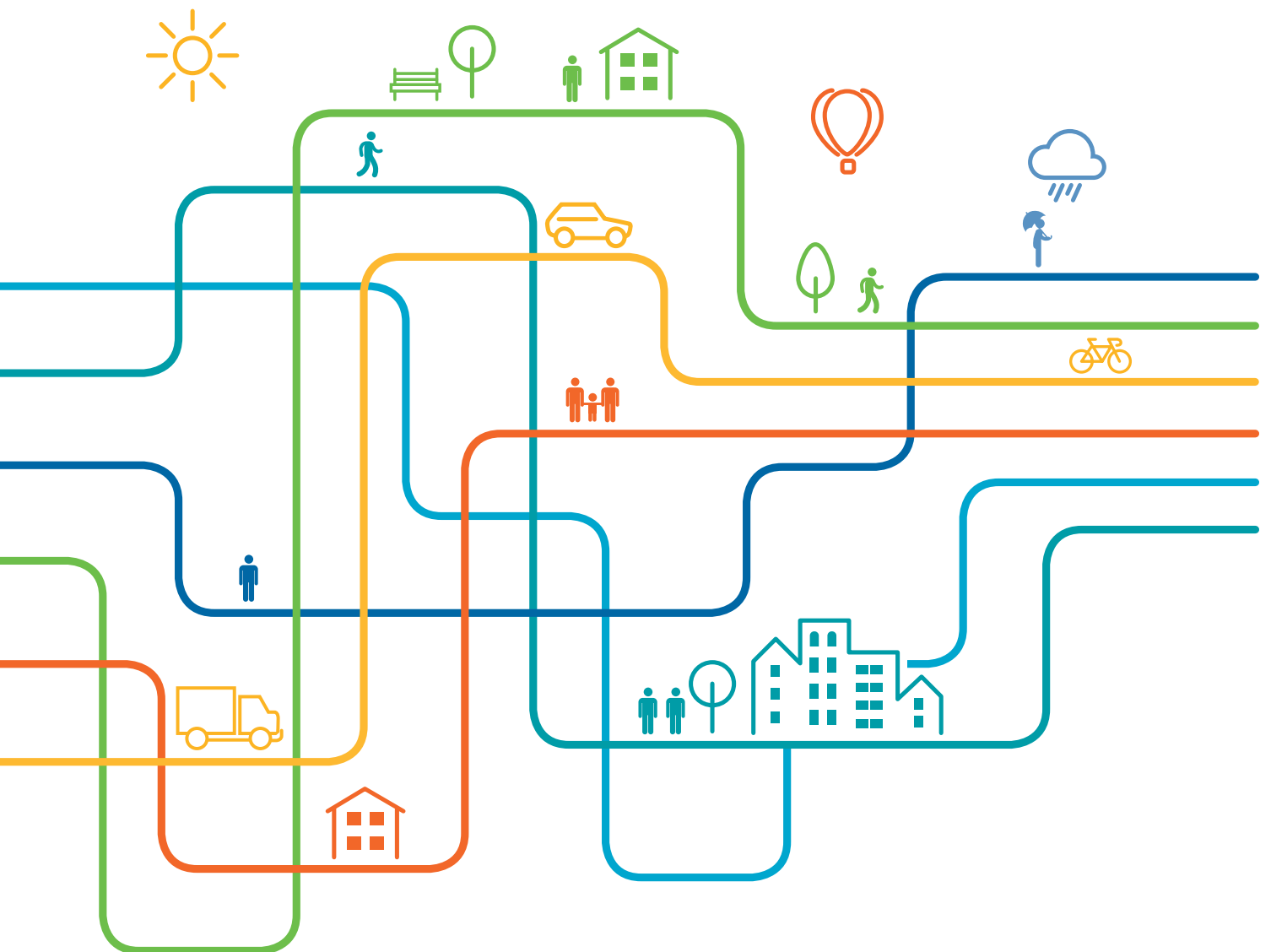


HAMILTON'S 2015/16 ANNUAL REPORT SUMMARY



Hamilton City Council

Te kaunihera o Kirikiriroa

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THE HAMILTON PLAN

Hamilton continues to emerge as a New Zealand success story: a city built on a rich cultural history and a strong agricultural economy, maturing to become a major New Zealand city – a leader in business, culture and lifestyle.

Hamilton's success is reflected in its growing population as more people are attracted by the great lifestyle and the economic opportunities. More than 157,000 people already live here and the city's population is expected to reach 200,000 soon after 2030. That is both exciting and challenging for the community and for the Council.

The Hamilton Plan is our vision for Hamilton's future and the 10 priorities in the Plan are about building a stronger economy and a more attractive city for families over the next 10 years. The priorities listed below centre on building on the lifestyle and economy Hamilton already has, to maximise all the opportunities.

Where we want to be:

- Our books are balanced
- The third city economy in New Zealand
- Providing outstanding infrastructure
- Strongly connected to the river
- Best garden in the world
- An active, strong commercial central city with distinctive suburban villages
- An urban garden
- Access to affordable housing
- Celebrated for our arts and culture
- Waikato is the capital of high performance sport

For more information about the Hamilton Plan visit hamilton.govt.nz/hamiltonplan

DELIVERING THE HAMILTON PLAN IN 2015/16

A number of projects have been delivered during the 2015/16 year focused on delivering the Hamilton Plan. Infrastructure investments and projects are at the forefront of the Council's response to the demands of a fast growing city.

Some major projects were delivered through partnerships with community trusts, individuals and the government. Partnerships are an essential part of the Council funding strategy to delivery major projects. The Council received a total of nearly \$2 million through partnership funding plus another \$1 million for the River Plan.



Transforming the Central City

The Central City Transformation Plan (CCTP) is an action-focused plan to transform our central city into a more vibrant prosperous centre for the Waikato region. This year Council started one of the key projects in the CCTP - Victoria on the River - to transform a Victoria Street carpark into a public park connecting the central city to the Waikato River.



Central City Safety Plan

Council won the Fulton Hogan Excellence Award for Community Engagement at the 2016 Local Government New Zealand Awards for its Central City Safety Plan. The award recognised the success Hamilton has had in achieving a 30 per cent reduction in reported crime in the central city as well as notably improved public confidence in safety in the central city.



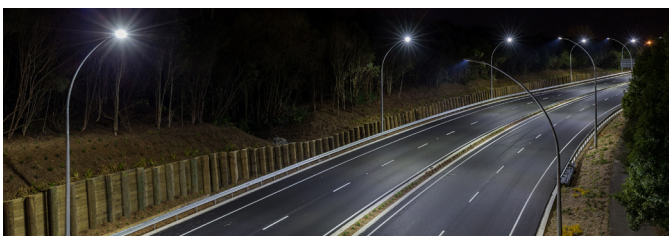
River Plan

Key to transforming Hamilton and its identity is the River Plan. This year Council awarded the contract for the Ferrybank Development Plan, a major project in the Plan. It also received a \$1 million donation from Momentum Waikato for River Plan projects.



Recreation Facilities

The Council entered into a partnership with the Ministry of Education and the Rototuna Junior High School this year to build an indoor recreation centre on the school grounds. It also approved a multi-million dollar renewal and upgrade of Waterworld which will improve the customer experience and enhance its ability to host major events.



Roading

The City Ring Road Project was completed to Cambridge Road and consideration is now being given to combining its completion to Cobham Drive with the Southern Links Project to develop the Peacockes area. The 21km Hamilton Section of the Waikato Expressway is underway and the Council is partnering with NZTA to build the city's Resolution Drive extension as part of the Expressway Project. The award winning Infrastructure Alliance with Downer Construction Limited continues to deliver great value for money maintaining the City Transport network.



Infrastructure

Major infrastructure projects in the past year include the commencement of upgrades to the cities Water and Wastewater treatment plants, completion of the Low-River Contingency Project which ensures water supply during low river levels and continuation of the \$24 million Rototuna Reservoir.



Destination Playgrounds

In August last year we opened the Minogue Park playground, bringing the number of destination playgrounds in the city to five. The Dominion Park and Hamilton Gardens destination playgrounds will be completed in 2016/17 and work on the Te Huia playground also gets underway that year. We also completed a neighbourhood partnership playground with Deanwell School, opening a new school playground to the public.



Hamilton Gardens Development

The Hamilton Gardens project is on track to deliver the priority in the Hamilton Plan of having the best garden in the world. The project was supported in 2015/16 by over \$2.4 million from external sources. The new carpark was opened and four new gardens are under construction. Hamilton Gardens received the top prize in the 2016 McGredy Winder SOLGM Local Government Excellence Awards.



Biking

The Hamilton Biking Plan has been adopted with several projects well underway. A key component of the Plan is the Western Rail Trail, a 2.7km off-road bike path that follows the railway line into the central city, giving people access to Seddon Park, FMG Stadium Waikato, Hamilton Girls' High School and Wintec. The Council has received \$3 million from the government's Urban Cycleway Fund to support this project.



Major events

Hamilton attracted a number of major events to the city in 2015/16, many of them at Council's premier venues – FMG Stadium Waikato, Seddon Park and Claudelands Events Centre. Highlights included the thrilling cricket match between Australia and the Black Caps, Ice Age Live and the historic Gallagher Chiefs vs Wales rugby fixture.



Arts & Culture

The Council completed a review of its arts and culture policies with the adoption of the updated Arts Agenda and the Waikato Museum Strategic Plan. Significant new public artworks were also completed this year, including the eight-metre high Tongue of the Dog sculpture gifted by the Mesh Sculpture Trust and the mural by noted artist Flox in the Central Library Laneway, which is a project funded by Vibrant Hamilton Trust and is included in the Central City Transformation Plan.



Waiwhakareke Natural Heritage Park

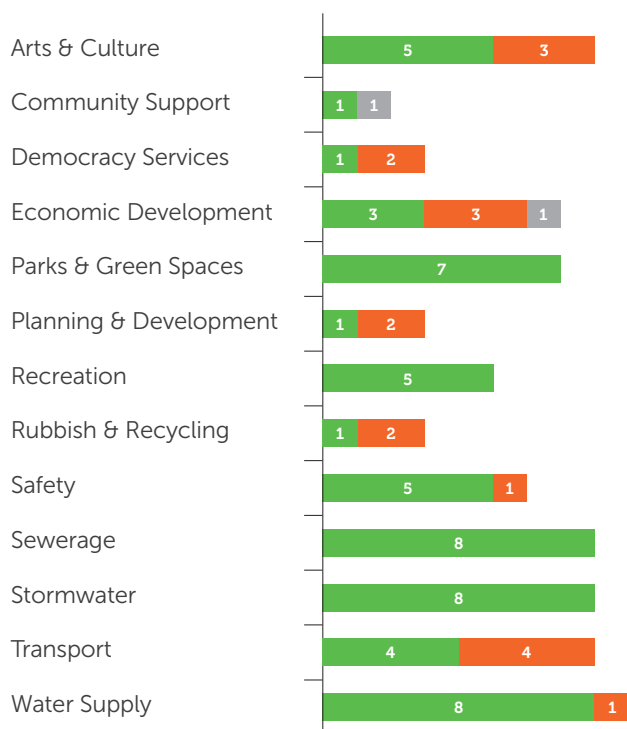
In May 2016, Council approved the addition of over five hectares of land to Waiwhakareke Natural Heritage Park. The 60-hectare park will serve as a focus for Hamilton's wider biodiversity restoration and will help bring our natural and cultural heritage to within easy reach of the city.

SERVICE PERFORMANCE

The Council's business is divided into 13 service groups. Each service group has performance measures that show how well we are delivering service to the community.

The summary graph below shows that, of 77 measures we use to track performance:

- we have met the targets for 57 measures
- we have not met the target for 18 measures; and
- we do not have sufficient data available to report against 2 measures



- Number of targets achieved
- Number of targets not achieved
- No data available

Reasons for not meeting targets include:

- narrowly missing statutory timeframes (e.g. 14 out of 2509 building and resource consent applications were not processed within time)
- some slower-than-expected response times to customer requests due to work volumes at the time
- other parties as well as Council contributing to the performance against some targets (e.g. the number of fatalities or serious injuries on Hamilton's roads).

Council regularly reviews its performance and takes action to make improvements where necessary.

WHERE TO FIND OUT MORE.

- The performance measures and targets reported against in this section are from year one (2015/16) of our 10-Year Plan: hamilton.govt.nz/10YearPlan
- Information on individual performance targets, how well we achieved them in 2015/16 and what they mean for Hamilton can be found for each service group within pages 6 to 53 of Hamilton's 2015/16 Annual Report.
- If you want to find out more about Council's services, policies, projects and plans, visit our website: hamilton.govt.nz

DELIVERING THE FINANCIAL STRATEGY

2015/16 has been another excellent year for Hamilton City Council – the city’s finances are in great shape, the Council has performed better than expected against its Financial Strategy and a number of significant projects in the Hamilton Plan have been delivered.

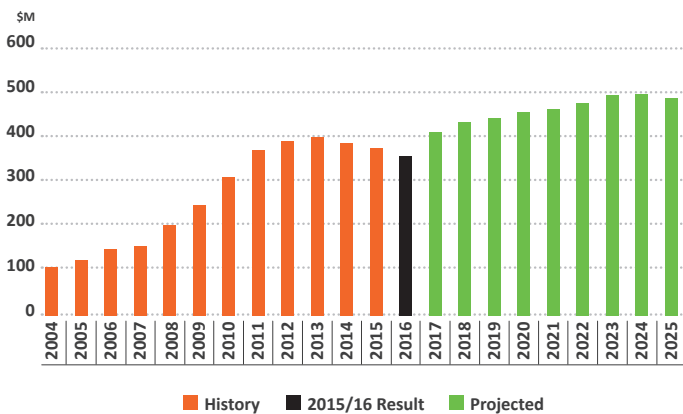
Our Financial Strategy is the key to the Council achieving its goals of managing growth and living within its means. In 2015/16 the Council met its target for balancing the books for the third consecutive year and delivered an operating adjusted surplus of nearly \$13 million (refer page 56 of the full Annual Report 2015/16).

The Council’s overall debt is \$348 million, lower than the projected target of \$407 million. As a result the Council’s debt-to-revenue ratio is now 170 per cent - well below the 205 per cent target we had set.

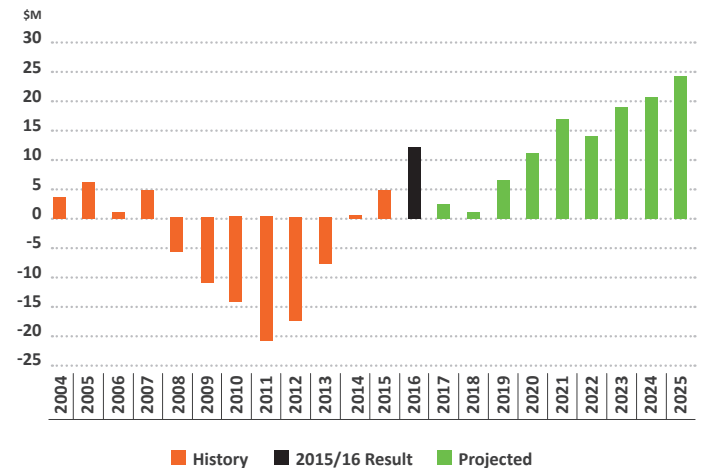
The contributing factors to the Council’s better than projected financial performance include:

- Higher revenue from development contributions, reflecting significant growth in the city
- Lower financing costs
- A better-than-expected opening balance from the previous year
- Operational savings, for example \$1million at the wastewater treatment plant and \$520,000 from the Water Treatment Plant.

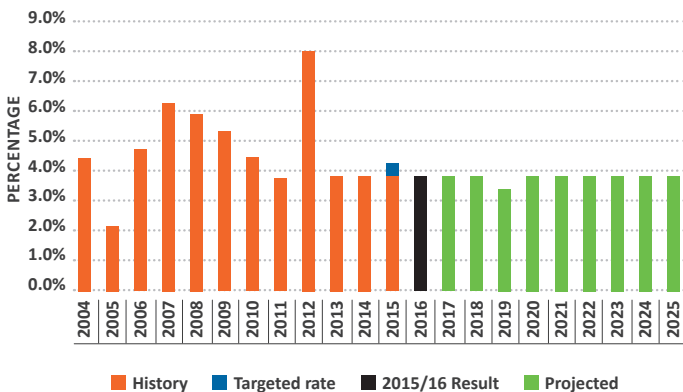
Total Overall Debt



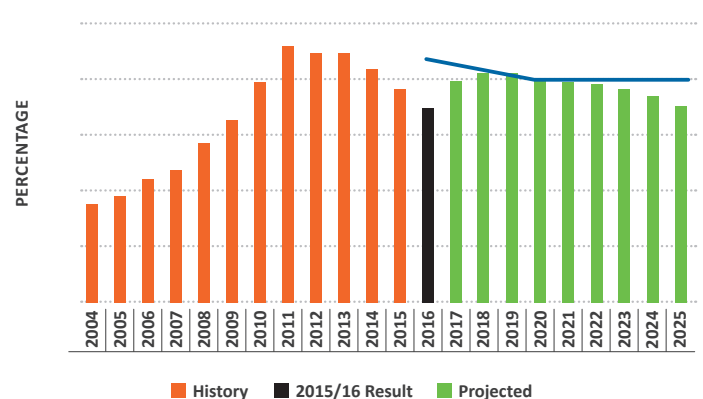
Balancing the Books



Rates



Debt to Revenue Ratio



SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Note	Group		
		Actual	Budget	Actual
		2016	2016	2015
		\$000	\$000	\$000
FINANCIAL PERFORMANCE TO 30 JUNE				
Rates revenue		147,214	146,244	140,250
Other revenue	1	130,632	74,194	103,981
Gains	2	4,943	-	5,020
Total revenue		282,789	220,438	249,251
Personnel costs		66,142	66,546	67,731
Depreciation and amortisation	3	61,501	58,269	58,105
Finance costs		22,907	22,647	24,596
Other expenses	4	81,746	63,744	67,653
Losses	5	36,406	-	20,141
Total expenditure		268,702	211,206	238,226
Surplus/(deficit) before tax		14,087	9,232	11,025
Income tax expense		(146)	-	(343)
Share of associate's retained surplus/(deficit)		168	-	85
Net surplus/(deficit)		14,109	9,232	10,767
Other comprehensive revenue and expense		14,109	9,232	10,767
Financial assets at fair value through other comprehensive revenue and expense		(106)	-	-
Gain/(loss) on property revaluations	6	275,498	18,261	36,098
Income tax on other comprehensive income		(501)	-	-
Financial assets at fair value through other comprehensive revenue and expense		-	-	-
Total comprehensive revenue and expense		289,000	27,493	46,865
CHANGES IN EQUITY TO 30 JUNE				
Total comprehensive income		289,000	27,493	46,865
Total recognised revenues and expenses for the year		289,000	27,493	46,865
Equity at the beginning of the year		2,949,841	2,955,514	2,899,976
Issue of NZFIW shares		-	-	3,000
Equity at the end of the year		3,238,841	2,983,007	2,949,841
FINANCIAL POSITION AS AT 30 JUNE				
Current assets		78,366	64,001	90,766
Non-current assets		3,663,784	3,363,419	3,356,171
Total assets		3,742,150	3,427,420	3,446,937
Current liabilities		136,962	99,406	108,455
Non-current liabilities		366,347	345,007	388,641
Equity		3,237,041	2,983,007	2,948,526
Non-controlling interest		1,800	-	1,315
Total equity and liabilities		3,742,150	3,427,420	3,446,937
CASH FLOWS TO 30 JUNE				
Opening cash and cash equivalents balance at 1 July		57,616	45,000	43,326
Net cash inflows/(outflows) from operating activities		79,702	59,019	65,393
Net cash inflows/(outflows) from investing activities		(105,462)	(65,507)	(40,722)
Net cash inflows/(outflows) from financing activities		(22,776)	6,488	(10,381)
Closing cash and cash equivalents balance at 30 June		9,080	45,000	57,616

Notes

1. Other revenue has exceeded budget by \$56.6m. This is due to development contributions and vested assets both of which are related to high growth in the city. The group result includes \$10.1m revenue from Innovation Waikato Limited (IWL).
2. Gains of \$5m relate to the revaluation of Council's investment properties.
3. Depreciation was higher than budget due to an increase in asset values resulting from the re-valuation of Council's water, sewerage and stormwater networks.
4. Other expenses were higher than budget due to an increase in the landfill aftercare provision, impairment of the investment value in Waikato Innovation Park Limited, a grant paid for the contribution to the indoor recreation centre and work in progress reclassified as an operating expense.
5. Unrealised losses (non cash) of \$22.4m relate to the revaluation on interest rate swaps. \$13.0m represents the loss on disposal of assets, in particular the renewal and replacement programmes for Council infrastructural assets and property (pensioner housing) assets.
6. The gain on property revaluation is due to an increase in the value of stormwater and wastewater networks along with land associated with Parks and Gardens.

Accounting policies

Hamilton City Council is a territorial authority governed by the Local Government Act 2002.

The group consists of the ultimate parent, Council, and its subsidiaries, Hamilton Properties Limited (100% owned) , Vibrant Hamilton Trust (100% owned) and Innovation Waikato Ltd (100% owned). The associate, Waikato Regional Airport Ltd is equity accounted.

The summary financial statements of the Council are for the year ended 30 June 2016.

Council has designated itself and the Group as a public benefit entity as defined under the PBE International Public Sector Accounting Standards (PBE IPSAS).

These financial statements have been prepared in accordance with Tier 1 PBE accounting statements and generally accepted accounting practice in New Zealand (NZ GAAP).

Council's summary annual report complies with PBE Financial Reporting Standards 43 (FRS43) Summary Financial Statements.

All amounts are shown in New Zealand dollars and are rounded to the nearest thousand dollars (\$000)

Capital commitments and contingent liabilities

Council has capital contract commitments of \$53.8m (2015 \$38.6m).

Contingent liabilities, which are dependent on future events, are \$2.4m (2015 \$7.8m).

Subsequent events after balance date

There have been no events after balance date.

Disclaimer

The specific disclosures included in this summary annual report have been extracted from the full annual report and were authorised for issue by the Chief Executive on the 29 September 2016.

This summary can not be expected to provide as complete an understanding as provided by the full annual report of the financial and service performance, financial position and cash flows of Hamilton City Council.

The summary has been examined for consistency with the full annual report and was audited by Audit New Zealand on behalf of the Office of the Auditor-General. The full annual report and summary received an unqualified audit opinion on the 29 September 2016.

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

Independent Auditor's Report

To the readers of Hamilton City Council and group's summary annual report for the year ended 30 June 2016

The summary annual report was derived from the annual report of the Hamilton City Council (the City Council) and group for the year ended 30 June 2016. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 5, 7 and 8:

- the summary statement of financial position as at 30 June 2016;
- the summaries of the statement of financial performance, statement of changes in equity and statement of cash flows for the year ended 30 June 2016;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service performance of the City Council and group.

We expressed an unmodified audit opinion on the City Council and group's full audited statements in our report dated 29 September 2016.

Opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: Summary Financial Statements.

Basis of opinion

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the City Council and group.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

In addition to reporting on the summary annual report, we have reported on the full annual report, and carried out a range of other assurance engagements in the areas of audit of the debenture trust deed and other assurance services which are compatible with those independence requirements. Other than this reporting and 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
29 September 2016