Group	
	2015	2014	2015	2014
	\$	\$	\$	\$
Mayor				
Julie Hardaker				
Salary	146,756	141,786	146,756	141,786
Vehicle	2,929	4,881	2,929	4,881
Councillors				
Daphne Bell	-	23,012	-	23,012
Peter Bos	-	22,572	-	22,572
Gordon Chesterman	86,748	82,066	86,748	82,066
Margaret Forsyth	76,338	74,274	76,338	74,274
Martin Gallagher	76,338	76,015	76,338	76,015
John Gower	-	25,330	-	25,330
Karina Green	69,000	47,504	69,000	47,504
Roger Hennebry	-	22,572	-	22,572
Andrew King	76,338	51,538	76,338	51,538
Dave Macpherson	69,398	71,981	69,398	71,981
Pippa Mahood	-	22,572	-	22,572
Garry Mallett	75,900	51,538	75,900	51,538
Angela O'Leary	83,278	77,868	83,278	77,868
Rob Pascoe	83,278	55,572	83,278	55,572
Leo Tooman	76,338	51,538	76,338	51,538
Maria Westphal	-	25,220	-	25,220
Ewan Wilson	69,398	69,801	69,398	69,801
Philip Yeung	69,398	47,504	69,398	47,504
Total Elected Members' remuneration	1,061,435	1,045,144	1,061,435	1,045,144

The remuneration received by elected members for 2015 totalled \$1,061,435. This amount was within the allowable remuneration pool determined by the Remuneration Authority for the year ended 30 June 2015. It is noted that elected members did not receive fees for attending resource consent hearings for 2015.

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.

Chief Executive

The Chief Executive received the following remuneration:

	2015	2014
	\$	\$
Barry Harris		
Salary	113,348	362,649
Vehicle	5,195	17,396
Superannuation contribution	2,699	7,296
Richard Briggs		
Salary	228,462	-
Superannuation contribution	4,960	-
Total Chief Executive's remuneration	354,664	387,341

Council employees

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

	2015
	No
< \$60,000	718
\$60,000 - \$79,999	190
\$80,000 - \$99,999	96
\$100,000 - \$119,999	50
\$120,000 - \$139,999	22
\$140,000 - \$159,999	12
\$160,000 - \$219,999	7
> \$220,000	5
Total employees	1,100

The total remuneration includes non-financial benefits provided to employees.

At 30 June there were 5 or fewer employees in the bands \$160,000 - \$179,999 and \$180,000 - \$199,999, therefore the numbers for those bands have been combined with the next highest band of \$200,000 - \$219,999.

At balance date, the Council employed 724 full-time employees (2014 703), with the balance of staff representing 177.26 full-time equivalent employees (2014 180.31). A full-time employee is determined on the basis of a 40 hour working week.

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

	2014
	No
< \$60,000	740
\$60,000 - \$79,999	185
\$80,000 - \$99,999	92
\$100,000 - \$119,999	37
\$120,000 - \$139,999	28
\$140,000 - \$179,999	8
\$180,000 - \$259,999	8
> \$300,000	1
Total employees	1,099

NOTE 35: SEVERANCE PAYMENTS

For the year ended 30 June 2015 the Council made severance payments to eight employees totalling \$63,532 (2014 five employees \$100,269).

The value of each of the severance payments was \$40,000, \$7,500, \$5,000, \$3,385, \$2,797, \$2,000, \$2,000 and \$850. The amounts disclosed above represent any payment made in addition to the terms of the employment contract for each staff member.

NOTE 36: EVENTS AFTER BALANCE DATE

Subsequent to 30 June 2015, Waikato Regional Airport Ltd has repurchased all 939,334 shares of uncalled capital from the shareholders, as disclosed in note 32. This will reduce Council's contingent liability in respect of uncalled capital by \$4.8 million from that date.

NOTE 37: FINANCIAL INSTRUMENTS

Financial Instrument Categories

	Council		Group	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
FINANCIAL ASSETS				
Fair value through surplus/deficit - held for trading				
Equity securities	-	-	3,240	2,790
Fixed interest instruments	-	-	3,002	2,532
Total fair value through surplus/deficit - held for trading	-	-	6,242	5,322
Loans and receivables				
Cash and cash equivalents	57,291	42,967	57,616	43,326
Debtors and other receivables	19,276	17,101	20,175	17,474
Other financial assets:				
- community loans	151	261	151	261
- term deposits	8,600	3,780	8,600	3,780
Total loans and receivables	85,318	64,109	86,542	64,841
Fair value through other comprehensive revenue and expense				
Other financial assets:				
- Unlisted shares	4,870	4,977	2,384	2,482
Total fair value through other comprehensive income	4,870	4,977	2,384	2,482
FINANCIAL LIABILITIES				
Fair value through surplus or deficit				
Derivative financial instrument liabilities (note 14)	26,097	12,006	26,097	12,006
Total fair value through surplus or deficit	26,097	12,006	26,097	12,006
Financial liabilities at amortised cost				
Creditors and other payables (note 25)	32,206	32,795	36,326	33,719
Borrowings: (note 28)				
- bank overdraft	-	-	-	-
- secured loans	396,000	408,000	412,038	423,095
Total financial liabilities at amortised cost	428,206	440,795	448,364	456,814

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 \$000	Quoted market price \$000	Observable inputs \$000	Significant non- observable inputs \$000
30 June 2015 - Council				
Financial assets				
Shares (note 15)	4,870	-	-	4,870
Financial liabilities				
Derivatives (note 14)	26,097	-	26,097	-
30 June 2015- Group				
Financial assets				
Shares	2,384	-	-	2,384
Equity securities	3,240	3,240	-	-
Fixed interest instruments	3,002	3,002	-	-
Financial liabilities				
Derivatives	26,097	-	26,097	-

	Valuation Technique			
	Total	Quoted market price	Observable inputs	Significant non-observable inputs
	\$'000	\$'000	\$'000	\$'000
30 June 2014 - Council				
Financial assets				
Shares	4,977	-	-	5,005
Financial liabilities				
Derivatives	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	-

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	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July	4,977	5,005	2,482	5,005
Gain and (losses) recognised in the surplus or deficit	(107)	(28)	(98)	(17)
Gain and (losses) recognised in other comprehensive revenue and expense	-	-	-	-
Purchases	-	-	-	-
Sales	-	-	-	-
Consolidation elimination- Waikato Innovation Park Ltd	-	-	-	(2,506)
Transfers into level 3	-	-	-	-
Transfers out of level 3	-	-	-	-
Balance at 30 June	4,870	4,977	2,384	2,482

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 \$1.803 million of the total equity securities of \$3.240 million are not hedged (2014 \$1.454 million out of total equity securities of \$2.790 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 32.

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 (now repaid) and the Northern Districts Cricket Association. 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	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Cash and cash equivalents	57,291	42,967	57,616	43,272
Debtors and other receivables	19,276	17,101	20,175	17,101
Equity securities	-	-	3,240	2,364
Fixed interest instruments	-	-	3,002	2,776
Community and related party loans	151	261	151	261
Term deposits	8,600	3,780	8,600	3,780
Financial guarantees	290	331	290	331
Total credit risk	85,608	64,440	93,074	69,885

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	
		2015	2014	2015	2014
		\$000	\$000	\$000	\$000
Counterparties with credit ratings					
Cash and cash equivalents	Rating				
	AA-	52,291	42,967	52,616	43,326
	A+	5,000	-	5,000	-
Term deposits	AA+	3,600	3,780	3,600	3,780
	AA-	5,000	-	5,000	-
Fixed interest instruments	AAA	-	-	645	304
	AA+			80	85
	AA	-	-	61	386
	AA-	-	-	1,065	845
	A+	-	-	257	116
	A	-	-	242	113
	A-	-	-	181	286
	BBB+	-	-	193	161
	BBB	-	-	66	39
	BBB-	-	-	90	-
Total fixed interest instruments		-	-	2,880	2,335

	Council		Group	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Counterparties without credit ratings				
Fixed interest instruments				
- existing counterparty with no defaults in the past	-	-	122	195
Community and related party loans and mortgages				
- existing counterparty with no defaults in the past	151	261	151	261
Total community and related party loans and mortgages	151	261	151	261

Settlement risk**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.

Council has a maximum amount that can be drawn down against its overdraft facility of \$500,000 (2014 \$500,000). There are no restrictions on the use of this facility. Council also has \$426,000,000 (2014 \$438,000,000) of committed borrowing facilities, with available headroom of \$94,146,000 (2014 \$73,821,000) at balance date.

The Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 31.

Contractual maturity analysis of financial liabilities

The table below analyses Council's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Carrying Amount	Contractual Cash flows	Less than 1 year	1-5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000
Council 2015					
Creditors and other payables	32,206	32,206	32,206	-	-
Secured loans	396,000	459,620	92,151	284,540	82,929
Finance leases	1,074	1,202	440	762	-
Financial guarantees	290	290	290	-	-
Net settled derivatives	26,097	36,762	5,417	18,795	12,550
Total	455,667	530,080	130,504	304,097	95,479

Group 2015					
Creditors and other payables	36,326	36,326	36,326	-	-
Secured loans	412,038	478,198	99,610	295,659	82,929
Finance leases	1,074	1,202	440	762	-
Financial guarantees	290	290	290	-	-
Net settled derivatives	26,097	36,762	5,417	18,795	12,550
Total	475,825	552,778	142,083	315,216	95,479

	Carrying Amount	Contractual Cash flows	Less than 1 year	1-5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000
Council 2014					
Creditors and other payables	32,795	32,795	32,795	-	-
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

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 2015					
Cash and cash equivalents	57,291	57,291	57,291	-	-
Debtors and other receivables	19,276	19,276	19,276	-	-
Community and related party loans	151	179	19	160	-
Term deposits	8,600	9,121	5,134	2,810	1,177
Total	85,318	85,867	81,720	2,970	1,177

Group 2015

Cash and cash equivalents	57,616	57,616	57,616	-	-
Debtors and other receivables	20,175	20,175	20,175	-	-
Community and related party loans	151	179	19	160	-
Term deposits	8,600	9,121	5,134	2,810	1,177
Total	86,542	87,091	82,944	2,970	1,177

	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

Sensitivity analysis

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on Council's financial instrument exposures at balance date.

Council	2015				2014			
	-100bps		+100bps		-100bps		+100bps	
	Surplus	Equity	Surplus	Equity	Surplus	Equity	Surplus	Equity
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Interest rate risk								
Financial assets								
Cash and cash equivalents	(573)	-	573	-	(430)	-	430	-
Financial liabilities								
Borrowings - secured loans	575	-	(575)	-	485	-	(485)	-
Derivative financial instruments	19,807	-	(18,346)	-	14,720	-	(13,939)	-
Total sensitivity to interest rate risk	19,809	-	(18,348)	-	14,775	-	(13,994)	-

Group	2015				2014			
	-100bps		+100bps		-100bps		+100bps	
	Surplus	Equity	Surplus	Equity	Surplus	Equity	Surplus	Equity
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Interest rate risk								
Financial assets								
Cash and cash equivalents	(576)	-	576	-	(433)	-	433	-
Financial liabilities								
Borrowings - secured loans	735	-	(735)	-	636	-	(636)	-
Derivative financial instruments	19,807	-	(18,346)	-	14,720	-	(13,939)	-
Total sensitivity to interest rate risk	19,966	-	(18,505)	-	14,923	-	(14,142)	-

Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonably possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease of 100bps is equivalent to a decrease in interest rates of 1%. The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of +/- 100bps.

Group	2015				2014			
	-10%		+10%		-10%		+10%	
	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
FOREIGN EXCHANGE RISK								
Financial assets								
Equity securities	(180)	-	180	-	(145)	-	145	-
Total	(180)	-	180	-	(145)	-	145	-

Group	2015				2014			
	-10%		+10%		-10%		+10%	
	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
EQUITY PRICE RISK								
Financial assets								
Equity securities	-	(324)	-	324	-	(279)	-	279
Total	-	(324)	-	324	-	(279)	-	279

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 38: 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 39: EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variances from Council's budget figures in the 2014/15 annual plan are as follows.

Statement of comprehensive revenue and expense

The Council result is a surplus of \$8.4 million which is \$3.1 million less than the budgeted net surplus of \$11.5 million.

Major variances are listed below:

	Ref	Council		
		Actual	Budget	Variance
		\$'000	\$'000	\$'000
Revenue				
Rates		140,738	140,525	213
Subsidies and grants	1	10,895	14,582	(3,687)
Development and financial contributions	2	16,069	7,571	8,498
Fees and charges	3	41,372	38,096	3,276
Interest revenue		2,319	1,200	1,119
Other revenue	4	26,451	13,125	13,326
Total revenue		237,844	215,099	22,745
Expenses				
Personnel costs	5	63,039	56,184	(6,855)
Depreciation and amortisation		57,278	56,295	(983)
Finance costs		23,591	24,887	1,296
Other expenses	6	68,418	66,225	(2,193)
Total expenses		212,326	203,591	(8,735)
Operating surplus/(deficit)		25,518	11,508	14,010
Gains	7	3,022	-	3,022
Losses	8	(20,124)	-	(20,124)
Surplus/(deficit) before tax		8,416	11,508	(3,092)

1. The final stage of the Ring Road did not proceed in 2014/15. This work will now occur and the applicable subsidy (\$5.8m) will be received in the 2015/16 financial year.
2. As a result of higher volumes of development in the city, revenue received from development levies has exceeded budget.
3. Revenue from building control fees and parking infringement fees were higher than budget. Council also received additional revenue from events such as the Cricket World Cup and managing the trade waste shared service between Hamilton City, Waipa District and Waikato District.
4. Other revenue includes value of vested assets, these are the value of the assets transferred to Council from subdivision growth. The value if exceed budget by \$11.4m in 2015.
5. The costs for personnel were higher as a result of additional resources being required. These were funded either from the existing budget for other expenses or from additional revenue sources.
6. Reclassification of capital work in progress as an operating expense along with a reduction in the value of assets following an impairment review.
7. Gains after the disposal of property assets.
8. Unrealised losses on interest rate swaps and the loss from gifting the Clarence Street Theatre to a trust.

Statement of changes in equity

The level of equity was \$522.8 million less than budget. This was due to asset revaluations not increasing asset values at the expected rate over the past three years.

Statement of financial position

Total assets were \$637.8 million less than budget.

Current assets were \$39.7 million greater than budget due to favourable cash balances of \$32.2 million on short term deposits.

Non-current assets were \$677.5 million less than budget due to lower asset revaluations over the past three financial years.

Total liabilities were \$7.3 million less than budget.

NOTE 40: INSURANCE OF ASSETS

The following information relates to the insurance of Council assets as at 30 June

The values listed are the declared values Council has provided to its Insurance broker.

Material Damage

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 \$300 million consisting of two layers; a \$150 million primary layer which is shared between the Regional collective and an additional \$150 million 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 \$125 million for damage that is caused by fire, or fire following a natural disaster.

The following categories are in addition to the Material Damage and each is covered with a separate policy.

Fine Arts

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

Commercial Motor Vehicles

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

Infrastructure

Based on risk engineering and loss modelling for the Waikato hazardscape a \$100 million 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

Policy covers the damage caused by failure of large boilers.

In addition to the material damage cover Council has two policies that relate to Contract works and business interruption.

Contract Works

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

\$40.1 million of cover provided for loss of rent revenue and receivable. A further \$40 million for the increased cost of working at the water treatment plants.

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

Council	
2015	2014
\$000	\$000
894,000	886,424
35,931	35,431
11,290	11,376
1,371,280	1,282,006
1,106	1,106
3,000	3,000
81,204	60,376

NOTE 41: ADJUSTMENTS TO THE COMPARATIVE YEAR FINANCIAL STATEMENTS

The Council and group has adjusted the comparative year financial statements for the year ended 30 June 2014 due to reclassification adjustments, transition to the new PBE accounting standards, and the correction of a prior period error. The adjustments are shown in the table below:

		Actual 2014				
Notes		Before adjustments	Reclassification adjustments	PBE transition adjustments	Correction of error	After adjustments
		\$000	\$000	\$000	\$000	\$000
Council						
Revenue						
Rates, excluding targeted rates for water supply	a.	126,473	(126,473)			-
Rates	a.		134,151			134,151
Targeted rates for water supply	a.	7,678	(7,678)			-
Subsidies and grants		10,732	569			11,301
Revenue from activities	b.	41,681	(41,681)			-
Fees and charges	b.		38,474			38,474
Other revenue	b.	37,998	1,359			39,357
Interest revenue	c.		1,279			1,279
Group						
Revenue						
Rates, excluding targeted rates for water supply	a.	126,441	(126,441)			-
Rates	a.		134,116			134,116
Targeted rates for water supply	a.	7,675	(7,675)			-
Subsidies and grants		10,732	569			11,301
Revenue from activities	b.	43,519	(43,519)			-
Fees and charges	b.		40,312			40,312
Other revenue	b.	40,032	1,231			41,263
Interest revenue	c.		1,407			1,407

Explanatory notes

Reclassification adjustments

- For the Council, targeted rates for water supply of \$7.678 million (group \$7.675 million) have been reclassified from targeted rates for water supply to rates. Targeted rates are now required to be included within the rates line under the Local Government (Financial Reporting and Prudence) Regulations 2014.
- For the Council, \$41.681 million (group \$43.519 million) of revenue from activities has been reclassified to fees and charges and other revenue, as this revenue category is considered more appropriate under the new PBE accounting standards.
- For the Council, interest received of \$1.279 million (group \$1.407 million) has been reclassified from other revenue to interest revenue.

The Council and group has changed the presentation of items within the operating cash flow section of the statement of cash flows to:

- reflect the changes in the classification of revenue items described above;

COUNCIL - FUNDING IMPACT STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

	Annual Plan 2014	Actual 2014	Annual Plan 2015	Annual Report 2015
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	120,586	120,166	125,457	126,080
Targeted rates	6,301	13,986	15,068	14,658
Subsidies and grants for operating purposes	3,508	4,038	4,426	5,182
Fees and charges	46,648	42,487	37,260	41,372
Interest and dividends from investments	1,475	1,392	1,300	2,451
Local authorities fuel tax, fines, infringement fees, and other receipts	4,105	3,468	4,446	4,203
Total operating funding	182,623	185,537	187,957	193,946
Applications of operating funding				
Payments to staff & suppliers	120,251	126,801	120,822	129,946
Finance costs	26,012	23,269	24,887	23,592
Other operating funding applications	1,554	453	1,587	912
Total applications of operating funding	147,817	150,523	147,296	154,450
Surplus/(deficit) of operating funding	34,806	35,014	40,661	39,496
Sources of capital funding				
Subsidies and grants for capital expenditure	4,383	6,694	11,157	5,713
Development and financial contributions	7,964	16,103	7,571	16,070
Increase/(decrease) in debt	3,007	(30,019)	9,445	(11,497)
Gross proceeds from the sale of assets	-	14,771	108	25,684
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	2,291
Total sources of capital funding	15,354	7,549	28,281	38,261
Application of capital funding				
Capital expenditure				
- to meet additional demand	6,539	9,119	9,162	7,579
- to improve the level of service	16,363	22,207	28,979	21,640
- to replace existing assets	27,401	28,430	29,760	29,057
Increase/(decrease) in reserves	(1,817)	(3,070)	62	14,481
Increase/(decrease) of investments	1,674	(14,123)	979	5,000
Total application of capital funding	50,160	42,563	68,942	77,757
Surplus/(deficit) of capital funding	(34,806)	(35,014)	(40,661)	(39,496)
Funding balance	-	-	-	-

Disclosure Statement

Annual report disclosure statement for year ending 30 June 2015

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.

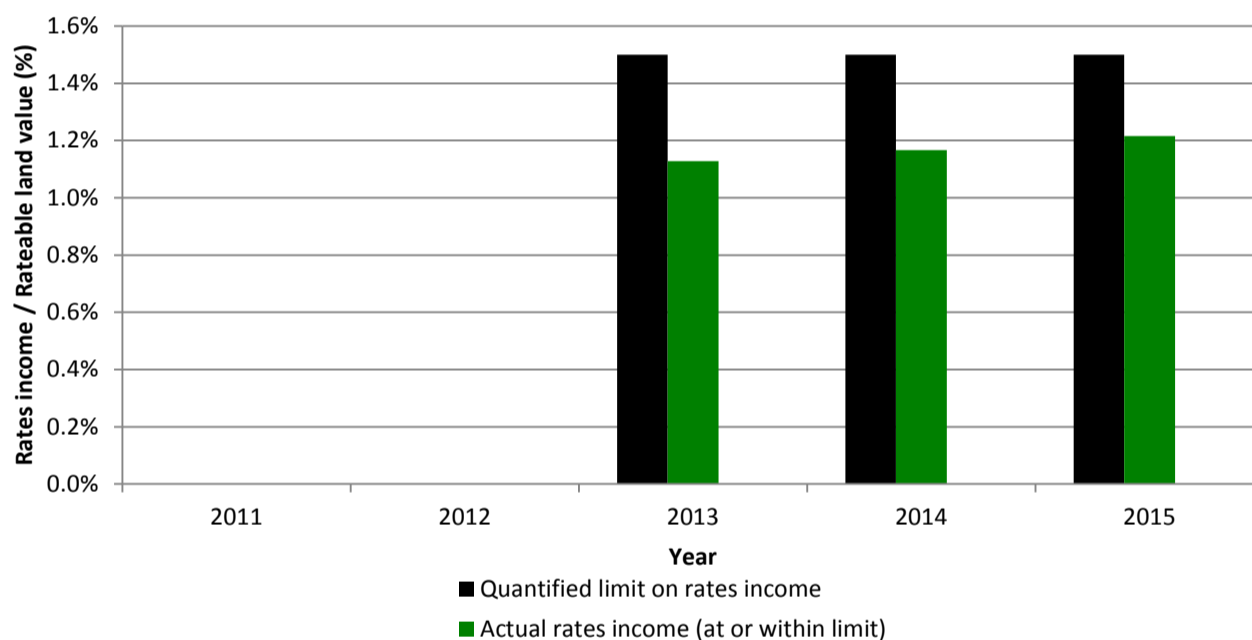
Rates affordability benchmark

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

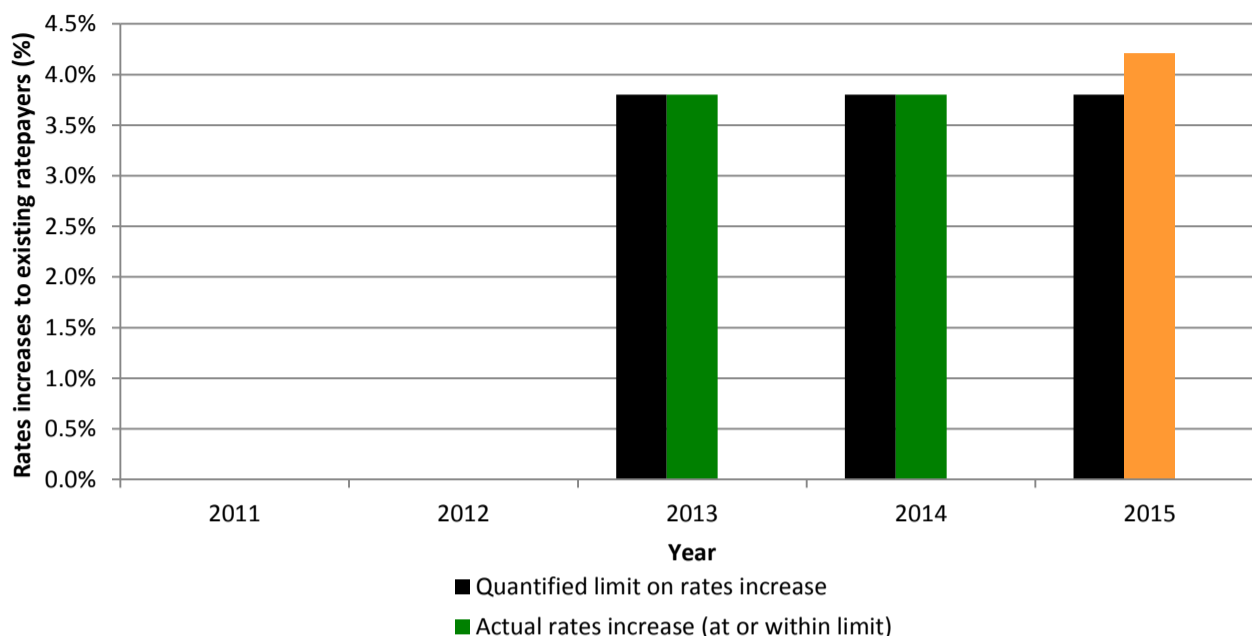
The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is that rates will not exceed 1.5% of the city's rateable land value.



Council's quantified limit on rates is based on the rating valuations updated every three years. The next revaluation is in the 2015/16 financial year and is expected to result in an increase in the value of the city's rateable land. Should this occur, there will be an improvement in the rates (income) affordability measure.

Rates (increases) affordability

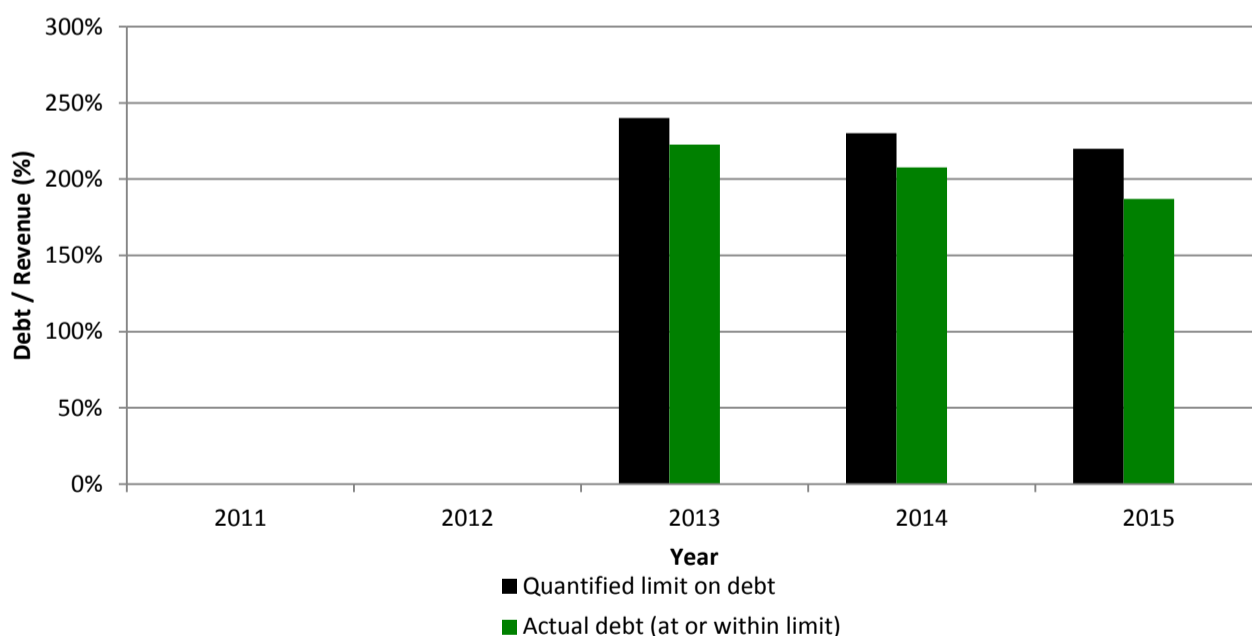
The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long-term plan. The quantified limit is that rates increases to existing ratepayers will not exceed 3.8%.



In 2015 council exceeds the 3.8% limit set in 2012 due to the addition of a targeted rate for the Hamilton Gardens development project. The 2015-25 10-Year Plan has clarified that the limit of 3.8% increase to existing ratepayers excludes the Hamilton Gardens targeted rate.

Debt affordability benchmark

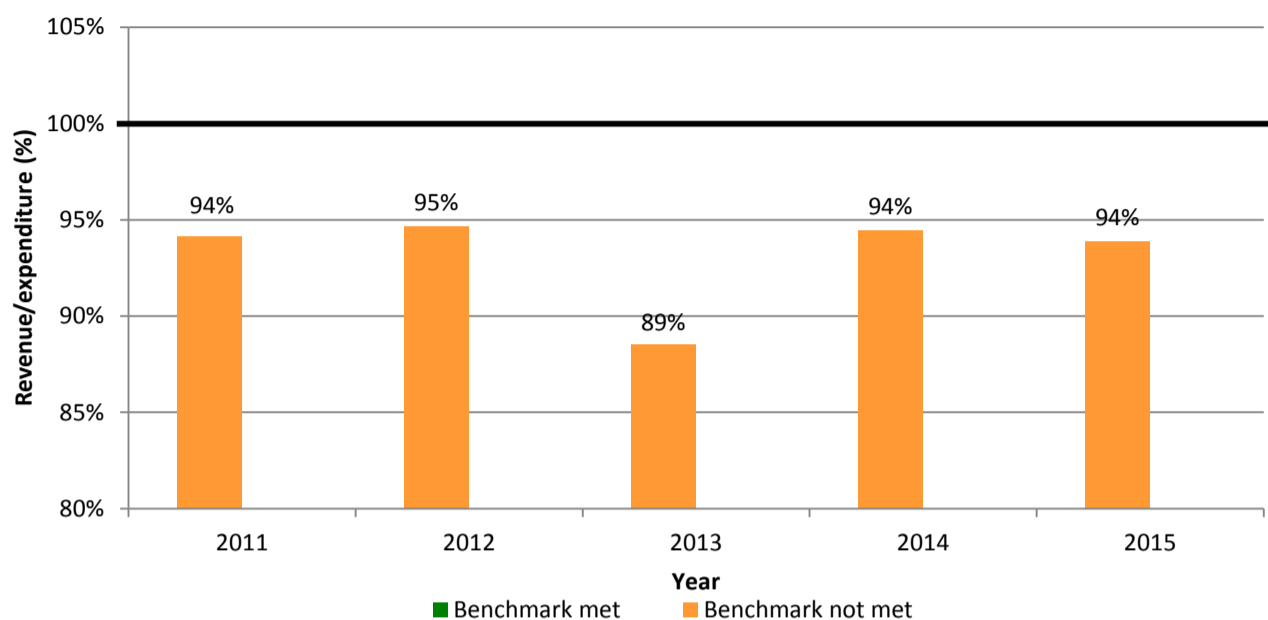
The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified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



Council has set a reducing limit on debt and through its financial strategy has focused on achieving this goal.

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.

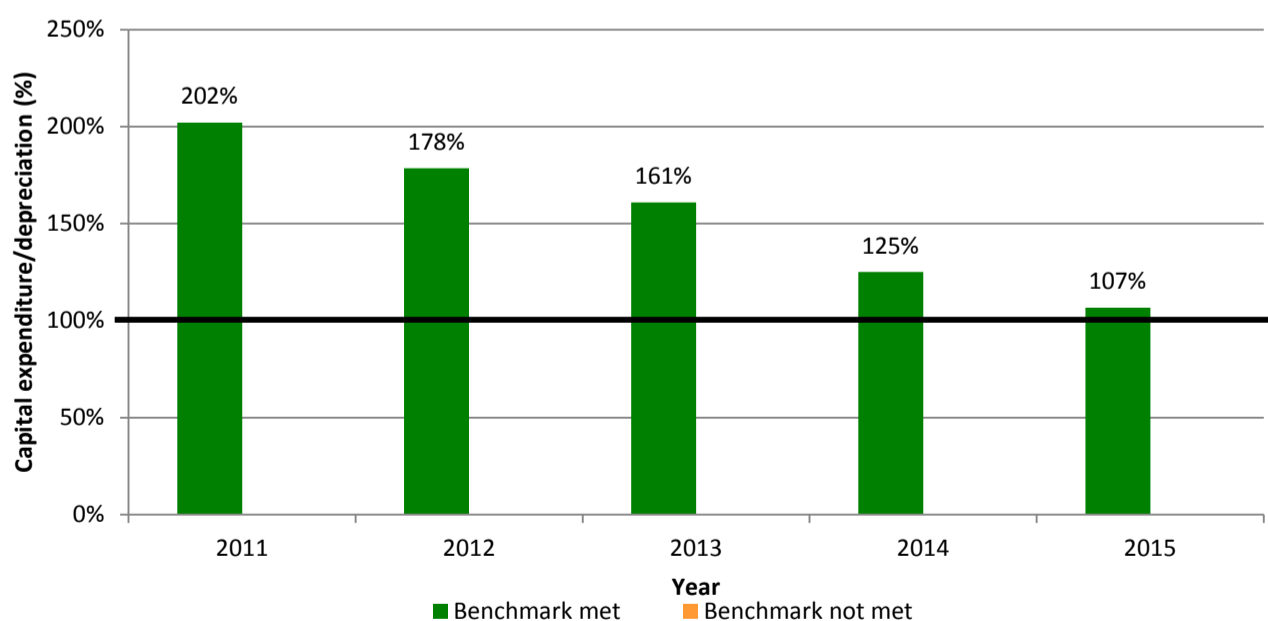


This benchmark is similar to Council's own "Balancing the Books" measure that was introduced prior to the Local Government (Financial Reporting) Regulations. Council does meet its own measure that it believes is more relevant to a growing city. There are four main differences between the measures:

- the above Balanced Budget includes all capital subsidies
- the above Balanced Budget excludes development and financial contributions
- the above Balanced Budget includes gains and losses from disposals of assets, investment property, and associates.
- the above Balanced Budget includes gains and losses from investment property revaluations.

Essential services benchmark

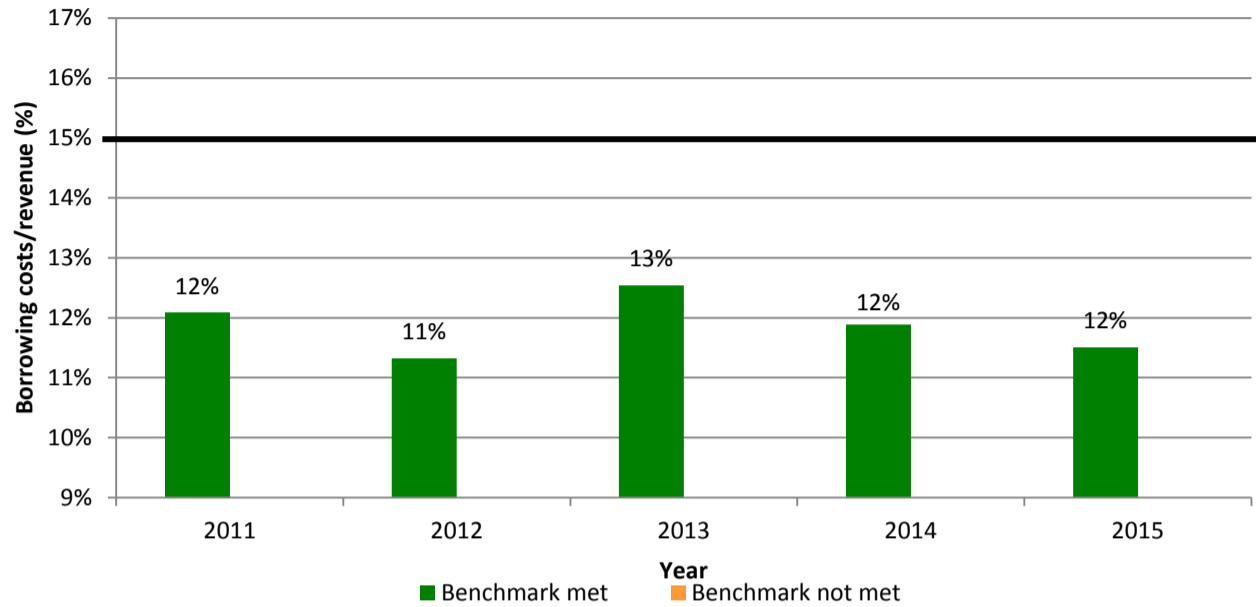
The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services. The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



The benchmark shows council is spending a reducing amount on network services compared to depreciation expense. The decline over the five year period has been planned and is a direct consequence of council's financial strategy which requires finding the balance between increasing debt and developing the city.

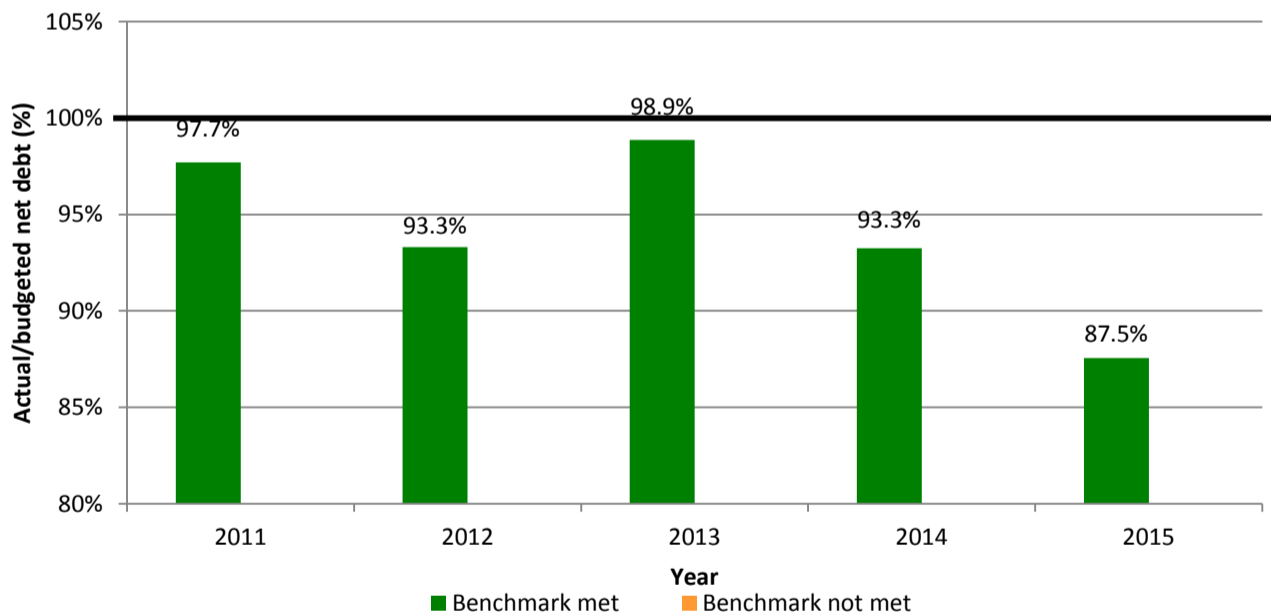
Debt servicing benchmark

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.



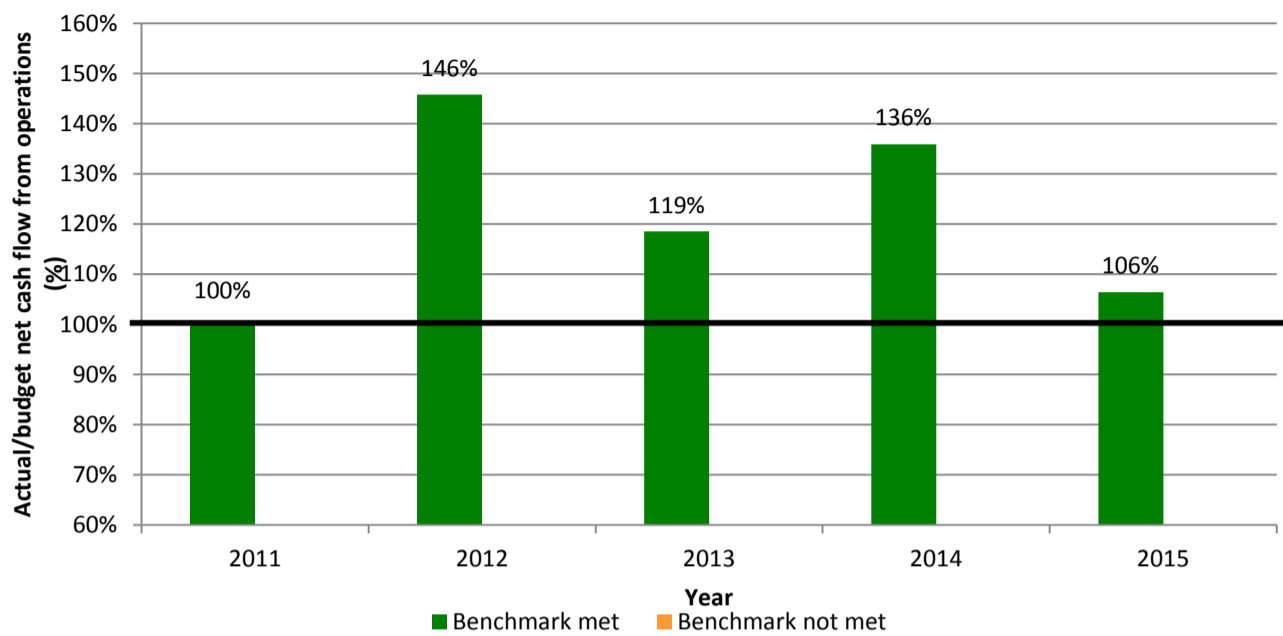
Debt control benchmark

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.



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 2014-15 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.
- The three major established operations (Shared Valuation Data Service (SVDS), Waikato Regional Transportation Model (WRTM), and the Insurance Advisory Group) continue to deliver value.
- Additional opportunities for shared services being developed include a shared regional GIS data portal, on-line service for building consents, and energy audits to investigate energy efficiency opportunities.

Key performance targets

Performance targets are specified in the LASS Statement of Intent for 2014-15 and are summarised with the actual results below:

Performance Targets	Actual Outcome
The Statement of Intent is informed by the annual survey and independent benefits review.	Achieved.
Costs Control: Administration expenditure shall not exceed that budgeted by more than 5% unless prior approval is obtained from the Directors.	Achieved. Actual expenditure was \$16,439 favourable to budget.
Cashflow: The company maintains an overall positive cashflow position.	Not achieved. Cashflow was intentionally operated at a negative level in order to use up prior year surpluses.
Reporting: The Board will provide a written report on the business operations and financial position of the LASS on a six monthly basis.	Achieved.
Statutory Adherence: There will be an annual report to directors that all statutory requirements of the LASS are being adhered to.	Achieved.
SVDS Availability: That SVDS is available to users at least 99% of normal working hours.	Achieved. SVDS was available 99.8% of working hours.
SVDS Sales Data Delivery: That at least 98% of agreed timelines are met for sale and property files that have been delivered to the FTP server for access to customers.	Achieved. 100% of agreed timelines were met.
SVDS Major Enhancement Development Hours: All capital enhancement development work is supported by a business case approved by the Advisory Group	Not applicable. Only minor work items of \$5,000 or less have been undertaken as per the road map approved by the Advisory Group.
WRTM: That all required modelling reports are actioned within the required timeframe.	Achieved.
WRTM: 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	Achieved
WRTM: That a full report on progress of the WRTM model be provided to the LASS Board twice each year.	Achieved.
Insurance: The key performance indicators from appendix 4 of the brokerage contract are met.	Achieved.
Joint Procurement: That any joint procurement projects deliver as per project approved objectives.	Achieved.

Advice to the Waikato Mayoral Forum: In response to requests from shareholders, the Company will provide regular reports and updates to the Waikato Mayoral Forum regarding progress with shared service initiatives.	Achieved.
Independent Benefit Review Plan Update: The independent benefit review plan will be reviewed, updated and signed off by the LASS Board by 31 May of the year immediately preceding the year the plan relates to.	Achieved.
Independent Benefit Reviews: Those reviews timetabled in the plan for the current year be completed by the end of the year.	Achieved.

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, including flexible lending terms.
Other objectives include:
- To ensure participating Councils finances are sustainable in the long term.
- To ensure savings in annual interest costs for participating Councils.
- To ensure profits are sufficient to pay a dividend in accordance with the LGFA dividend policy.

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	Actual Outcome
LGFA's average cost of funds relative to the average cost of funds for New Zealand Government Securities for the period to 30 June 2015 will be less than 0.50% higher.	Result not yet available.
The average margin above LGFA's cost of funds charged to the highest rated participating local authorities for the period to 30 June 2015 will be no more than 0.15%.	Result not yet available.
LGFA's annual issuance and operating expenses for the period to 30 June 2015 will be less than \$4.67 million.	Result not yet available.
Total lending to participating local authorities at 30 June 2015 will be at least \$4,400 million.	Achieved. Total lending of \$4,955 million.

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

- Enabler of air services to the region
- Operate a first class, safe and compliant regional airport
- Strategic positioning of the business to enhance capital value

Nature and scope of activities

- Operate an efficient and compliant airport
- Enhance the traveller experience
- Maintain a viable aeronautical business
- Maximise revenue diversification through non-aeronautical business opportunities
- Ensure appropriate internal and external resource to enable a commercially driven and high performing organisation

Key performance targets

Performance targets are specified in the WRAL Statement of Intent for 2014-15 and are summarised with the actual results below:

Non Financial Performance Measures:

Performance Targets	Actual Outcome
Achieve the Airport Certification Standards as required by the Civil Aviation Authority.	No audits were undertaken by the Civil Aviation Authority of New Zealand (CAA) during the year and the airport continues to meet the Airport Certification Standards.
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 2014 to 30 June 2015 there were 32 customer feedback cards collected and documented. All items are considered by the management team and addressed where appropriate. Personal complaints are responded to.

Financial Performance Measures:

	Statement of Intent Targets for 2014/15	Actual Result for 2014/15	Outcome
Earnings before interest, taxation and depreciation	\$2,880,000	\$3,294,000	Achieved
Net surplus/(deficit) after tax	\$111,000	\$169,000	Achieved
Net surplus after tax to average shareholder funds	0.00%	0.28%	Achieved
Net surplus after tax to total assets	0.00%	0.22%	Achieved
Percentage of non-landing charges revenue	64.44%	81.03%	Achieved
Net cashflow (operating and investing)	(\$375,000)	\$2,225,000	Achieved
Total liabilities/shareholders funds (debt/equity ratio)	26:74	24:76	Achieved
Interest cover (parent only and calculated on the basis of interest from TPL and revaluations being excluded)	2.91	3.38	Achieved

Earnings before interest, taxation and depreciation (EBITDA - which excludes fair value adjustments of interest rate swaps and investment property) of \$3,294,000 compares to the target of \$2,880,000. The difference of \$407,000 results from the following:

Higher gross margin on Titanium Park land sales	\$235,000
Lower operating expenses	\$237,000
Other miscellaneous	(\$58,000)
EBITDA variance	\$414,000

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
Trust membership obligations are fulfilled in accordance with section 5 of the Trust Deed.	Not achieved. Public nomination process occurs as outlined by the Trust Deed and complies with HCC's Council Representation on External Organisations Policy. (HCC staff) Within six months of each triennial general election of local authorities. The Trust Deed requires five Trustees and there are currently only four Trustees. Potential Trustee candidates will be considered by the Chair prior to formal deliberation at the September 2015 meeting.
An Annual General Meeting (AGM) is held no later than two months after the end of the financial year.	Achieved. AGM's are held according to the trust deed at the end of September of each calendar year.
Trustee meetings are open and the minutes publically available.	Achieved. Agenda items for each meeting and minutes of the Trust are available, if requested. The agenda is available three days prior to the Trust meeting.
Trustee's delivery against position descriptions is undertaken annually.	Achieved. Chair person and Trustees to conduct self evaluation in September.
The performance of investments is monitored by receiving and considering portfolio reports and financial information, on at least a quarterly basis.	Achieved. The return on the consolidated portfolio is measured against a benchmark (comprising 45% NZ Bond and 55% MSCI) in December, March, June and September.

Performance Target	Actual Outcome
The investment mandate is monitored to ensure the investment portfolio reflects the risk tolerance, investment time zone and drawings requirements of the Trust.	Achieved. Chair person and Trustees to review annually the investment mandate for VHT with the Portfolio Manager for the next financial year in August/September. The Chair person and Trustees to review and be satisfied in December, March, June and September the investment mandate is being adhered i.e. balanced portfolio split 45/55 fixed interest/ growth shares investment to enable cash grants, as well protect the capital over the longer term.
The performance of the Portfolio Manager is found satisfactory.	Achieved. Chair person and Trustees to review the performance of the Portfolio Manager in December.
Audit issues raised in the previous year's management letter are required to be actioned in an efficient and timely manner.	Achieved. Council staff to address and Trustees to approve any action in June.

Vibrant Hamilton Trust made net a surplus of \$1,018,025 for the year ended 30 June 2015.

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, development, commercialisation and marketing by new and existing entities or individuals of new products, processes, technologies and quality improvements.
- The focus of the Park is on innovation and technology led businesses that enhance New Zealand's competitive advantage and alignment with the region's economic export development strategy in areas such as agriculture, agribusiness, food processing, value add to food products from primary production, horticulture, environmental sustainability, and 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
 - 223 production days on spray dryer during 2015
 - Additional private equity successfully attracted to build a new building during 2015

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 2014-15 and are summarised with the actual results below:

Financial Performance Measures:

	Statement of Intent Targets for 2014/15	Actual Result for 2014/15	Outcome
Group earnings before interest, taxation and depreciation	\$2,035,000	\$3,599,000	Achieved
Group cash from operating activities	\$1,020,000	\$1,671,000	Achieved
Group profit/(loss) after tax and dividends	\$171,000	\$1,590,000	Achieved
Shareholders' funds (including deferred income) /Tangible assets	52%	45%	Not achieved

STATEMENT OF COMPLIANCE

Compliance

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

Responsibility

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

Council and management of Hamilton City Council considers that the financial statements have been prepared using appropriate accounting policies, which have been consistently applied and adequately disclosed and supported by reasonable judgements and estimates, and that all relevant financial reporting and accounting standards have been followed.

Council and management of Hamilton City Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non financial reporting.

In the opinion of Council and management of Hamilton City Council, the financial statements fairly reflect the financial position of Council and the group as at 30 June 2015, and the results of its operations and cash flows and the service performance achievements for the year ended on that date.



Julie Hardaker
Hamilton Mayor
24 September 2015



Richard Briggs
Chief Executive
24 September 2015

Independent Auditor's Report**To the readers of Hamilton City Council and group's annual report
for the year ended 30 June 2015**

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 2015 on page 73;
 - the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ending 30 June 2015 on pages 71, 72 and 74;
 - the funding impact statement of the City Council on page 128;
 - the statements about budgeted and actual capital expenditure in relation to each group of activities of the City Council on pages 19 to 69; and
 - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 75 to 127;
- the statement of service performance of the City Council on pages 10 to 68 and the funding impact statements in relation to each group of activities of the City Council on pages 19 to 69; and
- the disclosures of the City Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 129 to 133.

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 109;
 - council-controlled organisations on page 134 to 140;
 - reserve funds on pages 110 to 112;
 - each group of activities carried out by the City Council on pages 12 to 69;
 - remuneration paid to the elected members and certain employees of the City Council on pages 117;
 - employee staffing levels and remuneration on pages 117 to 118;
 - severance payments on page 118;

- rating base units on page 86; and
- insurance of assets on page 126;
- 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 40; and
- a statement of compliance signed by the Mayor of the Council, and by the City Council and group's Chief Executive on page 141.

Opinion

Audited information

In our opinion:

- the financial statements of the City Council and group on pages 71 to 127:
 - present fairly, in all material respects:
 - the City Council and group's financial position as at 30 June 2015; and
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand;
- the funding impact statement of the City Council on page 128, present fairly, in all material respects, 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 19 to 69, present fairly, in all material respects, 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 10 to 68:
 - presents fairly, in all material respects, the City Council's levels of service for the year ended 30 June 2015, 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; and
 - complies with generally accepted accounting practice in New Zealand;

- the funding impact statements in relation to each group of activities of the City Council on pages 19 to 69, present fairly, in all material respects, 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; and
- the disclosures on pages 129 to 133 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

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 24 September 2015. 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 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 the 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 believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and the statement of service performance that:
 - comply with generally accepted accounting practice in New Zealand;
 - present fairly the City Council and group's financial position, financial performance and cash flows;
 - present fairly its service performance, including achievements compared to forecast; and
 - a funding impact statement that presents fairly 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 presents fairly 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 presents fairly 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's responsibilities arise under 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.

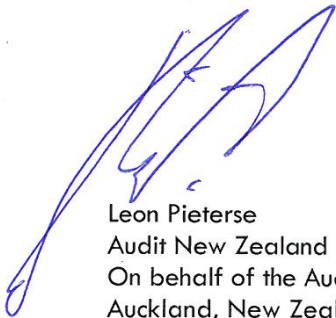
Responsibilities of the Auditor

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.

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, consultation document, long term plan 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