



2020/21

# ANNUAL REPORT SUMMARY

KOORERO WHAKARAAPOOTO



# CONTENTS

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<b>INTRODUCTION</b>	<b>4</b>
<b>OUR CITY</b>	<b>10</b>
<b>OUR FINANCIAL STRATEGY</b>	<b>12</b>
<b>WHERE THE MONEY WENT</b>	<b>16</b>
<b>HIGHLIGHTS OF 2020/21</b>	<b>18</b>
<b>SERVICE PERFORMANCE SUMMARY</b>	<b>20</b>
<b>SUMMARY FINANCIAL STATEMENTS</b>	<b>24</b>
<b>AUDIT OPINION</b>	<b>27</b>

# INTRODUCTION

**This financial year has been one of consolidation. The impacts of COVID-19 have been prolonged and our organisation has adjusted to withstand some of the fallout. Nonetheless, this was a challenging year for many people in Hamilton; something of which Council is starkly aware.**

## GROWTH

Growth in the city largely continued at pace. New non-residential construction was affected by COVID-19 and the value of total consents granted during the year dropped by 22%. However, residential growth eased back to pre-COVID-19 levels with 2442 building consents being lodged, which is the highest annual number since records began.

Financially, we remained within our debt-to-ratio limit, finishing the 2020/2021 financial year with a debt-to revenue ratio of 149% per cent. We ended the year with a deficit of \$2.2 million, compared to the \$4.4 million forecast. The financial year ended with a net debt balance of \$499 million, versus the projected \$684 million. (Net debt is defined as money we owe the bank, less cash.)

We met or exceeded 35 of our 50 non-financial performance targets.

## CHALLENGES

The death in May 2021 of Councillor Margaret Forsyth saddened the entire country. Councillor Forsyth died serving her third term as an elected representative, forcing a By-election in the Hamilton East Ward.

In June 2020, Council approved an ambitious and challenging 10-Year Plan. Following the development of a comprehensive community

engagement strategy, a formal consultation period on the Long-Term Plan began in March 2021. This delivered an unprecedented 5692 submissions, making this year's Long-Term Plan consultation Council's most engaging project ever.

Our Long-Term Plan enables Hamilton Kirikiriroa to continue to manage growth, while investing in city amenities. It budgets \$2.5 billion to invest in capital projects, plus a further \$3.7 billion on operating activity over the next decade.

## MILESTONES

Strategically, it was a busy 12 months. We adopted a new management plan for Hamilton Gardens, and key strategies including He Pou Manawa Ora - Pillars of Wellbeing; a Central City Transformation Plan; and a significant Housing Strategy. Our Nature in the City Strategy was also adopted in December 2020.

There were other significant milestones celebrated in the past year. In September 2020, Local Government, Iwi and Central Government formally approved a transformational new plan to consider the long-term future of the Hamilton-Waikato metro area.

Our relationship with Central Government continued to be pivotal. Throughout the 2020/21 year we engaged on a number of issues, including the Three Waters Water

Reform and the potential use of financial instruments to support growth and affordable housing.

The Rotokauri Transport Hub opened in January 2021. The hub is one of the city's biggest investments in public transport as we continue working to provide more ways to move safely around our city. The hub already houses the rail station for Te Huia (the long-awaited train linking Hamilton and Auckland, which was launched in March 2021).

Last year, we rolled out a new rubbish and recycling service which includes the kerbside collection of rubbish, recycling and food waste. In October 2020, that service was later cited as just one of the reasons why Hamilton was named New Zealand's Most Beautiful Large City.

Our focus on core infrastructure was further highlighted too, with the awarding of Council's largest ever construction project - the building of the \$135 million Peacocke bridge.

## OTHER RECOGNITION

In April 2021, Hamilton was ranked 21st in the Top 50 Smart City Governments internationally. These rankings assess city governance on 10 key indicators for achieving smart city outcomes - and Hamilton was New Zealand's highest placed council.

In November 2020, Hamilton City Council was awarded the 2020 Infrastructure New Zealand Excellence in Social Impact Award. The award recognised the project to restore part of the Te Awa River Ride, which at the same time created employment for 50 people who had lost their jobs due to COVID-19.

## DECISION-MAKING

A survey during the financial year showed significantly improved confidence in Council decision-making in 2020/2021. This acknowledges our keen focus on governance decision-making processes during this time.

In August 2020, Council resolved to switch its electoral voting system from First Past the Post (FPP) to Single Transferable Vote (STV) for the 2022 and 2025 local body elections.

This was followed by a decision around Maaori wards. Like many other councils, Hamilton undertook a review of its Maaori representation arrangements following the removal of the binding referendum mechanism for Maaori wards.

Consultation with our Maaori partners and the public was undertaken and in May 2021, Council made a unanimous decision to establish Maaori wards for the 2022 local body elections. Following this decision, as required by legislation, Council started a wider representation review to look at how Hamiltonians will be represented by Council.

Another significant change was signalled during the year. In May 2021, Chief Executive Richard Briggs announced his intention to leave Council in October 2021, bringing his nine-year association with Hamilton City Council to an end. Council sincerely thanks Richard for his outstanding work and wishes him the very best for his future endeavours.

It is important to note that in the past financial year, staff again provided exemplary service to Hamilton. We thank them and remain grateful for their efforts.

As we look ahead, we would like to also recognise the efforts of a cohesive Council working with Elected Members to ensure the wellbeing of all Hamiltonians remains their absolute top priority.

Finally, we would like to thank the residents of Hamilton, who continue to expect the very best that our Council can offer - and engaging and working with us to make that happen. Council looks forward to delivering on that expectation in the year ahead.



**Paula Southgate**  
Mayor



**Richard Briggs**  
Chief Executive

# KUPU WHAKATAKI

**He tau whakatoopuu teenei tau puutea kua hori. Kua roa ngaa paapaatanga o te KOWHEORI-19 e haere ana, aa, kua panonihia too maatou whakahaere ki te aatete i ngeetehi o aua paapaatanga. Ahakoa teeraa, he tau uua tonu teenei moo te tokomaha e noho ana i Kirikiriroa, aa, e tino maarama ana te Kaunihera ki teeraa.**

## WHANAKETANGA

Kua tere haere tonu te whanaketanga i roto i te taaonenui nei. E paangia ana te waihanga whare hou ehara i te whare noho e te KOWHEORI-1, me te aha ka heke te uara tapeke o ngaa whakaaetanga hanga maa te 22% i roto i te tau. Heoi anoo, i hoki anoo te whanaketanga aa-whare noho ki te taumata i mua i te paa mai o te KOWHEORI-19, i taapaetia ai e 2442 ngaa whakaaetanga hanga whare. Ko teeraa te tapeke aa-tau nui rawa mai i te waa i tiimata ai te pupuri mauhanga.

Moo te taha puutea, kiihai i hipa i a maatou te tepenga nama-ki-te-oowehenga, aa, ka mutu te tau puutea me te oowehenga nama-ki-te-moni whiwhi o te 149 oorau. Ka mutu te tau me te tarepa o te \$2.2 miriona, ina whakaritea ki te rahinga o te \$4.4 miriona i matapaetia. I te mutunga o te tau puutea he toenga nama more taa maatou o te \$499 miriona, ki te \$684 miriona kua matapaetia, (Ko te tikanga o te nama more ko te rahinga moni e nama ai maatou ki te peeke, tangohia ngaa moni ukauka.)

I tutuki, i hipa raanei i a maatou i te 35 i roto i te 50 o aa maatou whaainga ahumoni kore.

## NGAA WERO

I te matenga i Mei 2021 o te Kaikaunihera, o Margaret Forsyth, e poouri ana te motu katoa. I mate a Kaikaunihera Forsyth i toona waahanga tuatoru e mahi ana hei maangai i pootihia, ka mutu, me tuu rawa he Pootitanga motuhake i te Rohe Pooti o Kirikiriroa ki te Raawhiti.

I Hune 2020, i whakaaetia e te Kaunihera he mahere tau-10 tiketike rawa, kaiuua anoo hoki. I muri i te whakawhanaketanga o teetehi rautaki matawhaanui moo te whiwhi i te whai waahi a te hapori, i tiimatahia he waa whakawhitiwhiti koorero ookawa i Maehe 2021. Mai i teeraa ka puta mai e 5692 ngaa taapaetanga, he tapeke kiihai i matakitea, me te aha i noho teenei whakawhitiwhiti koorero moo te Mahere Waa Roa te kaupapa i nui rawa ai te whai waahi a te hapori i ngeeraa atu kaupapa katoa a te Kaunihera.

Maa taa maatou Mahere Waa Roa e aahei a Kirikiriroa te whakahaere tonu i te whanaketanga, i te Kaunihera e haumi atu ana ki ngaa taonga whakaahuru o te taaonenui. He \$2.5 piriona too te mahere puutea hei haumi atu ki ngaa kaupapa haupuu rawa, me ngeetehi anoo \$3.7 piriona ki ngaa mahi whakahaere puta noa i te ngahuru tau kei te haere mai.

## NGAA TOHU NUI

Moo te taha rautaki, i tino toritori ngaa marama 12 kua hipa. He mea whakamana teetehi mahere whakahaere hou moo ngaa Maara o Kirikiriroa, aa, i roto i ngaa rautaki matua ko He Pou Manawa Ora; teetehi Mahere Panoni Pokapuu Taaonenui; me teetehi Rautaki Whare Noho hira. I whakamanahia anoo hoki taa maatou Rautaki Nature in the City i Tiihema 2020.

I whakanuia ngeetehi atu tohu nui i te tau kua hipa. I Hepetema 2020 he mea whakamana ookawa e ngaa kaunihera, ngaa lwi me te Kaawanatanga teetehi mahere hou panoni ki te whai whakaaro ki te anamata waa roa o te waahi taaone o Kirikiriroa-Waikato.

He tuunga matua tonu too maatou hononga ki te Kaawanatanga, Puta noa i te tau i whai waahi maatou ko te kaawanatanga ki ngeetehi take peeraa i te Whakahou Ratonga Wai e Toru me te whakamahi pea i ngaa utauta ahumoni ki te tautoko i te whanaketanga me ngaa whare noho whaiutu.

I whakatuwherahia te Pokapuu Ikiiki o Rotokauri i Hanuere 2021. Ko taua pokapuu nei teetehi o ngaa haumitanga nui rawa a te taaonenui ki te ikiiki tuumatanui i a maatou e whakapau kaha tonu ana ki te whakarato i ngaa ara nui ake moo te nekeneke haere i roto i too taatou taaonenui i runga i te haumaru. Kei roto kee i te pokapuu te teihana rerewhenua moo Te Huia (te tereina he roa te taaria nei e hono ana i Kirikiriroa ki Taamakimakaurau, i tiimataria i Maehe 2021).

I teeraa tau, ka tiimataria e maatou he ratonga hou kohikohi para me te hangarua e whai waahi ai te kohikohi i ngaa para, ngaa taonga hangarua me ngaa parakai mai i te paeara. I Oketopa 2020 i kiiia taua ratonga hei take i huaina ai a Kirikiriroa Hei Taaonenui Aataahua Rawa o Aotearoa.

Naa taa maatou kaha aro anoo hoki ki te hangaroto matua o te taaonenui i whakawhiwhia ki a maatou te kaupapa hanga nui rawa katoa a te Kaunihera, ki te hanga i te arawhiti Peacocke \$135 miriona.

## NGEETEHU ATU WHAKAMIHI

I Aperira 2021, i whakatauria a Kirikiriroa hei taaonenui nama 21 i roto i ngaa Kaawanatanga Taaonenui Tino Atamai e 50 huri noa i te ao. Ka aromatawai ngeenei whakatauranga i te kaawanatanga taaonenui maa ngaa tuutohu matua 10 moo te whakatutuki i ngaa putanga taaonenui atamai, aa, ko Kirikiriroa te kaunihera tiketike rawa o Aotearoa.

I Noema 2020, i whakawhiwhia ki te Kaunihera Taaonenui o Kirikiriroa te Tohu Kairangi Paapaatanga Papori a Infrastructure New Zealand. I aahukahuka te tohu i te kaupapa ki te whakaora anoo i teetehi waahanga o te Te Awa River Ride, teeraa ka hanga mahi moo ngaa taangata e 50 i ngaro i a raatou oo raatou tuuranga naa te KOWHEORI-19.

## TE HANGA WHAKATAU

I whakaatu mai teetehi rangahau i roto i te tau puutea i te kaha pikinga atu o te maaia ki ngaa mahi hanga whakatau a te Kaunihera i te 2020/2021. E aahukahuka ana teenei i too maatou kaha aro ki ngaa tukanga hanga whakatau whakahaere i roto i taua waa.

I Akuhata 2020, i whakatau te Kaunihera ki te whakawhiti i toona puunaha pooti mema mai i te Mua Kai Kai (FPP) ki te Pooti Kotahi ka Taea te Whakawhiti (STV) moo ngaa pootitanga kaunihera moo te 2022 me te 2025.

I whaaia teenei e teetehi whakatau e paa ana ki ngaa rohe pooti Maaori. Peeraa i te nui atu o ngaa kaunihera ka whakahaere a Kirikiriroa i eetehi arotake moo ana whakaritenga whakakanohi i ngaai Maaori whai muri i te tangohanga o te tikanga taapaetanga pooti paihere.

I whakahaeretia he whakawhiwhiti koorero ki oo maatou hoa Maaori me te iwi whaanui, aa, i Mei 2021 i whakatau tahitia e te katoa ki te hanga i ngaa rohe pooti Maaori moo ngaa pootitanga kaunihera o te tau 2022. I muri i taua whakataunga, i runga anoo i taa te ture e kii ai, i tiimata te Kaunihera i teetahi arotake whakaaturanga whaanui ake ki te tiroiro ka peehea ngaa taangata o Kirikiriroa e whakakanohitia ai e te Kaunihera.

He mea tohu teetehi atu panoni hira i roto i te tau. I Mei 2021 i paanui te Tumu Whakarae a Richard Briggs i toona whakaaro ki te wehe atu i te Kaunihera hei te Oketopa 2021, e mutu ai toona hononga iwa tau te roa ki te Kaunihera Taaonenui o Kirikiriroa. E tino whakamihi ana te Kaunihera i a Richard moo aana mahi rawe me te tuku mihi hoki ki a ia moo ana mahi ki anamata.

Me kii anoo hoki au kua tino rawe ngaa mahi i mahia e ngaa kaimahi puta noa i te tau puutea kua hori. Teenei te tino mihi ki a raatou moo aa raatou mahi.

I a maatou e tiro whakamua ana, me mihi anoo hoki ki ngaa mahi whakahonohono a ngaa kaimahi a te Kaunihera e mahi ngaatahi ana ki ngaa Mema Kua Pootihia ki te whakarite kia

noho hei tino whakaarotau te toiora o ngaa taangata katoa o Kirikiriroa.

Hei kupu whakakapi, teenei te mihi ake ki ngaa kainoho o Kirikiriroa moo too raatou tuumanako haere tonu kia tino pai rawa aa maatou mahi - moo taa raatou whai waahi mai ki a maatou, taa raatou mahi tahi me maatou anoo hoki. E taaria nei e te Kaunihera te whakatutuki i taua tuumanako aa te tau e tuu mai nei.



**Paula Southgate**  
Koromatua



**Richard Briggs**  
Tumu Whakarae





# OUR CITY

## HAMILTON | KIRIKIROA

The gateway to the central North Island, Hamilton, originally named Kirikiriroa by Maaori, 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

Maaori from the Tainui waka, who called the area Kirikiriroa meaning long strip of gravel, and this remains the Maaori name for the city.



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.

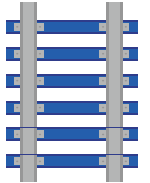
There are five Tainui hapuu (sub-tribes) that continue to hold mana whenua (traditional connections to the land and waterways within Kirikiriroa/Hamilton).



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



In 1867 the road was opened to Auckland and a regular coach service began, followed by railway from Auckland in 1877.



### Formal European settlement

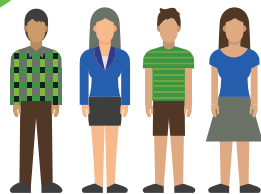
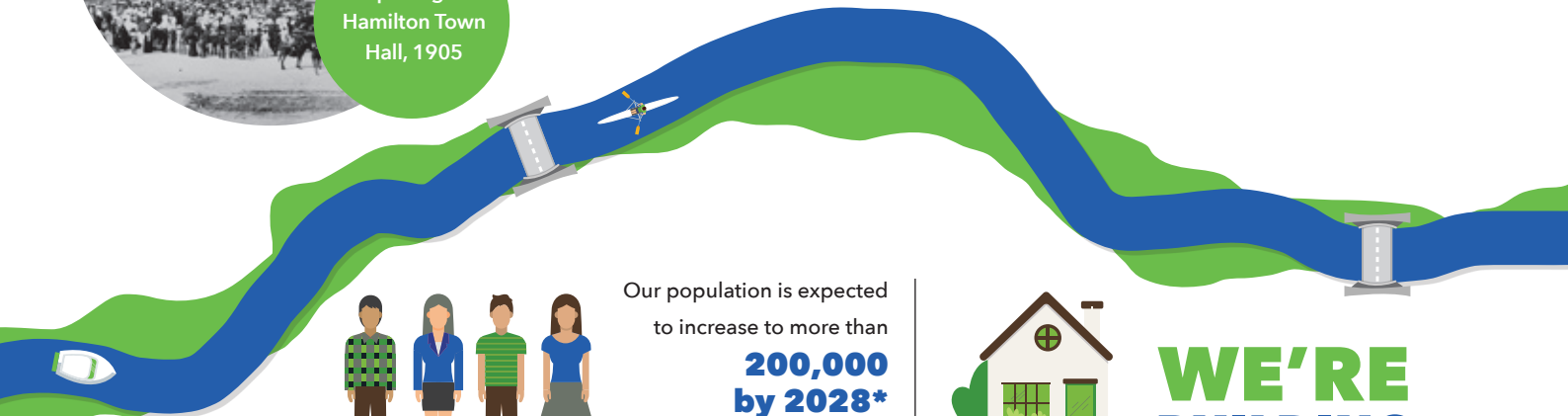
began on 24 August 1864, when Captain William Steele disembarked from the gunboat Rangiriri and established the first redoubt near what is now Memorial Park.



In the 1860s, the New Zealand Wars and the NZ Settlement Act enabled land to be taken from Maaori 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.



Opening of Hamilton Town Hall, 1905



**WE'RE BOOMING**

Our population is expected to increase to more than **200,000 by 2028\***

- and we're currently growing by **81 new residents each week**

\*Stats NZ, June 2020.



**WE'RE BUILDING**

**2442 building consents were lodged in 2021,** the most since records began.

Future bridge over Waikato River



**A record 5692 formal submissions**

helped shape our 2021 - 31 Long-Term plan.



**WE'RE LISTENING**

**WE'RE CLEVER**



**Hamilton is ranked 21st** in the world's top smart cities.

## WE'RE YOUTHFUL



Hamilton's median age is 32,

the lowest of all cities in New Zealand.

## WE'RE HOME... TO BATS!



Hamilton is one of the only cities in New Zealand with an **urban population of endangered long-tailed bats.**

## WE'RE DIVERSE



Hamilton's residents represent **more than 160 different ethnic groups.**

## WE'RE CHANGING



Hamilton will now have **Maaori wards for local government elections from 2022.**

## WE'RE PROUD



**88% of residents think** Hamilton 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.



Waikato River

## WE'RE SUSTAINABLE



Hamiltonians recycled **15,845 tonnes of material in 2020/21.** That's over **1,650 full garbage trucks diverted from landfill.**

## WE'RE IN THE ACTION

Along with Auckland and Tauranga, Hamilton sits in the Golden Triangle, a powerful region containing **half the country's population, generating half the country's GDP** and accounting for two thirds of the freight.

## WE'RE WORKING

Hamilton's economy supports **15,924 businesses** (up from 15,027 in 2019) and **99,089 employees** (up from 92,735 in 2019).

## WE'RE PIONEERING



Hamilton was the first city in New Zealand to connect to the internet, thanks to a partnership between The University of Waikato and NASA.

## WE'RE HUMMING



Hamilton's GDP **\$11.6 billion.\***

\* Infometrics, provisional GDP for the year to June 2021.

Lake Rotoroa



# OUR FINANCIAL STRATEGY

**Our 2018-28 10-Year Plan included a Financial Strategy that was aimed at enabling us to respond sustainably to growth in a cost-effective way for existing ratepayers. That Financial Strategy's guiding principles were:**

- 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 in capital projects are funded from debt.

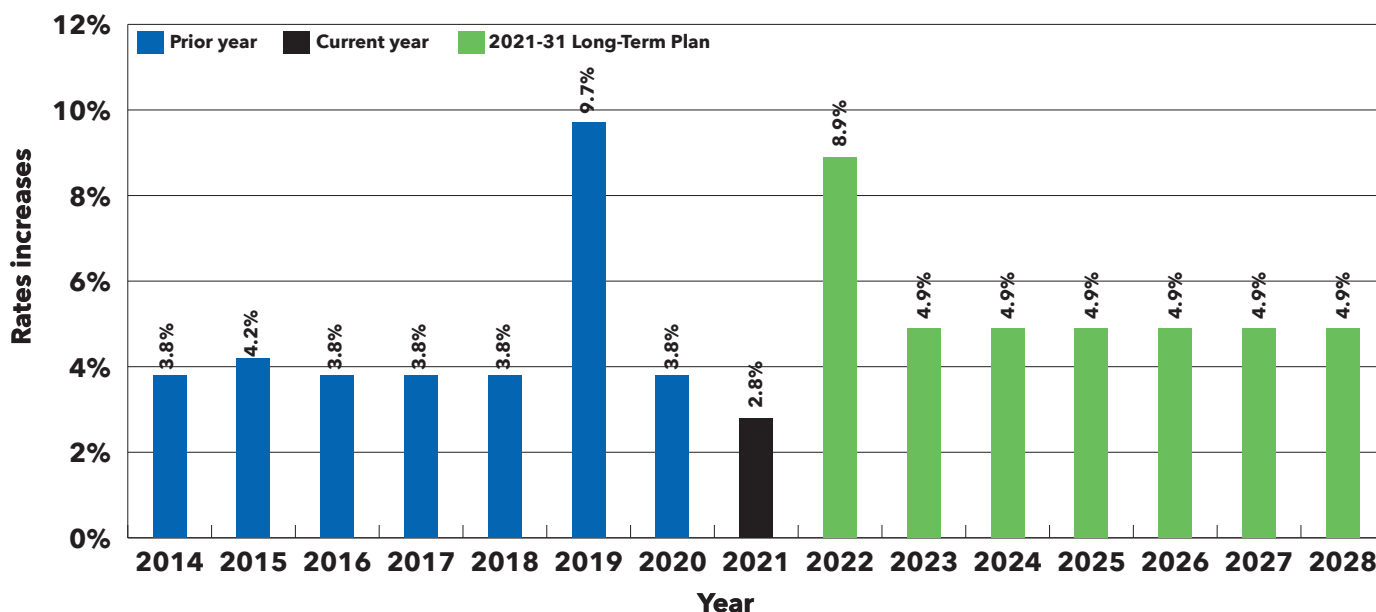
This previous Financial Strategy can be read in full in the 2018-28 10-Year Plan or on our website. It set the limit on the amount of debt we can take on compared to revenue (the debt-to-revenue ratio). It also forecast the net debt (the money we owe lenders, less cash), and when we will balance the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

Against that Strategy, we exceeded the 'balancing the books' target for 2020/21 by \$6.7 million. We also ended this financial year with a net debt balance which was \$185 million lower than projected. While these results for the year are positive, Hamilton is projected to continue growing and our infrastructure needs to support this growth.

## RATES

The 10-Year Plan set the limit on the average rate increases to existing ratepayers. Under the 2018-28 10-Year 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 rates increase for 2019/20 was 3.8%, and the 2020/21 Annual Plan confirmed an average rates increase of 2.8%.

## TOTAL RATES INCREASES TO EXISTING RATEPAYERS



\* The figures for 2022 to 2028 have been reforecast as part of the 2021-31 Long-Term Plan process. See page 85 of the 2021-31 Long-Term Plan.

## BALANCING THE BOOKS

The 'balancing the books' measure is a way of assessing our operating performance. To see the details of how this figure is calculated see page 122 in the financial statements in the full Annual Report. There are other ways to measure operating performance, including the Government's 'balanced budget' measure, which we report against in the Disclosure Statement section on page 209 in the full Annual Report.

The main differences between the two measures are:

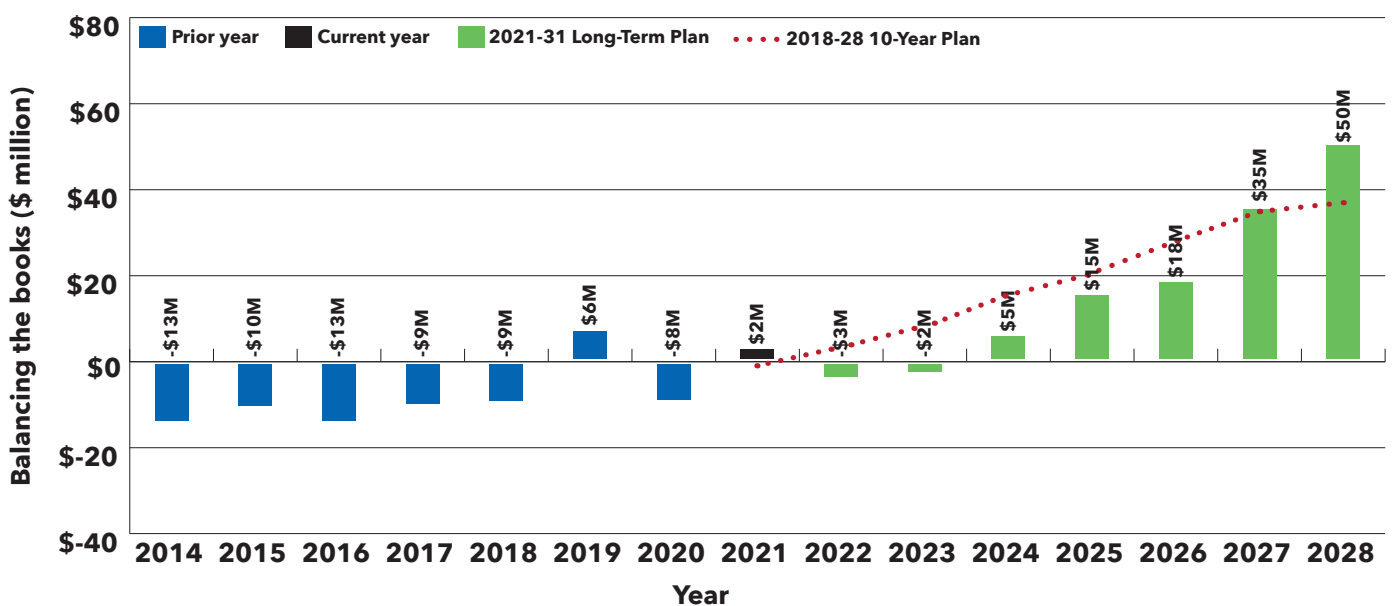
- Our 'balance the books' measure removes Capital Revenue (Waka Kotahi subsidies for capital expenditure and other capital contributions). These revenue items are included in the Government measure, however. We exclude this revenue as it funds specific capital items and is therefore not available to 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 exceed the 'balancing the books' target in 2020/21, with an adjusted operating surplus of \$2.2 million against a target of a \$4.4 million deficit. Using the Government's 'balanced budget' measure, we are reporting a surplus of \$57.6 million against a budgeted surplus of \$10.5 million.

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

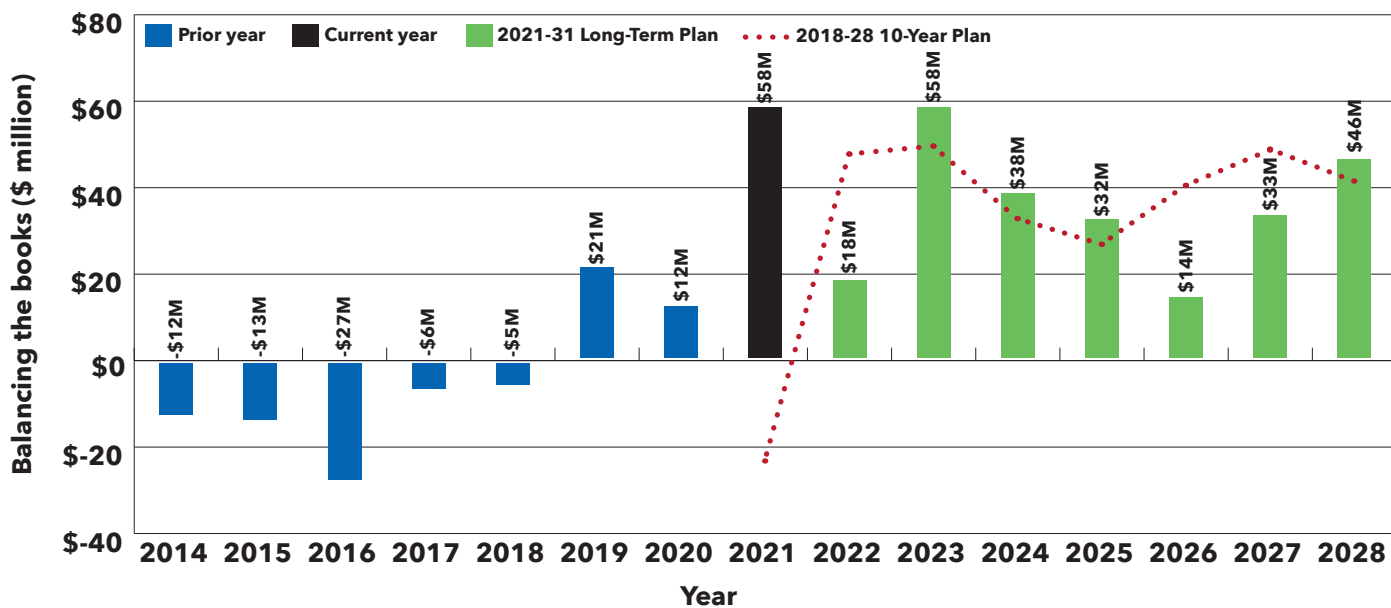
- Higher than budgeted fees and charges due to increased event activity in Venues, Tourism and Major Events and attractive visitor numbers at Council's visitor destinations.
- Debt that was lower than budgeted, which resulted in a decrease in finance costs to budget.

### BALANCING THE BOOKS - HAMILTON CITY COUNCIL MEASURE\*



\*The figures for 2022 to 2028 have been reforecast as part of the 2021-31 Long-Term Plan process. See page 85 of the 2021-31 Long-Term Plan.

## 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 in the financial statements in the full Annual Report.

We ended the financial year with a 'net debt' balance of \$499 million, which was lower than the projected target of \$684 million. Our debt is now 149% of revenue against a performance target of 229%.

The main reasons for this favourable result are listed below:

- Higher-than-budgeted-for revenue from fees and charges of \$14.3 million.
- Savings of \$9.4 million on capital projects.
- Total deferrals of \$55.3 million, being the net position between projects moved out to future years, and projects brought forward into 2020/21.

The 2020/21 approved capital budget was \$302.8 million, a slight decrease on the previous 2019/20 budget of \$323.6 million. Actual spend for the capital portfolio was \$245.3 million, representing a 28% increase on the prior year spend of \$190.8 million.



\*The figures for 2022 to 2028 have been reforecast as part of the 2021-31 Long-Term Plan process.

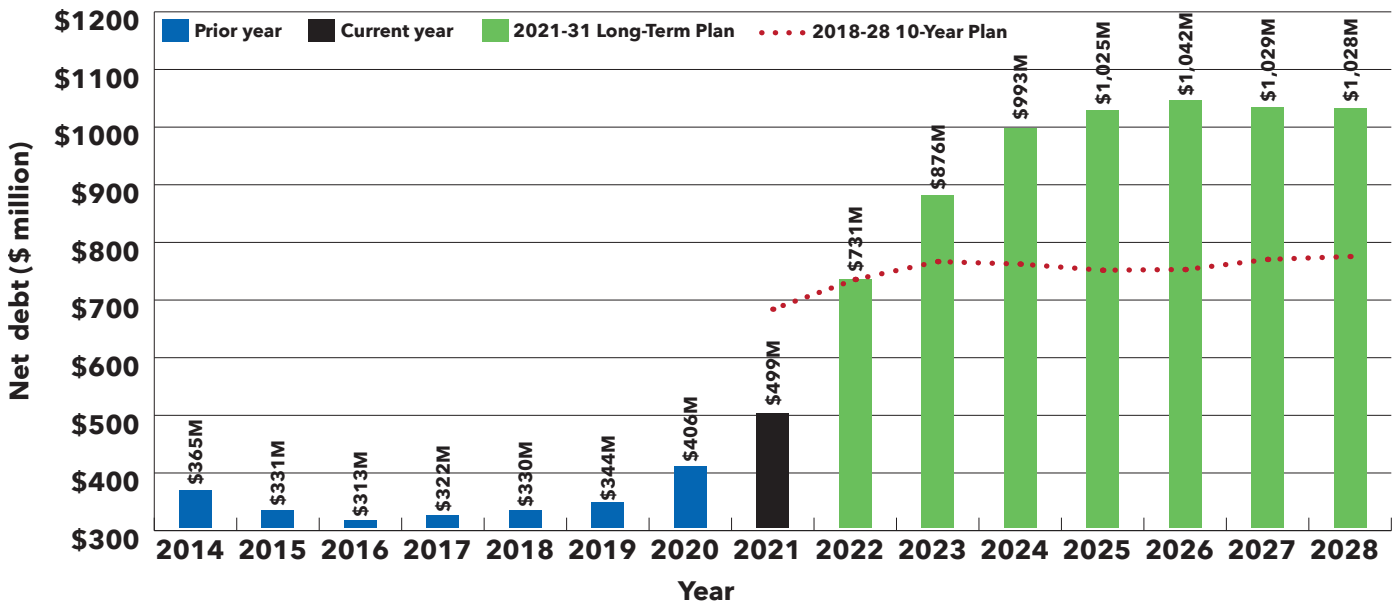
Project deferrals have a favourable impact on our financial result. However, it is only a timing impact, as the expenditure will still be incurred (although later than originally planned).

Projects were deferred for the following reasons:

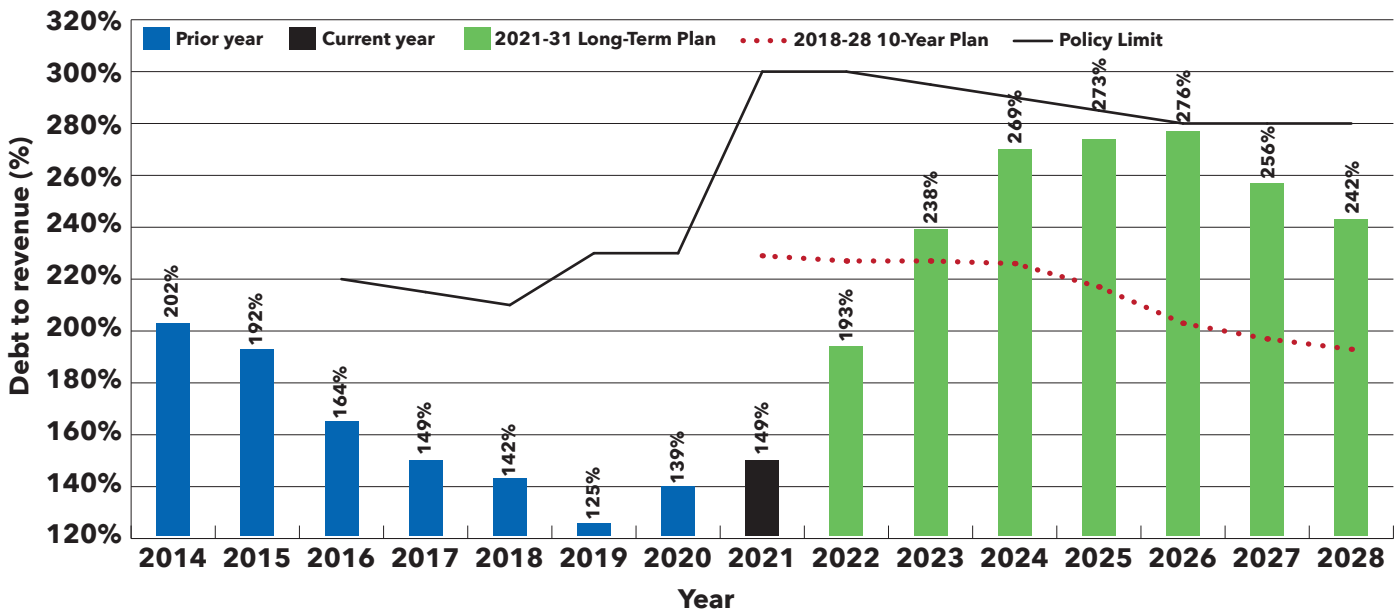
- Third party delays, e.g. infrastructure that is dependent on developers.
- Contractual delays, e.g. a design issue or delay in the tender process.
- Delays due to change in project scope or change in prioritisation by the Council.

To keep debt at manageable levels, the Financial Strategy caps debt-to-revenue at 230%. Our lenders will let us borrow up to a maximum debt-to-revenue ratio of 300% for each year in 2021 and 2022, which gives us a buffer for unforeseen events. This ratio will taper back to 280% by 2026.

### NET DEBT\*



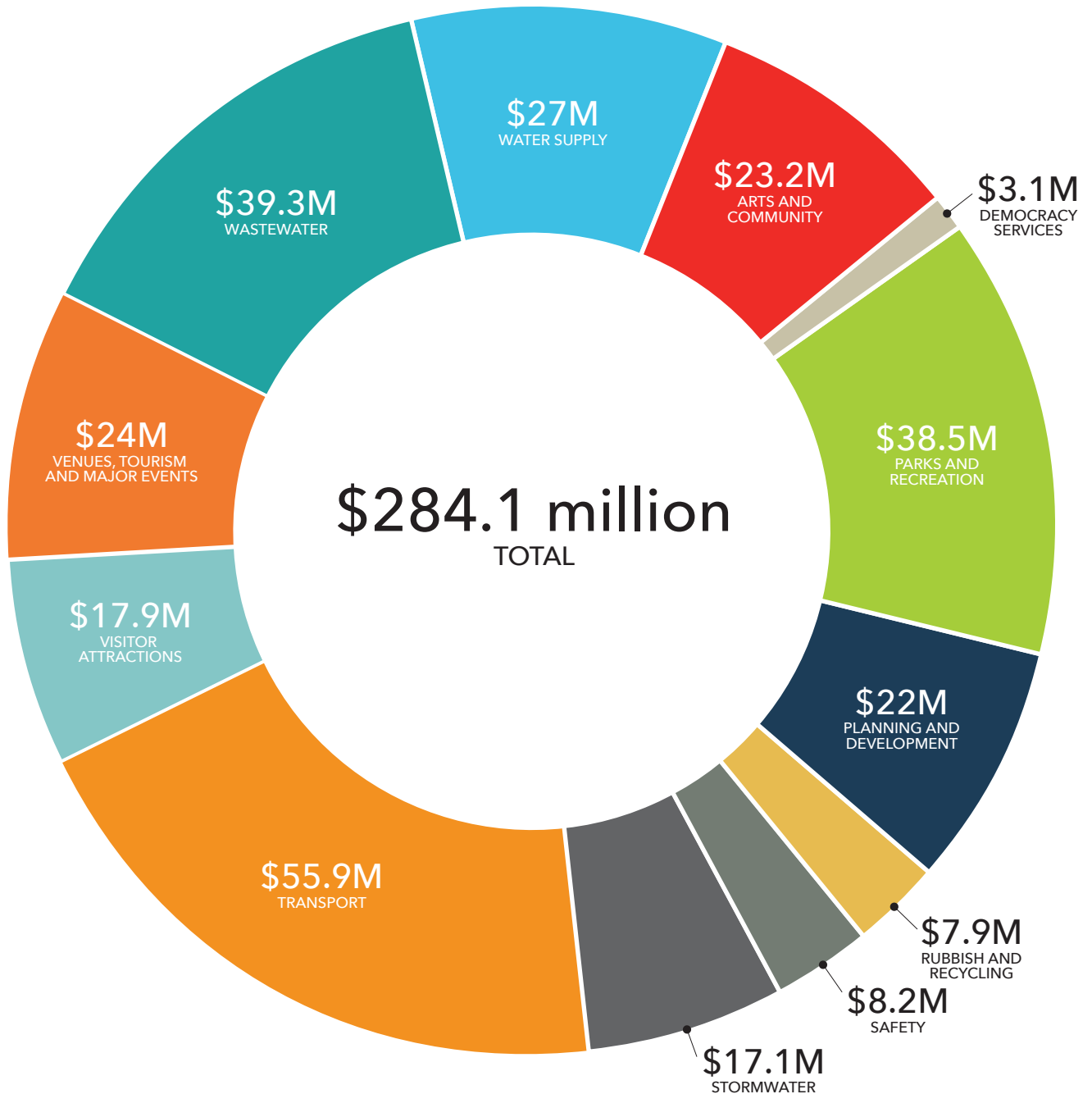
### DEBT-TO-REVENUE RATIO\*



\*The figures for 2022 to 2028 have been reforecast as part of the 2021-31 Long-Term Plan process. See page 84 of the 2021-31 Long-Term Plan.

# WHERE THE MONEY WENT

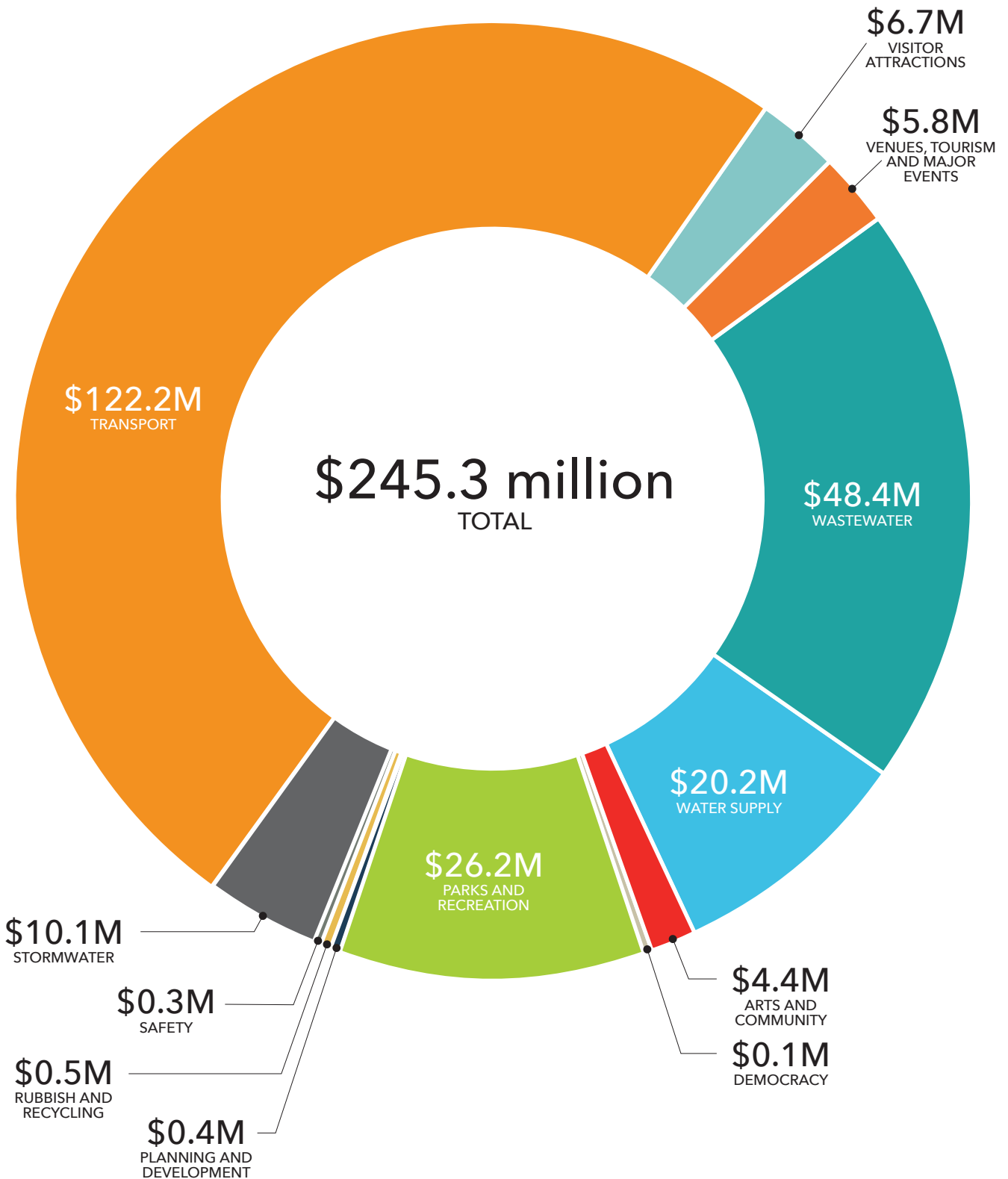
## OPERATING EXPENDITURE BY ACTIVITY 2020/21 YEAR



NB: This information is also provided in Note 2 of the Notes to the financial statements in the full Annual Report.



## TOTAL CAPITAL EXPENDITURE BY ACTIVITY 2020/21 YEAR

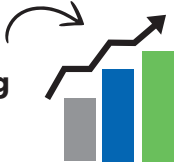


\* Capital expenditure by activity represents the gross capital spend before accounting for any associated capital subsidies received.

# HIGHLIGHTS OF 2020/21

Here's just some of what went on...

Confidence in Council decision making increases from 30% to 42%



## JULY 2020

History wall unveiled at FMG Stadium Waikato



## AUGUST 2020

Te Inuwai Park opens in Peacocke



Our new kerbside rubbish and recycling service kicks off



Council's largest ever construction contract awarded for new bridge over Waikato River

## SEPTEMBER 2020

Hamilton-Waikato Metropolitan Spatial Plan approved by key partners



Ruakura Reservoir was completed



Minogue Park chosen for fenced dog area

Hamilton named NZ's Most Beautiful Large City



## OCTOBER 2020

Northridge Drive upgrade and wetland were completed



Council keeps favourable credit rating



Construction begins to connect Peacocke with the city

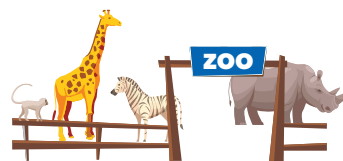


More than 1 million kilograms of food scraps diverted from landfill since new recycling service launched



## NOVEMBER 2020

Revamped St Andrews Library reopens



Hamilton Zoo recognised for animal welfare practices

COVID-19 employment project wins Social Impact Award



## DECEMBER 2020

Maaori All Blacks take on Moana Pasifika at FMG Stadium Waikato



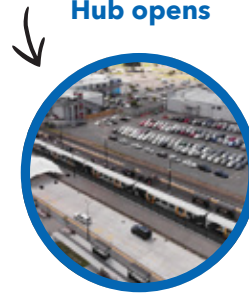
Hamilton Zoo welcomes chimp baby



Nature in the City strategy approved

## JANUARY 2021

Rotokauri Transport Hub opens



Chimpanzees go back on public display after new enclosure opens

Claudlands Arena hosts 25,000 for sold out Six60 concert



## FEBRUARY 2021

Hillsborough Pumpstation was completed



Baverstock Road and Rotokauri Road upgrades were finished



Waikato Museum hosts world premiere of Galileo exhibition

## MARCH 2021

Council joins Immigration New Zealand Welcoming Communities programme

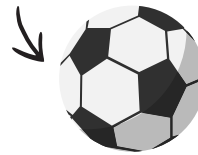


## APRIL 2021

Hamilton ranked 21st in world's top smart cities



Hamilton chosen to host 2023 FIFA Women's World Cup matches



Cheetahs arrive at Hamilton Zoo

## MAY 2021

Decision made to introduce Maori wards from 2022



Education room opens at Materials Recycling Facility



Central City Transformation Plan is approved



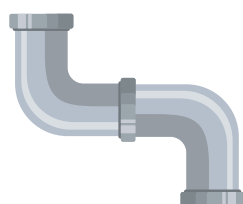
Our 2021-31 Long-Term Plan is adopted

E-bike rental launched



## JUNE 2021

Stage 1 of the Pukete Wastewater Treatment Plant upgrade was completed



Western interceptor (large wastewater pipe) was installed



Erosion control work undertaken on the Waitawhiriwhiri Stream

# SERVICE PERFORMANCE SUMMARY

## DID WE DELIVER?

This part of the Annual Report covers the services we provide. Here you can read about how we performed against our service commitments for 2020/21.

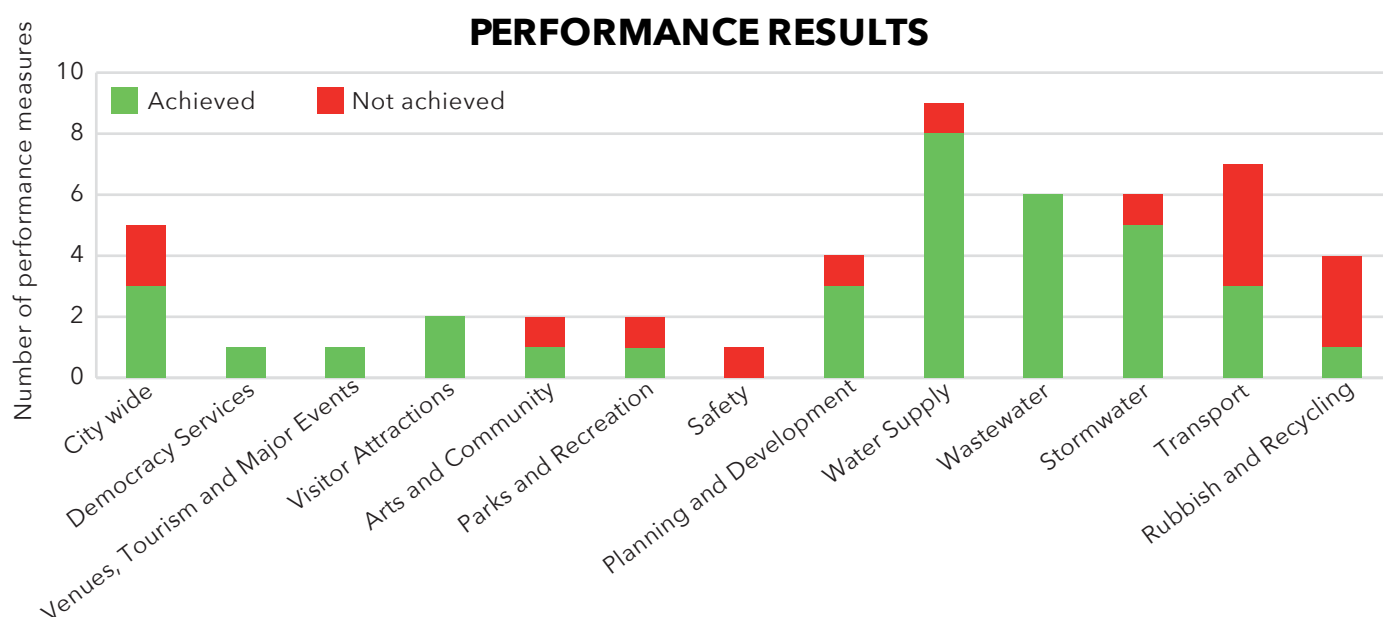
Our 2018 - 2028 Long-Term Plan) divided the business into 12 activity groups that contribute to the delivery of our community outcomes. Each group has performance measures that show how well we are delivering our services to the community.

These performance measures and targets are from Year Three (Annual Plan 2020/21) of our 2018 -2028 Long-Term Plan, which you can find on our website.

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

- met targets for 35 measures
- not met targets for 15 measures.

The following sections provide more detail for each of these activity groups, including an overview of the past financial year and a summary of what's behind the results.



## HIGHLIGHTS FROM THE 2020/21 YEAR

- Since the last Quality of Life Survey in 2018, more of our community think Hamilton is a great place to live and have pride in how Hamilton looks and feels. The percentage of residents who believe we make decisions that are in the best interests of the city has increased by 16% to 41%.
- Despite ongoing COVID-19 uncertainty and restrictions, we have achieved our attendance and visitation targets at our stadia, Claudelands Events Centre, and our visitor attractions.

- There were 2442 building consents lodged during the year, the highest since records began. Despite this increase in consenting activities, the average processing times remained under 18 days.
- Satisfaction with our libraries continues to grow, with 93% of customers satisfied. They told us how much they appreciate the great service from our staff and the user-friendly systems.

Although 15 of our targets were not achieved during the period, we were close to target in several areas in relation to these. We have identified these as areas for improvement, as outlined below.

## **AREAS FOR IMPROVEMENT**

### **CITYWIDE:**

- Due to the impact of COVID-19 on the economy in 2020/21 we have not achieved positive growth on 2019/20 GDP for Hamilton. This is a lag indicator; as of March 2021 we were 1.5% down on the same time last year.
- The number of customers who rated us positively when asked how easy we are to do business with, declined for a second year to 38%. One of the key themes from customers who scored us negatively was a lack of communication back to them on what was happening with their issue. We are reviewing our processes and looking for ways to improve this communication loop-back to the customer. It was pleasing to note though that 76% of respondents are satisfied or very satisfied with our service.

### **ARTS AND COMMUNITY:**

- Every two years, we ask respondents if they feel a sense of community with others in their neighbourhood. In 2020, 47% of respondents felt a sense of community. This is 1% below our targeted rating of 48%. We continue to work with our community centres and community groups to support the work they do to build a sense of community.

### **PARKS AND RECREATION:**

- We continuously ask users if they are satisfied with our pools and community facilities. We have seen a drop in satisfaction compared to last year – from 80% to 77%. Our customers have told us that the lack of a user-friendly online booking system for fitness classes and payments is a key area for improvement. We are currently scoping software system options to enable this.

### **SAFETY:**

- After increasing in 2018/19 and 2019/20, our community's perception of feeling safe in the central city during the day has decreased to 77%. This is below our target of 80%. We are continuing to work with our community partners around homelessness in the city, as well as engaging with the police to seek additional police presence at high-risk times.

### **PLANNING AND DEVELOPMENT:**

- We experienced a 25% increase on resource consent applications that placed significant pressure on the resourcing within the Unit, we remained within the statutory timeframe of 20 processing days but slightly exceeded our target of an average of 18 processing days.

### **WATER SUPPLY:**

- Our median attendance time of six working days for non-urgent call-outs exceeded our annual target of five days. The increase in median attendance times for non-urgent call-outs is reflective of an increase in workload to catch up on work deferred during COVID-19 restrictions – and the continuing increasing work as our city grows. We will continue to review and modify our management plans and procedures to improve our response service across our water services.

## **STORMWATER:**

- We aim to have no more than 10 complaints per 1000 properties connected in relation to the performance of our stormwater system. During the year we received 859 complaints which equates to 14.21 per 1000 properties connected. The extreme weather events experienced in November 2020 and March 2021, resulted in flooding events across the city. Our water services and transportation teams are working together on process improvements that will reduce catch pit blockages and road flooding, particularly for identified hotspots.

## **TRANSPORT:**

- We aimed to have at least 1700 people cycling into the central city. However, we only recorded 1235 on the day of the survey. The survey result may have also been affected by the counts taking place in the same week as a public holiday. Another effect on the survey may have been changes in working habits since COVID-19, such as an increase in the number of people working from home. We are creating a Biking and Micro-Mobility Programme. This includes a city-wide bike network within, and connecting to, the central city. This will make it safer for people to bike between the city's suburbs and its city centre.
- The work to keep our sealed roads in good condition is delivered through the annual reconstruction programme and regular maintenance activities. We measure the results of this work using a 'Smooth Travel Exposure' (STE) rating.<sup>1</sup> We aim to have an STE rating of 86% on our sealed road network. This year we achieved a rating of 84.2%. Our changing road surfaces and the impact of raised platforms as part of our Safer Speeds management initiatives means our STE rating are expected to drop over time. Therefore from 2021/22 we have set the target at 80%.
- We aim to provide footpaths that are well maintained and measure this by a target of at least 97% of footpaths having less than five faults identified per 100 metres. Currently 79% of our footpaths meet or exceed five faults identified per 100 metres. We also have a high number of faults that require monitoring only, and we plan to fix these as part of future renewal works. If the faults deteriorate, we will fix them earlier than planned.
- We have a vision of a decreasing trend of deaths and serious injuries on Hamilton roads within 10 years. This year there was 46 crashes resulting in serious injuries or deaths, this is an increase of 2 crashes since 2019/20. It is important to note that during 2019/20 COVID-19 Alert Level 4 traffic volumes were down 20% on a typical day.

## **RUBBISH AND RECYCLING:**

- The delay in the start of the new kerbside service by two months due to COVID-19 contributed to lower-than-anticipated volumes of waste diversion. Changes to the Lincoln Street Resource Recovery Centre also took place later in 2020/21 than originally planned. This means that between July 2020 and June 2021, we only managed to divert 13,119 tonnes of waste from landfill, rather than our target of 16,000 tonnes. Discussions are being held with EnviroWaste to identify further opportunities for recycling and reuse activities at the Resource Recovery Centre on Lincoln Street.
- Due to the challenges experienced because of the implementation of the new kerbside rubbish and recycling contract, the annual target for 2020/21 (95% of customer complaints about uncollected rubbish resolved within 24 hours) was not met.
- The target of zero weeks with no more than 20 complaints about uncollected bins has not been met. This is due to the challenges experienced because of the implementation of the new kerbside rubbish and recycling contract.

<sup>1</sup> The smooth travel exposure (STE) assesses the quality of the ride, with a higher percentage indicating more roads providing a smooth ride.

## IMPROVING THE WAY WE MEASURE THINGS

We've told our community that they can expect a timely response and resolution if there is a problem with the wastewater system or water supply. The response and resolution time service performance measures in our Water Supply and Wastewater activities indicates how quickly we attend to issues, and how quickly we resolve the problem.

This year's results have been presented in two parts - firstly the result for the period from July 2020 - March 2021, and secondly the result for the period from April 2021 - June 2021. This is due to a change in process methodology to provide a more accurate reflection of what the customer perceives as attendance response time and resolution time to restore service.

Attendance time is defined as the time it takes from first being notified of an issue to the point at which service personnel arrive on site. For the period from July 2020 - March 2021, staff used the point they entered their vehicles to drive to the site as being the end point for attendance time, not when they arrived on site. From April 2021-June 2021, staff used the time when they arrived on site as the end point for attendance time.

The attendance time now is from the time of notification up to when time staff arrive on site, reflecting what customers perceive as attendance response time. This change in methodology has resulted in Council reporting a less favourable attendance time from 1 April.

Resolution time is defined as the time from first being notified of an issue to the point at which service personnel confirm the fault or interruption has been resolved.

For the period from July 2020 - March 2021, staff used the 'job completed' field on devices to record when the fault or interruption had been resolved, the site tidied up, and staff ready to leave the site. From 1 April a decision was made to change our reporting methodology to define a resolution time as when the service has been restored.

Resolution time' now is time up to when the service is restored and removes the variability of the time for the reinstatement work as this varies site by site. This change in methodology has resulted in Council reporting a more favourable resolution time from 1 April.

Based on these results, we are reasonably confident that the annual targets would have been met for these measures - except for the attendance time for non-urgent call-outs - we cannot be confident that the annual target was met in relation to this measure.

# SUMMARY FINANCIAL STATEMENTS

## SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

FOR THE YEAR ENDED 30 JUNE 2021	Notes	Council			Group	
		Actual 2021	Budget 2021	Actual 2020	Actual 2021	Actual 2020
<b>STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE TO 30 JUNE</b>		\$000	\$000	\$000	\$000	\$000
Rates revenue		200,275	200,066	191,728	200,275	191,728
Other revenue	1	198,330	164,652	181,811	206,687	189,740
<b>Total revenue</b>		<b>398,605</b>	<b>364,718</b>	<b>373,539</b>	<b>406,962</b>	<b>381,468</b>
Personnel costs	2	87,880	83,802	83,359	91,031	85,877
Depreciation and amortisation		72,093	74,727	73,381	73,100	74,361
Finance costs	3	12,656	17,124	17,726	12,897	18,005
Other expenses		111,463	113,132	98,837	115,610	103,253
<b>Total expenditure</b>		<b>284,092</b>	<b>288,785</b>	<b>273,303</b>	<b>292,638</b>	<b>281,496</b>
<b>Operating Surplus/(deficit)</b>		<b>114,513</b>	<b>75,933</b>	<b>100,236</b>	<b>114,324</b>	<b>99,972</b>
Net gains/(loss)	4	27,239	(9,864)	(19,280)	27,239	(19,290)
Share of associates' surplus/(deficit)		-	-	-	19,659	4,947
<b>Net surplus/(deficit) before tax</b>		<b>141,752</b>	<b>66,069</b>	<b>80,956</b>	<b>161,221</b>	<b>85,629</b>
Income tax expense		-	-	-	148	79
<b>Net surplus/(deficit) after tax</b>		<b>141,752</b>	<b>66,069</b>	<b>80,956</b>	<b>160,369</b>	<b>85,708</b>
<b>Other comprehensive revenue and expense</b>						
Financial assets at fair value through other comprehensive revenue and expense		1,014	-	650	1,014	650
Gain/(loss) on property revaluations	5	229,822	178,286	4,747	230,811	4,747
Income tax on other comprehensive income		-	-	-	-	-
Impairment of revalued property, plant and equipment		(91)	-	(201)	(91)	(201)
Other revaluation reserve movements		-	-	-	-	-
<b>Total other comprehensive revenue and expense</b>		<b>372,497</b>	<b>244,355</b>	<b>86,152</b>	<b>393,102</b>	<b>90,904</b>
<i>Total comprehensive revenue and expense attributable to:</i>						
Hamilton City Council		372,497	244,355	86,152	393,163	90,930
Non-controlling interest		-	-	-	(61)	(26)
<b>CHANGES IN EQUITY TO 30 JUNE</b>						
Equity at the beginning of the year		4,012,459	3,964,373	3,926,307	4,070,230	3,979,326
Total comprehensive revenue and expense attributable to Hamilton City Council		372,497	244,355	86,152	392,366	90,930
Total comprehensive revenue and expense attributable to non-controlling interest		-	-	-	(61)	(26)
<b>Equity at the end of the year</b>		<b>4,384,956</b>	<b>4,208,728</b>	<b>4,012,459</b>	<b>4,462,535</b>	<b>4,070,230</b>
<i>Total equity at the end of the year attributable to:</i>						
Hamilton City Council		4,384,956	4,208,728	4,012,459	4,458,423	4,066,057
Non-controlling interest		-	-	-	4,112	4,173
<b>FINANCIAL POSITION AS AT 30 JUNE</b>						
Current assets	6	88,543	106,524	149,339	89,835	150,775
Non-current assets	7	4,964,333	4,954,305	4,523,435	5,048,793	4,588,777
<b>Total assets</b>		<b>5,052,876</b>	<b>5,060,829</b>	<b>4,672,774</b>	<b>5,138,628</b>	<b>4,739,552</b>
Current liabilities	8	159,078	73,304	126,357	160,457	127,226
Non-current liabilities	9	508,842	778,797	533,958	515,634	542,096
Accumulated comprehensive revenue and expense	10	2,049,769	1,919,292	1,902,720	2,089,206	1,923,276
Other reserves	11	2,293,283	2,247,490	2,069,989	2,327,314	2,103,031
Restricted reserves		41,478	41,369	38,881	41,478	38,881
Council created reserves		426	577	869	426	869
Non-controlling interest		-	-	-	4,112	4,173
<b>Total equity and liabilities</b>		<b>5,052,876</b>	<b>5,060,829</b>	<b>4,672,774</b>	<b>5,138,628</b>	<b>4,739,552</b>
<b>CASH FLOWS TO 30 JUNE</b>						
Opening cash and cash equivalents balance at 1 July		104,207	76,000	51,489	104,382	51,571
Net cash inflows/(outflows) from operating activities		179,589	116,418	122,536	180,621	124,011
Net cash inflows/(outflows) from investing activities		(232,163)	(302,487)	(197,881)	(232,433)	(199,374)
Net cash inflows/(outflows) from financing activities		2,402	186,069	128,063	1,692	128,174
<b>Closing cash and cash equivalents balance at 30 June</b>		<b>54,036</b>	<b>76,000</b>	<b>104,207</b>	<b>54,263</b>	<b>51,571</b>



## NOTES

1. Other revenue was favourable to budget by \$33 million. This is due to predicted Covid 19 downturns not occurring in the fees and charges (\$14 million) and development contribution (\$6 million) revenue streams. Capital revenue was also favourable by \$14 million and this was due to increased demand for water services and extra funding received from the Department of Internal Affairs towards the Water Reform Stimulus project and Waka Kotahi.
2. Personnel costs are unfavourable against budget by \$4 million. This is due to higher than expected recruitment costs and annual leave liability. Savings envisaged from vacancies have not been achieved due to a more stable workforce.
3. Finance costs were \$4.5 million favourable to budget. This was driven by:
  - lower than budgeted external debt position
  - lower than budgeted market interest rates
4. Due to the unpredictable nature of these items, a budget was only set in instances where the amount could be reliably determined. The main contributors are:
  - The fair value gain of \$9.7 million on the revaluation of investment property
  - The net increase in the revaluation of interest rate swaps by \$22.6 million due to a decline in market interest rates
  - The net loss on disposal of \$5.1 million due to asset data cleansing, asset replacement and disposal of the Stadium Bowling Club.
  - The anticipated loss of \$10.5 million on the Dixon Road project will eventuate in 2022 due to delays.
5. The gain on revaluation was favourable to budget by \$51.5 million. This higher than predicted increases in our land, buildings, heritage and transportation asset values.
6. Current assets was unfavourable to budget by \$18 million due to more cash being used to fund capital expenditure than initially expected.
7. Non-current assets were favourable to budget due to the large increase in the fair value of investment properties.
8. Current liabilities were unfavourable to budget by \$85.8 million. The main contributors were:
  - Payables and deferred revenue is unfavourable to budget due to a higher level of project costs that have been accrued at year end. Items accrued include \$9.8 million capital works, \$6.7 million Waikato Theatre grant, \$6.5 million Peacocke Network accruals and \$4.5 million Infrastructure Alliance claim.
- Income in Advance includes a net amount of \$3.5 million for grants received from the Department of Internal affairs towards the Water Reform Stimulus projects.
- Employee entitlements are \$3.4 million unfavourable to budget. This was due to higher annual leave balances than budgeted.
9. Non-current liabilities were favourable to budget by \$270 million. The main contributors were:
  - Borrowings were \$187 million favourable to budget. This was largely driven by lower than budgeted capital project spending but also due to more cash received from Fees & Charges and Dc's than what was budgeted.
  - A favourable variance to budget of \$29.9 million for derivative financial instrument liabilities. This is due to an increase in market interest rates. The official cash rate (OCR) remained unchanged at 0.25% (2020 0.25%).
10. Accumulated funds were favourable to budget due to a higher surplus achieved.
11. Other reserves were favourable to budget as a result of higher revaluation gains on plant, property and equipment valuations.

## 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 subsidiary, 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 2021.

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 (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 \$261 million (2020 \$163.0 million).

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 \$0.1 million (2020 \$0.420 million).

Council has identified 3 unquantified contingent liabilities. This is in relation to a legal action from Enviro Waste Services Limited, Development Contribution Policy Judicial review and ongoing investigations relating to staff matters.

## **RECLASSIFICATION ADJUSTMENTS FOR THE COUNCIL AND GROUP**

No reclassification adjustments were made for the Council and Group.

## **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**

After the end of the financial year, the New Zealand Government moved the country to COVID-19 Alert Level 4. The effect on our operations is unknown at this time.

A judicial decision was received on 27 August 2021 relating to the legal challenge of Council's Development Contribution Policy. The Judge found in favour of Council on all 17 claims and dismissed the application for judicial review. The opportunity for the Applicants to appeal the decision closed on 24 September 2021.

## **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 13 October 2021.

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

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 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 2021**

The summary of the annual report was derived from the annual report of the Hamilton City Council (the City Council) and group for the year ended 30 June 2021.

The summary of the annual report comprises the following summary statements on pages 20 to 26:

- the summary statement of financial position as at 30 June 2021;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2021;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the service performance 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**

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2021 in our auditor's report dated 13 October 2021.

## **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 in our capacity as auditor, we have performed a limited assurance engagement related to the City Council's debenture trust deed and audit engagements for the 2021-31 Long-term Plan Consultation Document and the 2021-31 Long-term plan. Other than these engagements, we have no relationship with, or interests in, the City Council or its subsidiaries and controlled entities.



Clarence Susan  
Audit New Zealand  
On behalf of the Auditor-General  
Tauranga, New Zealand  
13 October 2021






## **FURTHER INFORMATION**

Hamilton City Council

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 [hamilton.govt.nz/](http://hamilton.govt.nz/)

 [/hamiltoncitycouncil](https://www.facebook.com/hamiltoncitycouncil)