

2018/19

ANNUAL REPORT SUMMARY

KOORERO WHAKARAPOPO TO

CONTENTS

INTRODUCTION	4
OUR HAMILTON	6
OUR FINANCIAL STRATEGY	8
WHERE THE MONEY WENT	11
OUR COMMUNITY OUTCOMES	13
DELIVERING FOR OUR COMMUNITY IN 2018/19	14
SERVICE PERFORMANCE SUMMARY	18
SUMMARY FINANCIAL STATEMENTS	20
AUDIT OPINION	22

2018/19

This is a summary of the Annual Report. It provides a snapshot of our results for 2018/19. The full document is available at hamilton.govt.nz/annualreport

This summary and the full Annual Report have been audited by our independent auditors.



INTRODUCTION

Hamilton City Council's Annual Report presents our financial results for 2018/19 as measured against the Financial Strategy set out for year one of the 2018-28 10-Year Plan. It also shows how we performed against our service delivery targets.

This document summarises our 2018/19 Annual Report. The full report can be found at hamilton.govt.nz/annualreport

Over the past year we have made good strides towards delivering on our most ambitious 10-Year Plan ever. A big focus for us has been on looking after what we have while also responding to the demands of growth.

Wherever you live, work and play in Hamilton, you would have seen our team hard at work. We renewed footpaths, resealed roads, installed new bus shelters, upgraded public toilets, replaced lights, refurbished Waterworld, replaced wastewater pumps and much more.

We are also working hard to make sure our existing infrastructure can support our growing city and to add new infrastructure where needed. We developed community and sports parks and open spaces, upgraded stormwater, wastewater and water supply infrastructure, decided on design principles for the new Peacocke bridge, upgraded roads in our growth areas and began work on the final stage of the Hamilton Ring Road.

We can look back on a year of steady progress and solid planning that sets us up well for the challenges we face as one of the country's fastest growing metropolitan areas.

We achieved a balancing the books surplus of \$6.5M in 2018/19 compared with a deficit of \$9.4M forecast in the 10-Year Plan. Our balancing the books target measures how we are tracking against a goal of paying for everyday costs with everyday revenue (such as rates, fees and user charges). We had not expected to balance the books until 2021/22. The 2018/19 result is due to higher than budgeted revenue from rates, fees and user charges plus lower costs. We have made a concerted effort to reduce operating costs. Borrowing less has also meant lower finance and interest costs.

We ended the financial year with a net debt balance of \$344M versus a 10-Year Plan projection of \$455M. Net debt is defined as the money we owe the bank, less cash. This lower net debt level was due mainly to some capital projects being deferred to future years (these are largely funded

by debt), and higher than expected rates revenue and development contributions.

Our final debt to revenue ratio for 2018/19 was 125% against a forecast of 165%. This means we borrowed \$1.25 for every \$1 in revenue we collected. Debt was lower as we needed to fund less capital work than budgeted, while revenue was higher than expected due to growth.

Monitoring our delivery against the service commitments set in the 10-Year Plan helps us judge how we are doing. In 2018/19 we met or exceeded 36 of our 50 non-financial performance targets. Of those 50, four were new measures set during the 10-Year Plan. The goal for these measures was to set baseline targets, which we did, and we will start reporting against them next year. We did not meet 10 targets and have plans in place to address this.

In May 2019, the Local Government Act 2002 was amended to reintroduce four wellbeings into the purpose of local government. We are now required to play a broad role in promoting the social, economic, environmental and cultural wellbeing of our community. As a Council, we have work to do in teasing out what those wellbeings mean specifically for Hamilton and how we can best represent them in our activities and work programmes. This will be a key focus in the coming year.

We will continue to work with key partners on initiatives such as the Hamilton to Auckland Corridor Plan, which provides a framework for managing growth, enhancing communities and protecting the natural and cultural assets along this important route. On core issues as important as transport and infrastructure, we must get it right.

We will also continue working hard to improve community engagement. Earlier this year, we introduced our Your Neighbourhood framework with the tagline 'Share your voice, shape your city'. This new approach aims to encourage and support all Hamiltonians to be involved in, and have influence over, Council activities and decision-making at an early stage. Look out for more opportunities to get involved and have your voice heard.

KUPU WHAKATAKI

Taa te Riipoata aa-Tau a te Kaunihera o Kirikiriroa, he whakaatu i ngaa hua puutea, ki taa te tahua puutea moo te tau tuatahi o te Mahere Tekau Tau, 2018-28. Ka aata kitea hoki ngaa whakatutukinga ki taa maatou i manako ai, i haapai ai.

Koia teenei te whakaraapopototanga o te Riipoata aa-tau 2018/19. Kei te pae tukutuku e whai ake nei toona whaanuitanga ake, hamilton.govt.nz/annualreport

Noo roto o te tau kua huri, kua kotahi te waihoe o te waka kia tutuki teetehi Mahere Tekau Tau e anga nui ai ki te pae tawhiti. Ko teetehi anga nui a maatou, he tiaki i ngaa rawa, kei a taatou tonu, he whakatatuu hoki i ngaa wero o te tupu whanake.

Ahakoia kei whea toou kaainga i Kirikiriroa, kaaore hoki e kore, kua kite mai koe i too maatou tiima e whakapau werawera ana. Kua whakahoungia ngaa ara whiikoi, kua whakatikangia ngaa rori, kua whakatuungia ngaa piruru pahihou, kua whakahoungia ngaa whareiti, ngaa raaiti, tae atu ki a Ao-kauhoe, aa, kua hokona eetehi papu wai-kino, me te huhua anoo hoki o ngaa mahi kua oti i a maatou.

E whakapau kaha ana maatou kia ea i ngaa puunaha whakahaere te tupu o te taane me oona wero, aa, ka whakatuungia eetehi puunaha hou, mehemea koiraa te hiahia. Kua tuu i a maatou eetehi papa taakaro aa-hapori, aa-haakinakina, me eetehi waahi tuwhera kau. Kua oti hoki te whakahou i ngaa papu wai, wai-kino me taa maatou whakahou ake i ngaa puunaha kawewai. Kua oti ngaa maataapono waihanganga moo te piriti hou ki Peacocke, kua whakatikangia ngaa rori ki ngaa whaitua e kaha nei te tupu whanake, otiraa, kua tiimata hoki ngaa mahi, te waahanga whakamutunga ki te Rori Ringi o Kirikiriroa.

E taea te tiro whakamuri ki te tau kua hori nei, he tau kauneke tonu, he uu ngaa whakariterite e takatuu ai ki mua i ngaa wero, ko teetehi whaitua kanorau a Kirikiriroa i Aotearoa huri noa, ka nui te horo o te tupu whanake.

I te mutunga o te tau, e toru rau, e whaa tekau maa whaa miriona taa maatou nama neti, ki taa te Mahere Tekau Tau, e whaa rau, e rima tekau maa rima miriona taara te matapaetia nei. Ko te nama neti nei, koia teenei ko te puutea taurewa ki te peeke, engari, kua ko te puutea noa. I peeraa ai te nama neti, naa te mea, kiihai eetehi kaupapa matua i puuawai, he mea nuku ki t/eetehi atu tau (katoa eenei kaupapa matua, he mea utu e te puutea taurewa), tae atu ki ngaa puutea reeti i nui ake ki taa te matapae, me ngaa kohinga whakawhanaketanga.

Inaa whakaritea atu taa maatou nama ki te aawhata puutea moo te tau 2018/19, ko te kotahi rau, e rua tekau maa rima paiheeneti, teena ki te whaainga, kotahi rau, e ono tekau maa rima paiheeneti. Ko te tikanga ia, kotahi taara, e rua tekau maa rima heeneti taa maatou i nama ai moo ia taara kotahi i kohia. Naa te korenga o te whakapau puutea ki eetehi o ngaa kaupapa matua i heke iho ai ngaa nama, aa, ko te pikinga hoki o te puutea i kohia - teena i matapaetia, i runga i te tupu hohoro.

I eke i a maatou he huanga e ono irakati rima miriona taara i tau nei 2018/19, teena i teetehi nama e iwa irakati whaa miriona taara te matapaetia nei ki roto i te Mahere Tekau Tau. Taa maatou whakatika pukapuka, he arotake i te ahunga whakamua, ki teetehi whaainga, ka utua ngaa nama o ia raa ki ngaa puutea o ia raa (peenei me ngaa reeti, ngaa nama noa, me ngaa nama kaiwhakamahi). I whakapaetia keetia, hei te tau 2021/22 raa anoo ngaa pukapuka whakatikangia ai. Naa ngaa reeti, ngaa nama noa me ngaa nama kaiwhakamahi tae atu ki te hekenga o ngaa whakapaunga puutea i taea ai teenei huanga 2018/19. E aata whai ana maatou kia heke ngaa nama whakahaere, kia iti iho hoki te puutea taurewa, aa, ka iti tahi hoki ngaa nama itareti.

Maa te arotake i aa maatou mahi ki ngaa whakaritenga i takoto i te Mahere Tekau Tau ka kite ai maatou, aae raanei, kaaore raanei, kei te huarahi tika maatou. I te tau 2018/19, i eke i a maatou e toru tekau maa ono o ngaa whaainga puutea kore e rima tekau i tohua ai maa maatou. O eeraa rima tekau, e whaa ngaa mea hou i whakaritea noo te whakatuunga o te Mahere Tekau Tau. Ko te whaainga o te tau 2018/19, he whakatakoto whaainga tuuaapapa, ana, i tutuki teenei. Ka tiimata te ine i eeraa whaainga aa teeraa tau. Kiihai i tutuki ngaa whaainga tekau, otiraa, kua takoto teetehi mahere e ea ai eenei aahua.

Noo te Mei, 2019, ka tiinia te Ture Kaawanatanga aa-Rohe 2002 kia uru ai e whaa ngaa kaupapa hauora ki te kiko o te kaawanatanga aa-rohe. Inaaianei, me whai waahi maatou ki roto i ngaa kaupapa whakatairanga hauora peenei me te hapori, te puutea, te taiao, me te ahurea o te hapori. Taa maatou e whai nei, he rapu, he aha ia te tikanga o aua kaupapa hauora e whaa ki Kirikiriroa nei, aa, me peewhea raa te whakatinana i eeraa aahua i aa maatou kawenga, hootaka hoki. Ka noho teenei hei whakamaunga kanohi matua maa maatou ki roto i te tau te mahuta mai nei.

Ka kookiri tonu maatou me oo maatou hoa whakangaatahi peenei me ngaa kaupapa, te Mahere Huarahi o Kirikiriroa ki Taamaki Makaurau, i kitea nei he tiirewa hei tiaki i te tupu whanake - he whakapakari hapori, he tiaki hoki i ngaa rawa o te taiao me ngaa taonga Maaori ki eenei huarahi. Moo runga i ngaa kaupapa nui peenei me ngaa huarahi, ngaa puunaha hoki, me maatua tika aa maatou mahi.

Ko teetehi anoo mahi a maatou, he whakakaha i te taukaea i waenganui i te Kaunihera me te hapori. I te tiimatanga o te tau nei, ka puta taa maatou tiirewa, Too Waahi Noho me te whakataukii 'AAkina too reo, aahuatia too taane'. Taa teenei titiro hou, he akiaki i a Ngaai Taatou o Kirikiriroa nei, kia kuhu ki roto i ngaa whiriwhiri a te Kaunihera me ngaa whakataua i toona maarewatanga raa anoo. Kia mataara mai ki ngaa kaupapa kei te ara ake i te pae, nau mai, koorero mai.

OUR HAMILTON

OUR PAST

HAMILTON | KIRIKIROA

The gateway to the central North Island, Hamilton, originally named Kirikiriroa by Maori, is New Zealand's largest inland city. The mighty Waikato River flows for 16 kilometres through the city with the eastern and western suburbs on either side.



Hamilton's earliest settlers included Maori from the Tainui waka, who called the area Kirikiriroa meaning long strip of gravel, and this remains the Maori name for the city



The area has a history of 700-800 years of Maori occupation and settlement, highlighted by paa sites, traditional gardens and agricultural features along the Waikato River

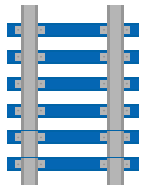
The Borough of Hamilton was established on 27 October 1877 with a population of 1245 and an area of 752 hectares, through the combining of the East and West settlements. On 13 December 1945, Hamilton became a city with 20,000 citizens

There are five Tainui hapuu (sub-tribes) that continue to hold mana whenua (traditional connections to the land and waterways within Kirikiriroa/Hamilton)



In 1867 the road

was opened to Auckland and a regular coach service began, followed by railway from Auckland in 1877



Formal European settlement

began on 24 August 1864, when Captain William Steele disembarked from the gunboat Rangiriri and established the first redoubt near what is now Memorial Park

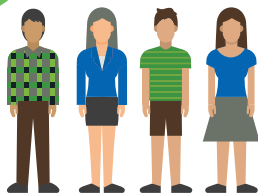


The city's south end as seen from Hamilton East c. 1908



In the 1860s, the New Zealand Wars and the NZ Settlement Act enabled land to be taken from Maori by the Crown; a total of 1.2M hectares was confiscated in the Waikato region and provided the basis for subsequent European settlement in Hamilton

EMBRACING GROWTH



WE'RE BOOMING

Our population is expected to increase from **169,300 (June 2018)** to **187,600 in 2028**. That's an average of nearly 40 new residents every week!

1552 homes

were consented in 2018/19, an increase of 35% on 2017/18 and the highest number of new home consents approved since digital records began in the 1990s



WE'RE BUILDING



Rotoruna



With so many new residents, we are planning for an extra **12,500 homes by 2028** from infill housing and new development

WE'RE WELCOMING

WE'RE INVESTING



The Council's 2018-28 10-Year Plan includes a **record \$2B** to enable and support growth, improve transport and look after the things we already have

A GREAT RIVER CITY

WE'RE YOUTHFUL



Hamilton's median age is **32**, the lowest of all cities in New Zealand

WE'RE A DESTINATION



Approximately 23% of current residents were born overseas. Tertiary institutions The University of Waikato, Wintec and Te Waananga o Aotearoa enrol more than 40,000 students each year, from around New Zealand and the world

WE'RE DIVERSE



Hamilton's residents represent more than

160 different ethnic groups

BEST IN BUSINESS

WE'RE CONTRIBUTING



Hamilton's GDP is \$8.08B, **approximately 3.4% of New Zealand's total.**

Hamilton's GDP is growing at 3.9%, greater than New Zealand's growth of 3% (to September 2018)

WE'RE PARTNERING



Hamilton's community is working together to deliver projects such as the **\$73M Waikato Regional Theatre**



WE'RE FEELING GOOD

84% of residents rate their quality of life positively (2018), and a third of our community believe their quality of life has increased over the last 12 months. This change is the highest of the eight major cities surveyed*

WE'RE HAPPY HERE



75% of residents think their city is a great place to live*

WE'RE PLAYFUL



The city has more than 1000 hectares of open space with 145 parks and gardens, 85 playgrounds and 63 sports areas

WE'RE IN THE ACTION

Hamilton sits with Auckland and Tauranga in the **Golden Triangle, a powerful region with half the country's population, generating half the country's GDP.** Through the Hamilton-Auckland corridor partnership, we've connected with Auckland, mana whenua and other councils to coordinate growth.

WE'RE APPEALING



Waikato is New Zealand's fifth biggest tourism economy, **contributing \$1.571B annually**, with Hamilton the region's tourism hub



Victoria on the River

WE'RE WORKING

Hamilton's economy supports **15,027 businesses** (up from 14,424 in 2016) and **92,735 employees**, (up from 87,600 in June 2016)

Casabella Lane



* <http://myhcc.nz/qualityoflife2018>

OUR FINANCIAL STRATEGY

Our 2018-28 10-Year Plan includes a financial strategy that aims to enable us to respond sustainably to growth in a way that is cost-effective for existing ratepayers. The Financial Strategy's guiding principles are:

- Everyday expenses are funded from everyday revenues.
- Service levels and assets are maintained.
- Surpluses are generated to repay debt.
- Investment in community, infrastructure and growth initiatives is supported.
- Investments are funded from debt.

The Financial Strategy can be read in full in the 2018-28 10-Year Plan or on our website. It sets limits on the amount of debt we can take on compared to revenue (the debt to revenue ratio) and forecasts net debt (the money we owe lenders, less cash) and when we will balance the books. The Council books are balanced when everyday revenue pays for everyday expenses.

Against the strategy, we exceeded our balancing the books target for 2018/19 by \$15.9M and ended the financial year with a net debt balance \$111M lower than projected. The results for the year are positive. However, Hamilton is projected to continue growing and our infrastructure (from transport and water networks to parks and playgrounds) needs to support this growth.

RATES

The 10-Year Plan sets the limits on average rate increases to existing ratepayers. Under the plan, rates increases were limited to 9.7% in 2018/19 and 3.8% from 2019/20 onwards. We have stayed within these limits: the actual average rate increase for 2018/19 was 9.7% and the 2019/20 Annual Plan confirmed an average rate increase of 3.8%.

BALANCING THE BOOKS

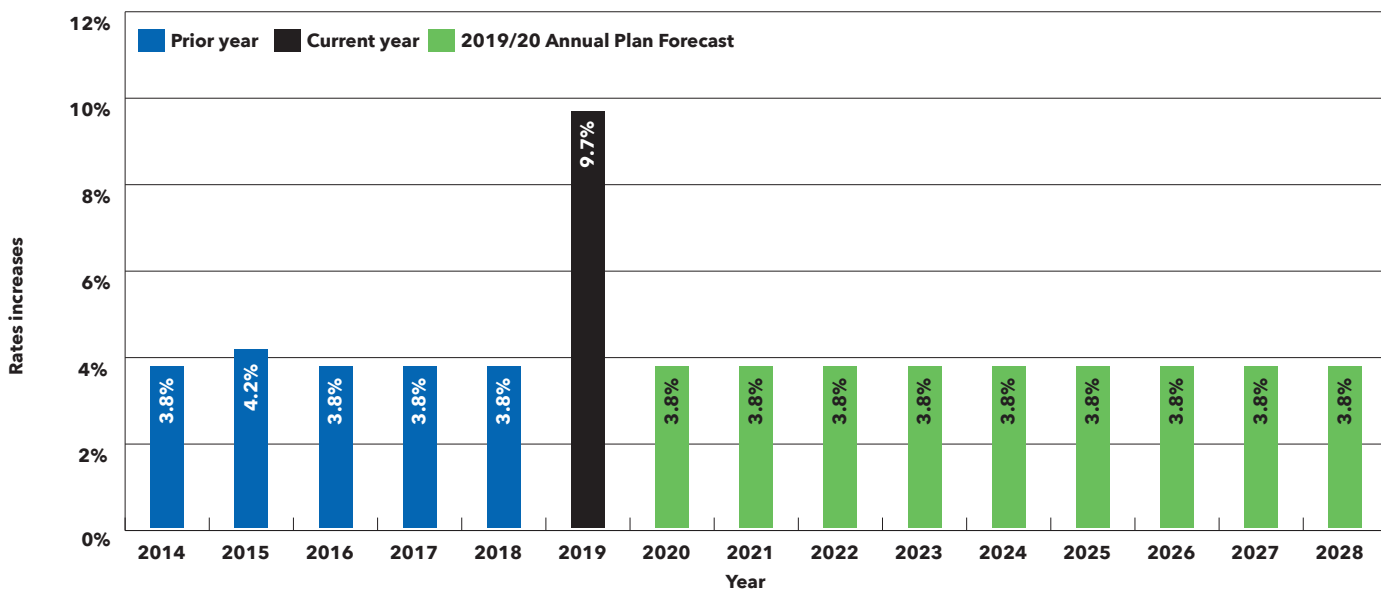
The balancing the books measure is a way of assessing our operating performance. There are other ways to measure operating performance, including the Government's balanced budget measure.

The main differences between the two measures are:

- Our measure removes capital revenue (NZ Transport Agency subsidies for capital expenditure and other capital contributions). These revenue items are included in the Government measure. We exclude this revenue as it funds specific capital items and is therefore not available to fund everyday costs
- The Government measure removes all revenue from development contributions (fees charged for new developments). Our measure only removes a portion of development contributions revenue (the portion retained is to cover interest costs on development contributions-funded growth assets)
- Our measure removes certain revenue not considered everyday (such as the fair value benefit on the Housing Infrastructure Fund loan from Central Government). It also removes certain expenditure not considered everyday (such as grants for the Waikato Regional Theatre and the discount unwind on the Housing Infrastructure Fund loan). These are not adjusted for in the Government measure.

We exceeded our balancing the books target in 2018/19, with an adjusted operating surplus of \$6.5M against a target

AVERAGE RATES INCREASES (TO EXISTING RATEPAYERS)

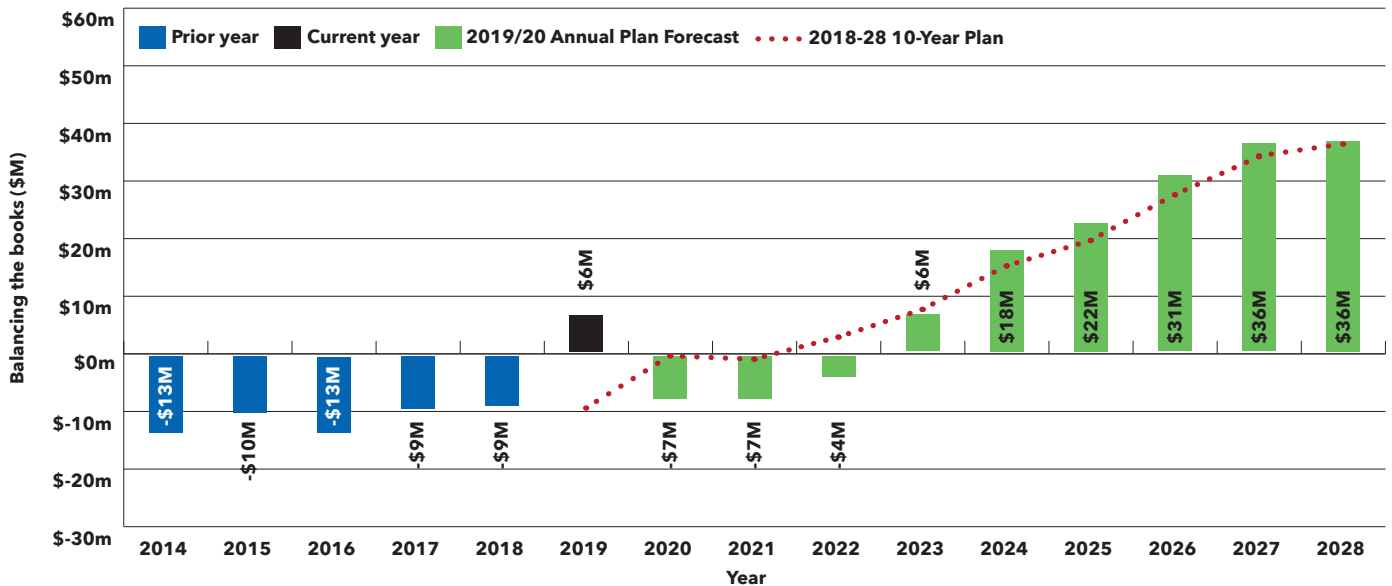


of a \$9.4M deficit. Using the Government's balanced budget measure, we are reporting a surplus of \$21.5M against a budgeted surplus of \$28.3M.

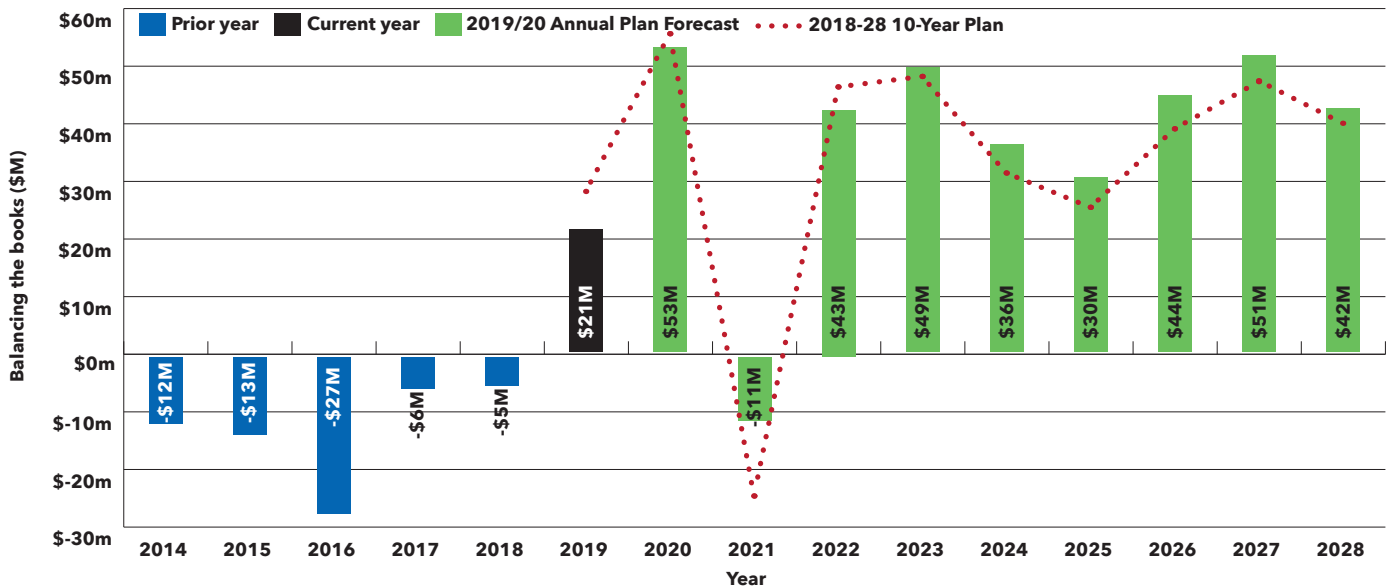
The significant revenue and expenditure variances that contributed to our balancing the books result include:

- higher than budgeted rates (\$1.4M) due to greater than expected growth and revenue from water rates;
- higher than budgeted revenue from fees and charges (\$5.4M) across the organisation due to high levels of activity in the city;
- lower than budgeted finance costs and higher interest revenue (\$1.2M) due to lower debt and interest rates;
- lower than budgeted operating expenses (\$3.2M), which includes lower personnel costs, professional costs and administration costs.

BALANCING THE BOOKS - HAMILTON CITY COUNCIL MEASURE



BALANCING THE BOOKS - GOVERNMENT MEASURE



DEBT

The definition we use for debt is money we owe the bank, less cash. We refer to this as a net debt. To see the details of how this figure is calculated, see note 30 to the financial statements in the full Annual Report.

We ended the financial year with a net debt balance of \$344M, lower than the projected target of \$455M. Our debt is now 125% of revenue against a performance target of 165%.

The main reasons for this favourable result are:

- higher than budgeted rates (\$1.4M) due to greater than expected growth and water rates;
- higher than budgeted revenue from development contributions (\$7.1M);
- savings of \$8M on 16 capital projects;
- deferral of 108 capital expenditure projects with a value of \$96M from 2018/19 to future years.

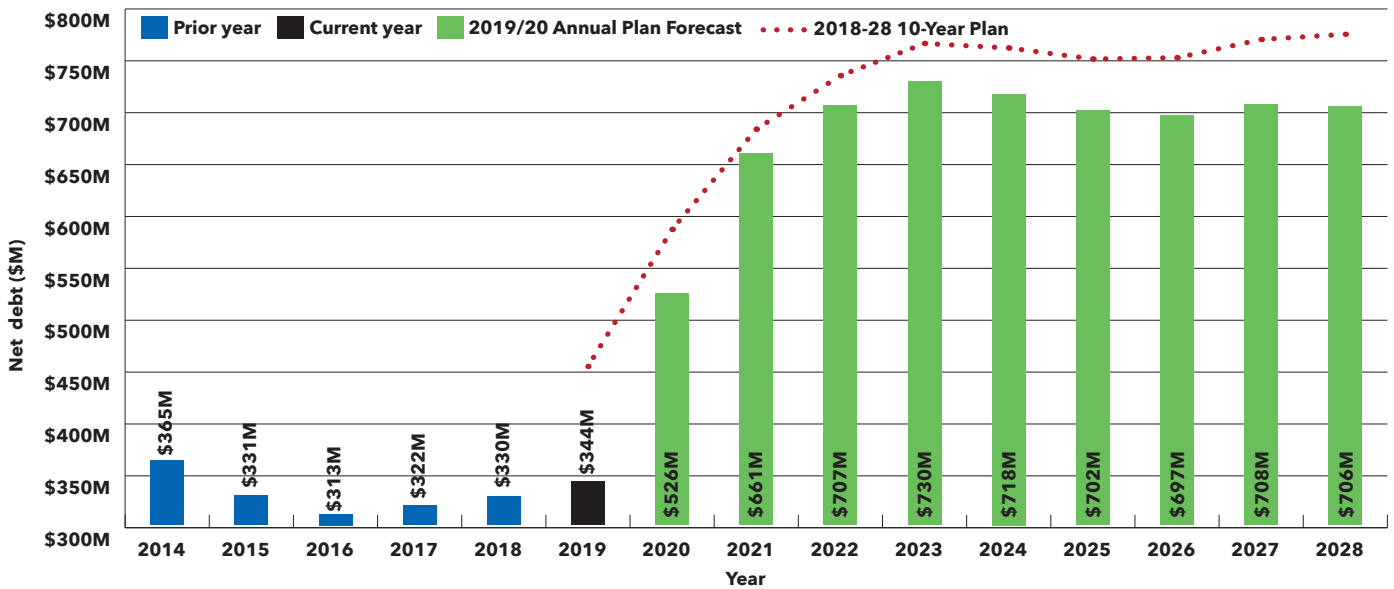
The 2018/19 approved capital budget was \$254.8M (including deferrals) and was a significant increase over the 2017/18 budget of \$100.7M. Actual spend for the capital portfolio was \$152.1M, representing a 51% increase on the prior year spend (\$51.4M).

Project deferrals have a favourable impact on our financial result. However, it is only a timing impact as the expenditure will still be incurred, although later than originally planned.

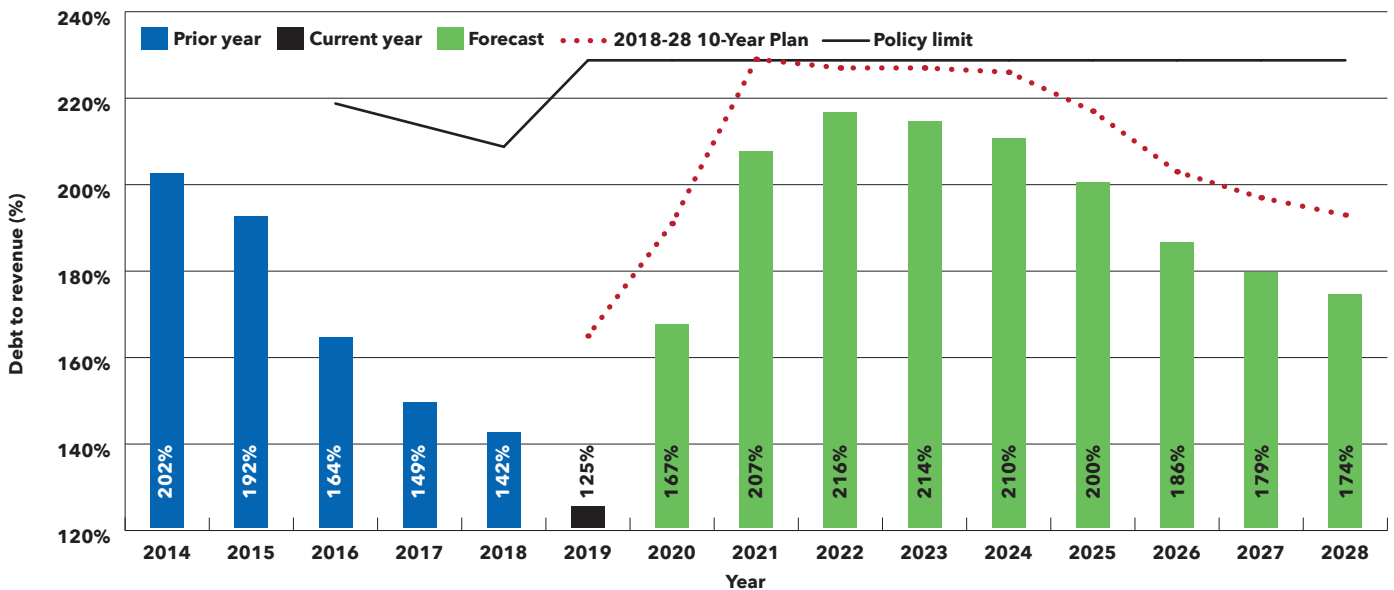
Projects were deferred due to:

- third party delays e.g. infrastructure that is dependent on developers;
- contractual delays e.g. a design issue or delay in the tender process;
- delays due to change in project scope or change in prioritisation by the Council.

NET DEBT

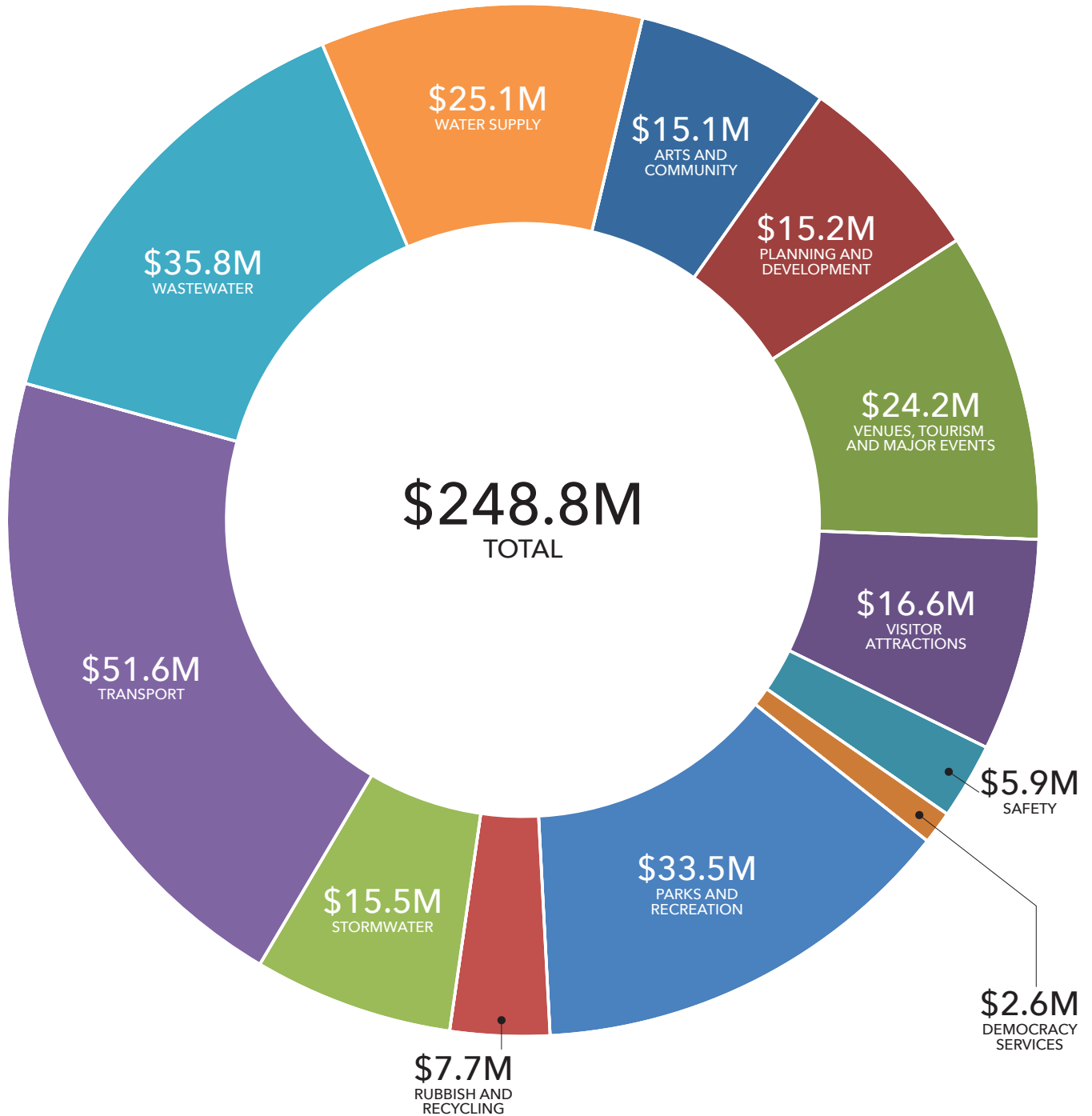


DEBT TO REVENUE RATIO

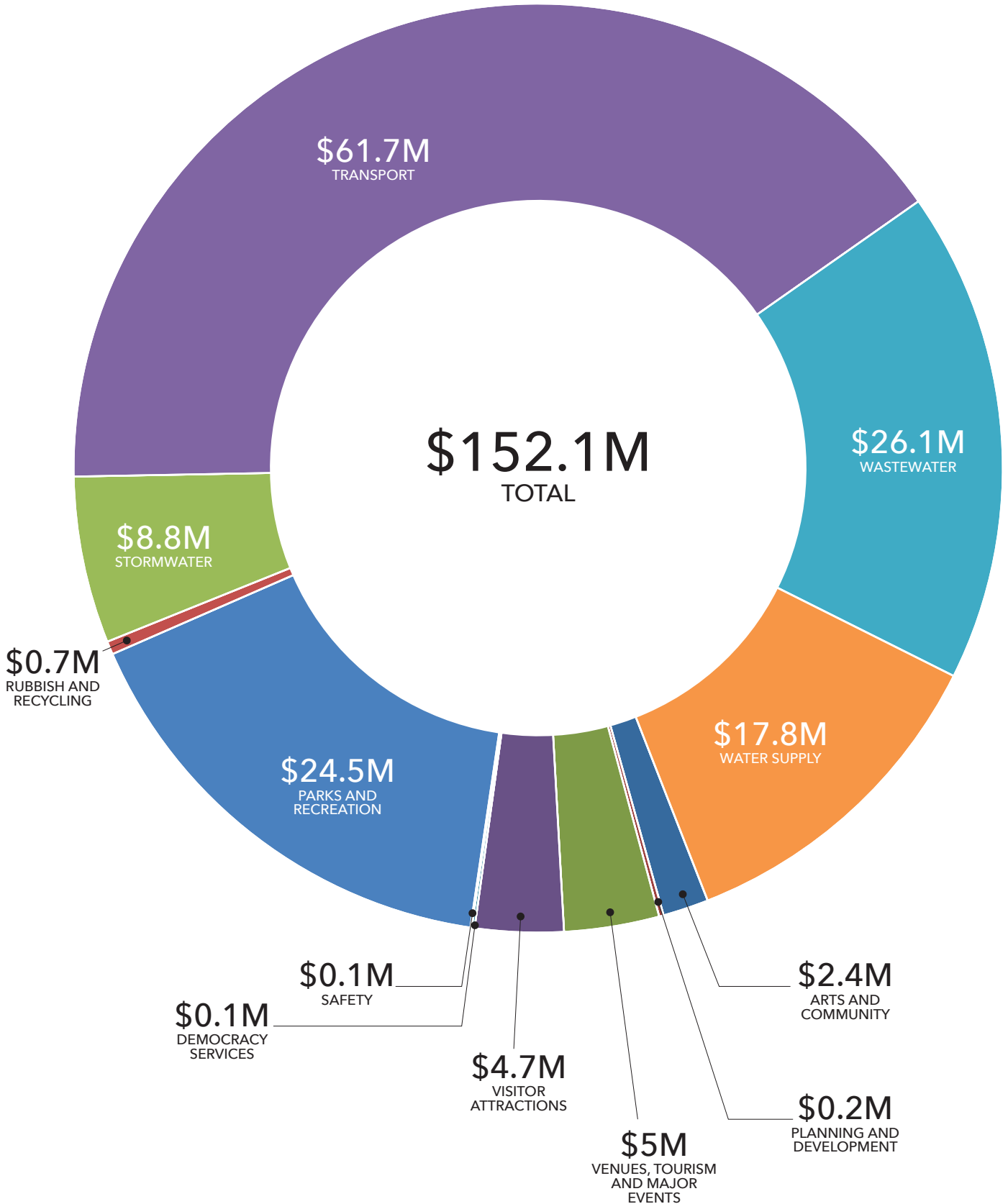


WHERE THE MONEY WENT

OPERATING EXPENDITURE BY ACTIVITY 2018/19 YEAR



TOTAL CAPITAL EXPENDITURE BY ACTIVITY 2018/19 YEAR*



* Capital expenditure by activity represents the gross capital spend before accounting for any associated capital subsidies received.

OUR COMMUNITY OUTCOMES

Our community outcomes describe what we aim to achieve for our community and what you can expect us to work towards. These outcomes have helped shape the development of the 10-Year Plan.

All the activities we carry out contribute to the overall achievement of our community outcomes.

If we achieve all the expectations we have set for our service delivery, we will be making progress on achieving all three outcomes.

OUR THREE COMMUNITY OUTCOMES ARE:



A GREAT RIVER CITY

Our city embraces its natural environment and has green spaces, features and community facilities that make it a great place to live, work, play and visit.



A CITY THAT EMBRACES GROWTH

Our city has infrastructure that meets our current demands, supports growth and helps build a strong economy.



A COUNCIL THAT IS BEST IN BUSINESS

Our council is customer focussed, financially sustainable and has the best people delivering the best outcomes for the city.

DELIVERING FOR OUR COMMUNITY IN 2018/19

The 2018-28 10-Year Plan is our most ambitious yet. We have pledged to invest more than \$2B in capital projects and we also committed to investing in community partnership opportunities and strategic plans.

During preparation of the 10-Year Plan, the community made it clear how we should focus our efforts and this set the game plan for 2018/19:

- Looking after what we've got
- Embracing growth
- Investing in community infrastructure
- Investing in transport improvements

LOOKING AFTER WHAT WE'VE GOT

As our city grows, our infrastructure needs to as well. While there is still lots of life remaining in much of what we have, we need to keep maintaining and replacing it so it continues to function.

In 2018/19 we made good progress in delivering our comprehensive renewals and compliance programme, which aims to look after the assets that we have and make sure they are fit for purpose.

Here's a snapshot of what we achieved.

VENUES, TOURISM AND MAJOR EVENTS

- Replacement of Seddon Park floodlights (in progress).
- Safety access ways for working at heights at Claudelands and FMG Stadium Waikato.
- Barn roof renewal at Claudelands.

VISITOR ATTRACTIONS

- Upgraded some of our lighting and shelving at Waikato Museum.
- New flooring for the museum's Exscite science gallery and ArtsPost.
- Replaced the walkway in Hamilton Zoo's bird aviary.
- Upgraded the zoo's eel enclosure to make it interactive.
- Safety enhancements for handling rhino and tigers.
- Renewal of the irrigation assets at Hamilton Gardens.
- Replaced retaining walls and paths and paving across the gardens.

PARKS AND RECREATION

- New pedestrian access bridges for Ranfurly and Sandford parks.
- Five sports fields upgraded over three sites to increase capacity for our users.
- Major erosion works in Days Park.
- New and upgrades to toilet and changing rooms at Swarbrick, Hillcrest, Galloway and Flagstaff parks.
- Replaced and installed 1km of footpaths and 110m of boundary fencing across our parks.
- Crematorium building currently undergoing an upgrade.
- New accessible toilet block at Hamilton Cemetery.
- Completed a major renewal at Waterworld.
- Internal fitout/upgrade at Gallagher Aquatic Centre.

ARTS AND COMMUNITY

- Frankton Railway Institute Hall renewed.
- Roof renewal for the Central Library.

TRANSPORT

- 40.97km of resealing done on our roads.
- 41 LED solar lights installed in existing and new bus shelters to improve safety.
- 18.22km of footpaths renewed.
- 7482 LED lights replaced throughout the city.
- Accessible kerb installed at 21 locations across the city (total length 203m).

WATER SUPPLY, WASTEWATER, STORMWATER (THREE WATERS)

- More than 6km of watermains renewed.
- Wymer and Waterford streams have had fish passages constructed - this allows freshwater fish and other organisms to complete their lifecycles.
- Replaced 6km of wastewater pipes.
- 20 pump stations were renewed (not including pumps).
- 15 wastewater pumps replaced, out of 246 pumps on our network.



A CITY THAT EMBRACES GROWTH

Hamilton is one of New Zealand's fastest-growing cities - we are now a city of 169,300 people and by 2028 we expect to be home to more than 187,600 people. To respond to this pace of growth, the city needs infrastructure in place to deliver high-standard core services to an increasing population.

In 2018/19 we invested heavily in citywide projects to support Hamilton's growth generally and in projects to support development of our residential, commercial and industrial growth areas.

Here's a snapshot of what we achieved.

PEACOCKE

- Service relocations for the proposed Ohaupo Rd (SH3) roundabout are underway so work can start.
- We have decided what kind of bridge we are building in Peacocke and design is underway. Procurement will begin soon so we can start building the bridge before the end of 2020.
- For efficiency, we are working on combining nearby projects with key Peacocke infrastructure. This includes upgrading existing pump stations to increase capacity.
- We are designing an upgrade for Peacocke Rd so the road is safe and appropriate for the residential area.
- We are currently designing the wastewater main transfer pump station and the network for Peacocke.
- We have started investigation to progress design of stage two of the east/west roading network.
- We have purchased nine pieces of land for planned arterial roads and acquisition of another 30 is underway.
- We've progressed investigations into land for active recreation reserves and bought land for a neighbourhood park in Stage 1 of Peacocke.
- We've completed an Ecological Monitoring and Management Plan to ensure we look after the environment as part of a sustainable community.
- Planning is well underway to ensure Peacocke has great walking, cycling and public transport connections.

ROTOTUNA

- Construction of the Resolution Dr extension to the Waikato Expressway is underway.
- We have installed more than 2km of main water pipes to ensure water supply throughout the Rototuna area is maintained.
- Concept development and the business case are underway for extending Borman Rd East and associated services.
- We have acquired land and are completing design to develop a new stormwater treatment pond on Borman Rd.
- We have been progressing design to complete an urban upgrade of North Ridge Dr.
- The first section of the North City Rd upgrade is nearing completion.
- Construction on the final section of Borman Rd West to Kay Rd is underway.
- Rototuna sports park will have five new soccer fields and two grass cricket pitches and will be ready for summer.

RUAKURA

- Approximately 1.5km of large wastewater pipes have been installed in Ruakura to enable development in this area.
- Construction of the new Ruakura water reservoir is underway.
- Two key projects are progressing through NZ Transport Agency business case phase: Ruakura Rd and the construction of the Ruakura Spine Rd.

ROTOKAURI

- Rotokauri Greenway: The designation for the drainage and treatment system has progressed well and is expected to be secured by December 2019.
- Design for the urbanisation of Baverstock Rd is underway with construction starting over summer.
- Work is underway with the NZ Transport Agency to fund arterial roads in Rotokauri.
- Bulk water pipes are ready to be connected to and extended to support Rotokauri development.

CITYWIDE

- Wastewater upgrades: Planning/implementation for a citywide wastewater network upgrade is underway. Western interceptor construction is underway and design for the Hillsborough pump station is complete.
- Construction is underway for upgrading various components of the Pukete wastewater treatment plant.
- Water network upgrades: Planning/implementation for a citywide water network upgrade is underway. Fairfield reservoir works are nearing completion and design is underway for a Newcastle reservoir upgrade.
- Construction is underway for upgrading the chemical facility at the Waiora water treatment plant. Design is underway for new clarifiers, sand filters, balancing tank, pump station and electrical control work.
- The Integrated Management Catchment Plan Programme continues, with Mangaheka completed (Arthur Porter Dr area) and Te Rapa North now underway.
- Investigation and design of stream erosion protection and remediation projects is underway for the stormwater network improvement sub-programme. Erosion remediation works on the lower Te Awa O Katapaki Stream are approaching completion.

INVESTING IN COMMUNITY INFRASTRUCTURE

Providing community spaces and assets that enable people to come together and enjoy themselves helps a city thrive. The 2018-28 10-Year Plan provides for new community spaces and facilities for our growing city as well as enhancing what we have.

In 2018/19 we worked across Hamilton to deliver the community infrastructure a growing and vibrant city needs.

Here's a snapshot of what we achieved .

- Hillcrest Stadium playground completed. Includes a multi-use pump track, basketball court, double mouse wheel and junior bike track.
- Innes Common playground: Opens in spring. Includes exercise equipment, a parkour area, basketball court and play equipment.
- Play Strategy approved, recognising the Council's vital role in providing space, facilities and services that enable everyone to play and be active.
- Mangaiti Park: A new playground including teepee-themed play equipment and mini bike track.
- Waiwhakareke Natural Heritage Park Development: The toilet block and tracks have been completed and a platform overlooking the lake is in development.

- Hamilton Gardens development:
 - o Earthworks are underway to enable the development of the next four gardens.
 - o Construction of the toilet block has begun.
 - o The Picturesque Garden is now completed and will be opened in November 2019 once the plant growth and lawns are settled in.
 - o The Surrealist Garden is almost complete with the ivy growth almost fully covering the Tron sculptures. This will be opened in February 2020.
- The Clyde Park cricket block is complete and will be ready for use in summer.
- Hamilton Zoo/Waiwhakareke shared entry precinct: A concept plan has been developed.
- A new proposed jetty has been consented.

INVESTING IN TRANSPORT IMPROVEMENTS

Our transport improvement programme aims to deliver a transport system that enables growth, improves safety and offers better transport choices. We're balancing safety upgrades, improvements to the most congested parts of the network and investment in alternative modes of transport such as biking and public transport.

In 2018/19 we worked across Hamilton to improve safety and city mobility.

Here's a snapshot of what we achieved.

ENABLING GROWTH

- Work on the final stage of the Hamilton Ring Road has started. This is the extension of Wairere Dr to connect to Cobham Dr (SH1), which will also serve as a major transport link into Peacocke.
- The Waikato Expressway (Hamilton section) is currently being built around the eastern side of the city by the NZ Transport Agency.

IMPROVING SAFETY

- Thomas Rd/Gordonton Rd intersection, which was rated as one of Hamilton's most dangerous, has been completed. The installation of traffic signals and raised safety platforms has significantly improved safety and traffic flows.
- Raised platforms, pedestrian signals and intersection improvements across the city including:
 - o Bankwood Primary School
 - o Grantham St/Victoria St intersection
 - o Anzac Pde/Memorial Dr intersection
 - o Sandleigh Rd/Ohaupo Rd intersection
 - o Killarney Rd/Ellis St intersection
 - o Masters Ave and River Rd
 - o Grey St/Te Aroha St and London St/Barton St are underway
 - o NZ Transport Agency funding has been approved for the Anglesea St/Bryce Street safety upgrade. Design is underway.

TRANSPORT CHOICE

- We have installed 40 new bus shelters, 21 new accessible kerbs and 41 solar lights in our Orbiter route shelters.
- We have progressed design and land purchase for a new Rotokauri Transport Hub. NZ Transport Agency funding has been approved and we have gone out to tender for construction.
- Design is almost complete for the final piece of the Hamilton section of the Te Awa River Ride. The land for the cycle route has been secured and we will be seeking NZ Transport Agency funding for construction.
- The Eastern Pathways, known previously as the School Link and University Link cycleways and public transport projects, have been progressing through the business case process.
- Planning and design have been completed for the Claudelands Bridge cycleway, which will deliver separated cycleways and shared vehicle/cycle lanes along Claudelands Rd from Victoria St to Grey St.

SERVICE PERFORMANCE SUMMARY

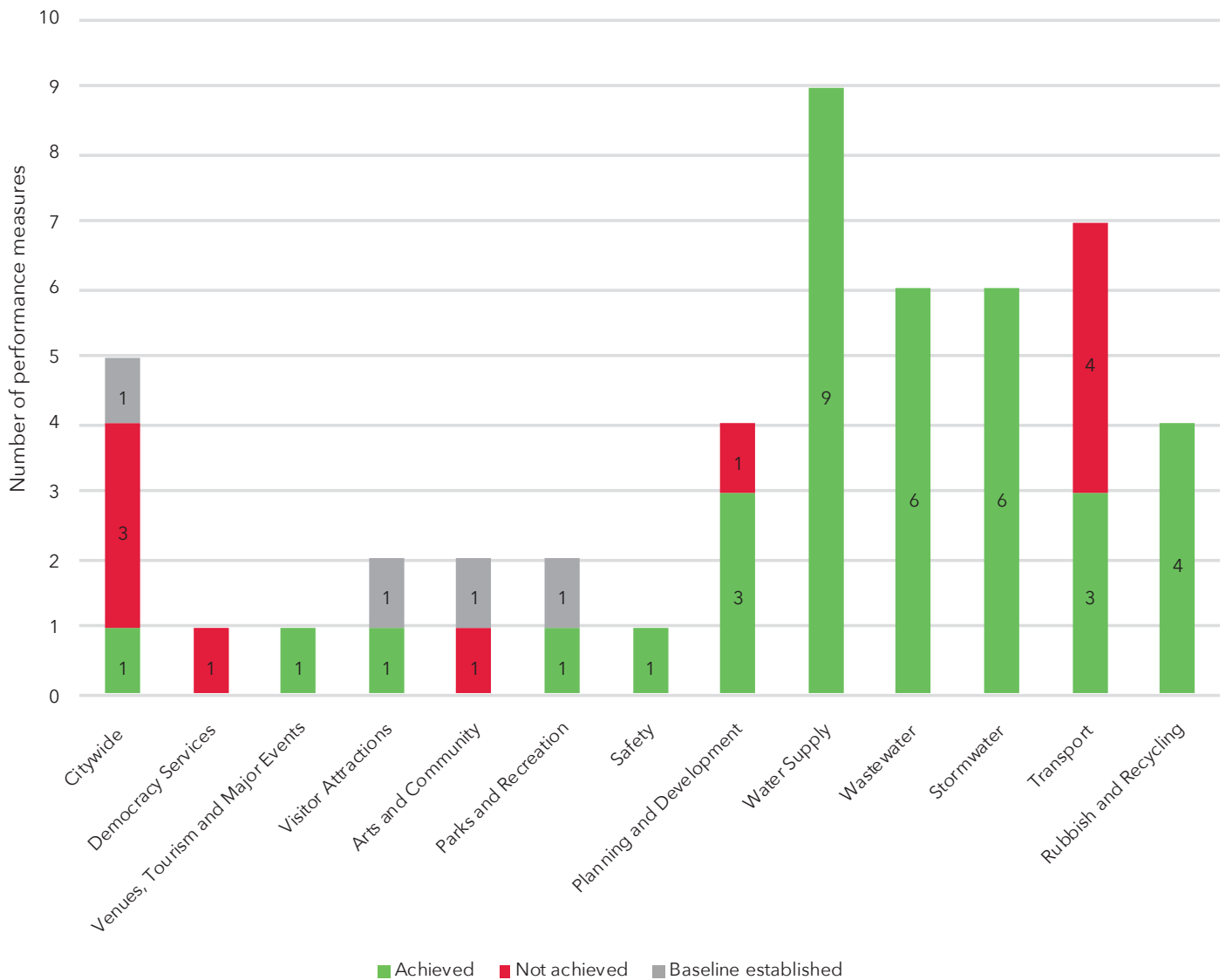
Our 2018-28 10-Year Plan divided the business into 12 activity groups that contribute to the delivery of our community outcomes. Each group has performance measures that show how well we are delivering our services to the community.

Of the 50 measures we use to track performance, the summary graph below shows:

- we have met the targets for 36 measures
- we have not met the targets for 10 measures
- we have established baselines for four new measures.

The full Annual Report provides more detail for each of these activity groups, including an overview of the year that has been and a description of what sits behind the results.

PERFORMANCE RESULTS SUMMARY



Highlights from the 2018/19 year include:

- Nearly 560,000 people attended events at the stadia (FMG Stadium Waikato and Seddon Park) and Claudelands - an increase of 3.4% on the prior year and more than 27% above the target number of attendees for the year.
- More than 79% of households have access to a neighbourhood park or open space within 500m walking distance - an increase on the prior year and target of 76%.
- 86% of central city users surveyed feel very safe or reasonably safe in the central city during daytime - this result is up on 2017/18 and exceeded the target (at least 80%).
- A record number of building consents were processed during the year (2095 consents were processed, 13% more than the previous year), for which the average processing time was 17.04 working days. This result was within our target of 18 working days.
- Average use of drinking water per Hamilton resident per day remained below the target of 400 litres, despite record-breaking water use over a hot summer. Actual water use averaged 347 litres per resident per day.
- More than 18,000 tonnes of waste received at our waste facilities was diverted from landfill, exceeding our target of 16,000 tonnes.

Although 10 of our targets were not achieved during the period, we were close to target in a number of areas. We have identified areas for improvement, including the following measures where actual performance was below target:

- Only 25% of residents felt we made decisions that were in the best interests of the city, compared to a target of 47%. To improve performance in this area we are continuing with the Your Neighbourhood community engagement framework, which encourages Hamiltonians to 'share your voice, shape your city'. As more Hamiltonians get involved in council activities, we hope to increase the percentage of residents who believe we make decisions in the city's best interests.
- Across the city there is currently 2.4 years of business zoned land supplied for infrastructure development, which is lower than our target of three years. We are working on a change to the District Plan to enable further land for industrial development in the Te Rapa North area of the city.
- We aimed to have at least 1380 people cycling into the central city but recorded 1238 on the date of the survey. We are investing in capital works to support the Biking Plan implementation, which is expected to encourage more people to ride bikes.
- During the year there was an increase in the number of deaths and serious injuries on our local road network (a total of 57 deaths and serious injuries were recorded, compared to 56 in the prior year). Our target was a decrease on the previous year, as we continue to work towards a vision of zero deaths and serious injuries. We are continuing our programme of works for transport safety improvements to improve the safety of our network for all users.

We have identified improvements needed in respect of our record-keeping for non-notified land use and subdivision resource consents. Resource consenting activities for non-notified land use and subdivisions increased by 12% on the prior year, with a total of 803 resource consents issued during the year.

This increase in activity has led to challenges and we have identified a weakness where, for some resource consents, the dates recorded in our consenting system do not agree to the underlying consenting information. This finding does not reflect on the quality of technical decisions on which the resource consents are issued and does not impact on the validity or appropriateness of the decisions reached in respect of resource consents.

In response to the weakness identified, we have begun implementing a targeted improvement programme, and intend to resolve the issues identified over the next financial year.

SUMMARY FINANCIAL STATEMENTS

SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

FOR THE YEAR ENDED 30 JUNE 2019	Notes	Council			Group	
		Actual 2019	Budget 2019	Actual 2018	Actual 2019	Actual 2018
COMPREHENSIVE REVENUE AND EXPENSE TO 30 JUNE		\$000	\$000	\$000	\$000	\$000
Rates revenue		181,153	179,713	161,356	181,153	161,320
Other revenue	1	152,617	148,097	138,629	163,508	147,305
Total revenue		333,770	327,810	299,985	344,661	308,625
Personnel costs	2	79,951	83,168	74,993	81,968	77,410
Depreciation and amortisation		69,033	68,473	65,567	70,220	66,776
Finance costs		20,246	22,010	20,006	20,469	20,627
Other expenses		79,522	78,383	74,486	91,978	78,639
Total expenditure		248,752	252,034	235,052	264,635	243,452
Operating surplus/(deficit)		85,018	75,776	64,933	80,026	65,173
Net gains/(loss)	3	(19,457)	565	(4,705)	(19,569)	(4,166)
Share of associates' surplus/(deficit)		-	-	-	1,033	1,433
Net surplus/(deficit) before tax		65,561	76,341	60,228	61,490	62,440
Income tax expense		-	-	-	13	(217)
Net surplus/(deficit) after tax		65,561	76,341	60,228	61,503	62,223
Other comprehensive revenue and expense						
Financial assets at fair value through other comprehensive revenue and expense		945	-	845	945	845
Gain/(loss) on property revaluations	4	280,468	227,644	1,114	287,763	1,114
Income tax on other comprehensive income		-	-	-	(605)	-
Impairment of revalued property, plant and equipment		(2,893)	-	(2,545)	(2,893)	(2,545)
Other revaluation reserve movements		(6,864)	-	(612)	(6,864)	(92)
Total comprehensive revenue and expense		337,217	303,985	59,030	339,849	61,545
Total comprehensive revenue and expense attributable to:						
Hamilton City Council		337,217	303,985	59,030	339,003	61,420
Non-controlling interest		-	-	-	846	125
CHANGES IN EQUITY TO 30 JUNE						
Equity at the beginning of the year		3,589,090	3,606,403	3,530,060	3,639,477	3,580,191
Total comprehensive revenue and expense attributable to Hamilton City Council		337,217	303,985	59,030	339,003	61,420
Total comprehensive revenue and expense attributable to non-controlling interest		-	-	-	846	125
Non controlling interest de-recognition		-	-	-	-	(3,547)
Pre-completion dividend		-	-	-	-	608
Issue of NZFIW shares		-	-	-	-	1,200
Equity at the end of the year		3,926,307	3,910,388	3,589,090	3,979,326	3,639,477
Total equity at the end of the year attributable to:						
Hamilton City Council		3,926,307	3,910,388	3,589,090	3,975,127	3,636,124
Non-controlling interest		-	-	-	4,199	3,353
FINANCIAL POSITION AS AT 30 JUNE						
Current assets	5	84,378	71,365	123,245	86,961	133,466
Non-current assets	6	4,356,985	4,438,690	3,976,766	4,416,875	4,026,547
Total assets		4,441,363	4,510,055	4,100,011	4,503,836	4,160,013
Current liabilities	7	94,127	127,935	127,986	95,606	129,695
Non-current liabilities	8	420,929	471,732	382,935	428,904	390,841
Accumulated comprehensive revenue and expense		1,825,150	1,801,331	1,756,116	1,840,928	1,776,282
Other reserves		2,061,447	2,069,215	1,792,933	2,094,489	1,819,801
Restricted reserves		38,395	38,587	38,163	38,395	38,163
Council created reserves		1,315	1,255	1,878	1,315	1,878
Non-controlling interest		-	-	-	4,199	3,353
Total equity and liabilities		4,441,363	4,510,055	4,100,011	4,503,836	4,160,013
CASH FLOWS TO 30 JUNE						
Opening cash and cash equivalents balance at 1 July		48,414	39,149	27,121	48,907	28,021
Net cash inflows/(outflows) from operating activities		109,604	110,556	90,350	104,969	90,065
Net cash inflows/(outflows) from investing activities		(92,093)	(199,354)	(54,546)	(87,309)	(50,921)
Net cash inflows/(outflows) from financing activities		(14,436)	99,149	(14,511)	(14,996)	(18,258)
Closing cash and cash equivalents balance at 30 June		51,489	49,500	48,414	51,571	48,907

NOTES

- Other revenue was favourable to budget by \$4.5M. The main contributors were:
 - Development contributions, capital contributions and vested assets higher than budget due to high growth in the city.
 - Fees and charges were favourable due to higher building consents, events facilities and parking fees.
 - NZTA capital subsidies were unfavourable to budget due to various capital projects such as the Peacocke subdivision and Ring Road projects progressing more slowly than anticipated.
 - Other revenue was unfavourable due to the HIF fair value benefit not being realised due to less development occurring than expected.
- Staff remuneration was favourable against budget by \$3.2M due to vacancies across the organisation. Additionally, there were budgeted positions that were not recruited due to deferred capital projects.
- Council did not budget for losses due to the unpredictable nature of these items. There was a net decrease in the revaluation of interest rate swaps by \$14.2M and net book value write-down of assets that have been renewed by \$5.8M.
- The gain on revaluations is due to an increase in the value of stormwater, wastewater, water treatment and land more than budgeted.
- Current assets were favourable to budget due to the NZTA receivable and GST refund for May and June 2019 not being received until after balance date. There was also more cash on hand due to less cash being used to fund capital expenditure than initially expected.
- Non-current assets were unfavourable due to less capital spend in the year than budgeted.
- Current liabilities were favourable to budget by \$33.8M. The main contributors were:
 - Current borrowings were favourable to budget due to lower capital projects spending and more cash received through fees and charges and development contributions.
 - Payables were higher due to accruals created for city development and transportation work completed in June 2019 that were larger than initially budgeted for.
- Non-current liabilities were favourable to budget by \$50.8M. The main contributors were:
 - Term borrowings were favourable to budget due to lower capital projects spending and more cash received through fees and charges and development contributions.
 - Provisions were favourable to budget as a result of the landfill provision being lower than budget due to estimated cash flows for the provision being lower each year and the discount rate being slightly higher.
 - Derivative financial instrument liabilities were unfavourable to budget due to unfavourable movements in market interest rates.

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, Vibrant Hamilton Trust (100% controlled) and Waikato Growth Innovation Ltd (100% owned). The associate, Waikato Regional Airport Ltd, is equity accounted.

The summary financial statements of the Council and Group are for the year ended 30 June 2019.

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). The full financial statements make an explicit and unreserved statement of compliance with PBE Standards for each period presented in this summary annual report.

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

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

CAPITAL COMMITMENTS AND CONTINGENCIES

Council has capital contract commitments of \$181.4M (2018 \$71.9M).

Council has one contingent asset: it is a 63% capital beneficiary of the WEL Energy Trust. Given the uncertainty surrounding the life of the Trust, Council is unable to accurately establish the appropriate value of its share.

Contingent liabilities, which are dependent on future events, are \$3.0M (2018 \$2.9M).

Council has identified two unquantified contingent liabilities. The first is in respect to ongoing legal action against Carter Holt Harvey, and the second in respect to a limited number of holiday-related payments to employees that Council is investigating.

RECLASSIFICATION ADJUSTMENTS FOR THE COUNCIL AND GROUP

Reclassification adjustments were made to the Statement of Comprehensive Revenue and Expense, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Funding Impact Statements to align with the presentation and new group of activities set out in the 2018-28 10-Year Plan.

RELATED PARTIES

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).

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 26 September 2019.

These summary financial statements do not include all of the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full annual report.

This summary cannot 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 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 (other than the service performance measures) received an unmodified audit opinion on 26 September 2019. A modified opinion was received on the service performance measures due to inaccuracies identified in the average processing times for non-notified land use and subdivision resource consents.

The full annual report can be obtained from our website - [hamilton.govt.nz/annualreport](https://www.hamilton.govt.nz/annualreport) - or from the Hamilton City Council main office.

Independent Auditor's Report

To the readers of Hamilton City Council and group's summary of the annual report for the year ended 30 June 2019

The summary of the annual report was derived from the annual report of the Hamilton City Council and group (the City Council) for the year ended 30 June 2019.

The summary of the annual report comprises the following summary statements on pages 18-21:

- the summary statement of financial position as at 30 June 2019;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2019;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the non-financial summary.

Opinion

In our opinion:

- the summary of the 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*.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

In our auditor's report for the year ended 30 June 2019 dated 26 September 2019 on Hamilton City Council and group's annual report we expressed an unmodified audit opinion on the information we audited, other than the statement of service performance, upon which we issued a modified audit opinion because our work was limited in relation to resource consent processing time measures.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS 43: *Summary Financial Statements*.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: *Summary Financial Statements*.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Other than our audit of Hamilton City Council's annual financial statements and performance information and our assignment in the area of the debenture trust deed and other assurance engagements over the tender process for the review of aspects of decision-making related to the Victoria River Precinct and the procurement of professional services for the Peacocke Housing Infrastructure project we have no relationship with or interests in the City Council or its subsidiaries. Other than these engagements we have no relationship with, or interests in the City Council or its subsidiaries.



Clarence Susan,
Audit New Zealand
On behalf of the Auditor General
Tauranga, New Zealand
26 September 2019




FURTHER INFORMATION

Hamilton City Council

Garden Place, Private Bag 3010, Hamilton

 info@hcc.govt.nz

 07 838 6699 (24-7)

 hamilton.govt.nz/

 /hamiltoncitycouncil