



2020/21

ANNUAL REPORT

PUURONGO-AA-TAU



CONTENTS

YOUR COUNCIL	2
Your Mayor and Councillors	3
Maangai Maaori	3
INTRODUCTION	4
From the mayor and chief executive	5
He kupu naa te Koromatua me te Tumu Whakarae	8
Why do we produce an Annual Report?	12
Our City	14
Our Financial Strategy	16
Our Community Outcomes	21
Where the money went	22
Highlights 2020/21	24
SERVICE PERFORMANCE	26
Summary	27
Delivering on our Community Outcomes	28
Democracy Services	32
Venues, Tourism and Major Events	36
Visitor Attractions	42
Arts and Community	49
Parks and Recreation	56
Safety	65
Planning and Development	69
Water Supply	75
Wastewater	85
Stormwater	94
Transport	101
Rubbish and Recycling	112
FINANCES	120
Statement on comprehensive revenue and expense	121
Balancing the books	122
Statement of changes in equity	122
Statement of financial position	123
Statement of cash flows	124
Notes to the financial statements	125
Local Government disclosures	204
Whole of Council funding impact statement	206
Disclosure statement	207
Information on Council Controlled Organisations	212
Statement of compliance	220
AUDIT OPINION	221



YOUR COUNCIL

KO TAA TAATOU KAUNIHERA



Margaret Forsyth

Hamilton lost a principled and forceful community advocate in May 2021 with the death of Councillor Margaret Forsyth, ONZM. Councillor Forsyth had a deep passion for the environment and for community wellbeing and was a passionate campaigner for the city she loved. We all mourn an outstanding community representative and a deeply respected national sporting icon.

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INTRODUCTION

KOORERO WHAKATAKI

FROM THE MAYOR AND CHIEF EXECUTIVE

This financial year has been one of consolidation and balance as we worked hard to further boost Hamilton's resilience and build upon the city's considerable and growing strengths.

The impacts of COVID-19 have been prolonged and our organisation has adjusted to ensure our city and people have been well-placed to withstand some of the fall-out. Nonetheless, this has remained a challenging year for many people in Hamilton; something Council is starkly aware of.

GROWTH

Despite the sometimes-testing environment, growth in the city has largely continued at pace. New non-residential construction was affected by COVID-19 and consents granted during the year dropped by 22% and by 40% in floor area.

However, residential growth climbed back to pre-COVID-19 levels, despite earlier expectations. There were 2442 building consents lodged during the financial year, the highest number since records began. There was also a 27% increase over the previous year for completed dwellings.

Hamilton's continued residential growth shows no signs of slowing. Growth will continue to be one of the biggest management challenges ahead for our Elected Members and senior leadership team.

Financially, we remained within our debt-to-ratio limit, finishing the 2020-21 financial year with a debt-to revenue ratio of 149%.

We ended the 2020-21 financial year with a balancing the books surplus of \$2.2 million, compared to a deficit of \$4.4 million as forecast in the 2020-21 Annual Plan. This is due to higher than budgeted revenue from fees and user charges plus lower costs. Borrowing less has meant lower finance and interest costs.

Council ended the 2020-21 financial year with a net debt balance of \$499 million versus the 10-Year Plan projection of \$684 million. Net debt is defined as money we owe the lender, less cash.

It is satisfying to report we met or exceeded 35 of our 50 non-financial performance targets, outlined on pages 26 to 118.

CHALLENGES

However, while it was a year of some highs some issues were particularly challenging.

The death in May 2021 of Councillor Margaret Forsyth saddened the entire country. Councillor Forsyth died serving her third term as an elected representative, following the stellar netball career which made her an international sporting star. Her death forced a By-election in Hamilton East (to be decided in August 2021) and a change in Council Committee chairs.

One of the most important milestones in the triennium, was the formal approval in June 2021 of an ambitious 2021-31 Long-Term Plan. Formal consultation on the Long-Term Plan began in March 2021 preceded by a comprehensive community engagement strategy which delivered Council's best community engagement ever.

We received an unprecedented 5692 submissions which meant our community did much to set priorities for our city. Our 2021-2031 Long-Term Plan means Hamilton Kirikiriroa can continue to manage growth, while investing in city communities which enable all people to thrive. The Long-Term Plan puts in place a budget to invest \$2.5 billion in capital projects, plus a further \$3.7 billion earmarked for operating activities over the next decade.

MILESTONES

Strategically, it was a very busy 12 months as we cemented plans that will impact on our city for generations. We adopted a new management plan for Hamilton Gardens; and we adopted key strategies including Our Vision for Hamilton Kirikiriroa; He Pou Manawa Ora - Pillars of Wellbeing; a Central City Transformation Plan; and a significant Housing Strategy.

Our Nature in the City Strategy, adopted in December 2020, aims to achieve 10% native vegetation cover by 2050. This strategy, which will guide our investment in projects to restore, grow and care for nature across the city, is also strongly linked to climate change legislation and planning.

2020/21 also saw us celebrating some significant milestones, alongside our partners. 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. This Metro-Spatial Plan will consider issues including transport, housing, economic investment, the environment, and more. It will provide long-term guidance for development in Hamilton and the wider region.

Our relationship with Central Government continues to be pivotal and throughout the 2020/21 year we engaged on several issues, including water reform as well as the proposed reform of the wider sector and the potential use of financial instruments to support growth and affordable housing. The reforms ahead are significant and challenging and Hamilton's voice will continue to be heard as fundamental change is considered.

Other partnership projects were also delivered during 2020/21. 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 choice about how Hamiltonians move safely around their city. The hub already houses the rail station for Te Huia, the long-awaited train between Hamilton and Auckland, which was launched in March 2021.

The rollout of a comprehensive new rubbish and recycling service last year was largely welcomed by city residents. The new service includes the kerbside collection of rubbish, recycling and food waste. In the first eight months of the new service, Hamilton had diverted more than 3.5 million kilograms of food scraps away from landfill.

This new rubbish and recycling service was later cited as just one of the reasons why, in October 2020, Hamilton was named New Zealand's Most Beautiful Large City. The award also recognised powerful public artwork as well as the provision of green space.

RECOGNITION

There were other things to celebrate as Council continued striving to be ambitious for our city and its people.

In April 2021, Hamilton was ranked 21st in the Top 50 Smart City governments out of 230 around the world. The rankings assess each city's governance on 10 key indicators for achieving Smart City outcomes, such as increasing citizen participation, improving service delivery and enhancing digital inclusion. Hamilton was New Zealand's highest-placed council.

In November 2020, Hamilton City Council was also awarded the 2020 Infrastructure New Zealand Excellence in Social Impact Award. The award recognised the project to restore a 2.4km section of the Te Awa River Ride, creating employment for 50 people who had lost jobs due to COVID-19.

Our strong focus on core infrastructure was further highlighted by the awarding of Council's largest ever construction project during the year - the building of the \$135 million Peacocke bridge. This partnership between Council, Central Government and Iwi is critical to progressing Hamilton's newest neighbourhood and work is now well underway on this seminal project for the city.

DECISION-MAKING

A survey undertaken during the year in review showed significantly improved confidence in Council decision-making, which was pleasing.

Indeed, governance decision-making processes were a key focus during the year.

In August 2020, Council made the decision 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 decision was preceded by an innovative engagement and education campaign which was praised nationally.

This was followed by a further decision around Maaori Wards. Like many other councils, Hamilton undertook a review of its Maaori representation arrangements following a change in legislation to remove the binding referendum mechanism for Maaori wards.

Consultation with our Maaori partners and the wider public was undertaken and in May 2021, Council made the final and unanimous decision to establish Maaori wards for the 2022 local body elections. Following this decision, and as required by legislation, Council began a wider representation review.

The change to STV voting and the decision to establish Maaori wards are significant changes, but not the only ones signalled during the year. In May 2021, Chief Executive Richard Briggs announced he will leave our organisation in October 2021, bringing his nine-year association with Hamilton City Council to an end.

The departure of any chief executive is a significant change and a change of face at the top table in Hamilton will be no different. Our staff are already facing the prospect of a range of massive reforms across the sector that will have an effect the jobs of everyone working at Hamilton City Council to some extent. Council appreciates the chief executive advising of his intentions early, which has enabled us to quickly begin working on seeking a replacement for his role. Council sincerely thanks Richard for his outstanding work and wishes him the very best for his future endeavours.

We have appointed Lance Vervoort as our new Chief Executive. Lance has been Council's General Manager - Community for the past decade, leading more than half of the Council's staff. The role of the Chief Executive

is incredibly important at this time. Our whole sector is facing massive change and we can rely on Lance's experience and hard work to advise us and ensure Hamilton is in the best possible place to influence that change.

Finally, it is important to note that in the past financial year, staff have once again provided exemplary service to Hamilton. Ensuring the health and safety of staff remained a top priority during the year, including promoting a culture that cares for emotional and cultural wellbeing. This financial year saw the refinement of our Safety Management System (SMS), with a renewed focus on continuous improvement through our high-performance culture. Health and safety also extends to caring for the wider Council network by developing better ways of working safely with contractors, volunteers and customers who engage with us.

We thank our staff and remain grateful for their efforts during some very challenging times, particularly given the well-documented staff and skill shortages that are clearly affecting our sector. Given the changes and challenges ahead, we will be working hard to ensure our staff remain supported and motivated to do their very best for our city.

As we look ahead to the next year, we would like to once again recognise the efforts of a unified and cohesive Council with Elected Members continuing to make Hamilton's wellbeing their absolute top priority.

We would also like to thank the residents of Hamilton who continue to, quite rightfully, expect the very best that our Council can offer. Council looks forward to delivering on that expectation in the year ahead.



Paula Southgate
Mayor



Richard Briggs
Chief Executive

HE KUPU NAA TE KOROMATUA ME TE TUMU WHAKARAE

He tau puutea teenei o te whakatoopuutanga me te whaaritenga i a maatou e whakapau kaha ana ki te whakapiki i te manahautanga o Kirikiriroa me te whakapakari tonu i oona awe tino nui e tipu haere nei.

Kua mau roa ngaa huanga o te KOWHEORI-19, aa, kua whakatikatika haere too maatou umanga kia maatua whakarite e taea ai e too taatou taaone nui, aa taatou taangata hoki te karo i eetahi o te huanga. Heoi anoo, ahakoa teenei, he nui ngaa piki me ngaa heke o te tau ki te tokomaha tonu o ngaa taangata i Kirikiriroa, he maarakerake te tirohanga atu ki te Kaunihera.

TE WHAKATIPURANGA

Ahakoa te uaua i eetahi waa o te taiao, he tere tonu te tipu haere o te taaone nui. I paangia te hangahanga o ngaa whare pakihia e te KOWHEORI-19, naa reira, i heke te nui o ngaa whakaaetanga i whakaaetia 22% te hekenga he 40% te heke aa-rahinga papa.

Heoi anoo i piki anoo te tipu o ngaa whare noho ki ngaa taumata i mua i te KOWHEORI-19, ahakoa ngaa matapae. I roto i te tau puutea 2442 ngaa whakaaetanga hangahanga i reehitatia, mai i te tiimatanga o ngaa puukete kaaore i nui ake i teeraa. He 27% te pikinga ake i te tau o mua mai moo ngaa nohoanga kua oti te hanga.

Te aahua nei ka haere tonu te tipu haere o ngaa whare noho ki roto o Kirikiriroa. Ka noho te tipuranga hei wero whakahaere tino nui aa

ngaa raa e tuu mai nei ki ngaa Mema Whai Pooti me te pae whakahaere matua.

Aa-puutea nei, i noho maatou i roto i te herenga nama-ki-te-oowehenga i whakaritea ai e maatou, i mutu ai te tau puutea 2020/21 me te oowehenga o te nama-ki-te-whiwhinga o te 149 oorau. I mutu te tau puutea 2020-21 ki te tarepa whaarite pukapuka o te \$2.2 miriona, e whakatauritea ana ki te \$4.4 miriona i matapaetia i te Mahere aa-Tau 2020-21. E peenei ana naa te nui o te whiwhinga mai i ngaa utu, i ngaa utu kaiwhakamahi hoki, ka mutu, moo te taha ki a maatou kua heke ngaa utu. Naa te iti o te mino puutea kua heke ngaa utu puutea, huamoni hoki.

I mutu Te Kaunihera i te tau puutea me te tapeke nama more o te \$499 miriona ki te atapae i te Mahere 10-Tau o te \$684 miriona. E kiia ana ko te nama more koia te nui o taa maatou nama ki te peeke, tangohia te moniuka.

He koanga ngaakau te whakapuurongo atu i tutuki, i hipa ake raanei 35 o aa maatou whaainga whakatutukinga kore-aa-puutea 50, i koorerohia i ngaa whaarangi 26 ki te 118.

NGĀ WERO

Ahakoa, he tau whai painga, araa anoo eetahi take me oona wero nui.

I te marama o Mei 2021 i pouri katoa te motu i te matenga o te Kaikaunihera Margaret Forsyth. I mate a kaikaunihera Forsyth i toona tau tuatoru hei mangai whai pooti, i muri i

taana mahi nui hei tino whetuu o te ao poi tarawhiti, i moohiotia ai a ia huri noa te ao. Naa toona matenga i tuu he Pooti anoo moo Kirikiriroa ki te Raawhiti (ka whakatauria aa te marama o Aakuhata 2021) i whakarerekeehia hoki ngaa tuuranga i te Komiti Kaunihera.

Ko teetahi o ngaa tino whaainga i tutuki i te toru tau kua pahure ake ko te whakaaetanga ookawa i te marama o Hune 2021 ki teetahi Mahere Whaainga Roa 2021-31 me oona wawata. I tiimata ngaa huinga koorero ookawa moo te Mahere i te marama o Maehe, i muri i te whakahaerenga o teetahi rautaki kookiritanga hapori mahuki, koia teetahi o ngaa tino kookiritanga a Te Kaunihera ki te hapori.

I whiwhi maatou i ngaa taapaetanga koorero 5692, kaaore i peeraa rawa te nui i ngaa tau o mua, noo reira, i kaha te mahi a te hapori ki te whakatau i ngaa whakaarotau moo too maatou taaone nui.

Ko te hua o taa maatou Mahere Whaainga Roa 2021 - 2031 ki Kirikiriroa, araa, e taea tonu ai te aarahi i te tipu, me te tautoko aa-puutea hoki i ngaa hapori o te taaone nui kia whai oranga ai ngaa taangata katoa. Kei te whakatakoto tahua te mahere ki te whakapau i te \$2.5 piriona ki ngaa kaupapa hauupu rawa, kua tohua teetahi \$3.7 piriona anoo moo ngaa mahi whakahaere i roto i te tekau tau e tuu ake nei.

NGĀ WHĀINGA

Moo te taha ki te whakatakoto rautaki, he tino nui ngaa mahi i mahia i aua marama 12 kia whakatauhia ngaa mahere e paapaa mai ai ki too taatou taaone nui moo ngaa whakatipuranga e hia e tuu mai nei. I whakapuumautia e maatou teetahi mahere whakahaere hou moo Hamilton Gardens; ka mutu, i whakapuumautia ai e maatou he rautaki matua tae atu ki Too Taatou Wawata moo Kirikiriroa; He Pou Manawa Ora; he Mahere Panoni moo te Taaone Nui Matua; tae atu ki teetahi Rautaki Whare matua.

Ko taa maatou Rautaki Our Nature in the City, i whakapuumautia e maatou i te Tiihema 2020, ka tana whaainga kia 10% te whaanui o te hora o te urutapu maaori puta noa i te taaone nui aa te tau 2050. Maa teenei Rautaki e aarahi te whakapaunga o te puutea ki ngaa kaupapa whakarauora, whakatipu, manaaki

anoo hoki i a Papatuanuku puta noa i te taaone nui, he mea whai hononga maaroo tonu ki te ture panonitanga aahuarangi me te whakamaaherehere.

I whakanuia hoki e maatou, i te tau puutea 2020/21, eetahi tino whaainga nui i te taha o aa maatou hoa paatui. I te marama o Hepetema 2020, i whakaaetia e te kaawanatanga aarohe, ngaa lwi me Te Kaawanatanga Matua i te mahere panonitanga hou hei whakaaroaro moo te anamata waa-roa o te rohe o te taaone nui o Kirikiriroa-Waikato. Ko taa teenei Mahere Taaone Nui Whaanui he waananga i ngaa take peeraa ki ngaa waka, ngaa whare, te whakapaunga puutea oohanga, te taiao, aha atu, aha atu. E whakatakoto ana i te aratohu waa-roa moo te whakawhanaketanga i Kirikiriroa me te rohe whaanui tonu.

He mea nui tonu too maatou hononga ki te Kaawanatanga Matua, ka mutu, i te tau puutea 2020/21 i kookiritia ai eetahi take e maatou, araa, i te whakahoutanga o ngaa tikanga wai, i te whakahoutanga hoki i marohitia moo te raangai whaanui, me te whakamahinga pea o ngaa utauta aa-puutea ki te tautoko i te whakatipuranga me ngaa whare aahua ngaawari ake te utu. He mea nui eenei whakahoutanga, ka mutu he wero nui, heoi anoo, ka rangona tonutia ai te reo o Kirikiriroa i ngaa matapakinga o teenei huringa matua.

I whakatutuki hoki eetahi atu kaupapa paatui i te tau puutea 2020/21. I huaki ai te Puutahi Waka o Rotokauri i te marama o Hanuere 2021. Ko te puutahi nei teetahi o ngaa tino whakapaunga hei tautoko i te waka tuumatanui i a maatou e whakarite ana kia whaanui ake te whiringa moo ngaa Kirikiriroa kia haumarua ai te haaereere haere i too raatou taaone nui. Kei te puutahi kee te teihana tereina moo Te Huia, te tereina kua roa e taaria ana moo waenga i Kirikiriroa me Taamaki Makaurau. Noo te marama o Maehe 2021 i whakaterua ai.

I mihia e te nuinga o ngaa kainoho taaone te whakahoutanga o te ratonga para, hangarua hou matawhaanui i te tau kua hipa. Ko te kohi para ki te taha o te huarahi, te hangarua, me te whakapaunga maramara kai te mahi a te ratonga hou. I ngaa marama e waru noa iho o te ratonga hou kua whakataha atu a Kirikiriroa i neke atu i te 3.5 miriona whaarite kirokaramu o ngaa toenga kai mai i te rua raapihi.

I puta hoki te ratonga para, hangarua hou koia teetahi o ngaa take i tapaina ai, i te marama o Oketopa 2020, a Kirikiriroa te Taaone Nui Tino Aataahua Rawa Atu i Aotearoa. I mihia hoki e te tohu ngaa mahi toi tino kaha nei tae atu ki te whakaritenga o te waahi urutapu.

TE MIHI

Araa anoo eetahi atu kaupapa hei whakanui i te whakapetonga ngoi tonu a te Kaunihera kia whaaia te iti kahurangi moo too taatou taaone nui me oona taangata.

I te marama o Maehe 2021 i whakaritea ko Kirikiriroa te 21 o ngaa kaawanatanga Taaone Nui Atamai Tino 50 o ngaa taaone 230 huri noa te ao. Ko taa ngaa waitohu he aromatawai i te mahi kaawanatanga o ngaa taaone nui ki ngaa tuutohu matua 10 moo te whakatutukinga o ngaa putanga Taaone Nui Atamai, peera ki te whakapiki i te whakahaerenga ratonga me te whakapiki i te whai waahitanga aa-matihiko mai. Kaaore he kaunihera i tua atu i a Kirikiriroa puta noa i Aotearoa.

I te marama o Whiringa-aa-rangi 2020, i whakawhiwhia te Kaunihera o Kirikiriroa ki te tohu 2020 Infrastructure New Zealand Excellence in Social Impact. I mihia te kaupapa moo te whakarauoratanga o teetahi waahanga 2.4km te roa o te Rerenga Awa o Te Awa naa konaa i whai mahi ai teetahi 50 taangata i panaia i te mahi ko te KOWHEORI-19 te take.

I kitea anoo taa maatou aronga nui ki te hanganga matua naa te tukuhanga o te kaupapa hangahanga nui rawa o Te Kaunihera i roto i te tau - te hangahanga i te whakawhitinga o Peacocke moo te \$135 miriona. He mea nui teenei paatuinga i waenga i te Kaunihera, te Kaawanatanga Matua me te lwi kia pai ai te haere o te takiwaa hou rawa o Kirikiriroa, ka mutu, kua tiimata te mahi moo teenei kaupapa nui whakaharahara nei.

NGĀ MAHI WHAKATAU

I kitea i teetahi rangahau i whakahaeretia i roto i te tau te whakapikinga o te maai a te iwi ki ngaa mahi whakatau a te kaunihera, he mea whakakoa i te ngaakau teeraa. Heoi anoo, he aronga nui ngaa tukanga whakatau aa-kaunihera i roto i te tau.

I te marama o Aakuhata 2020, i whakatau te Kaunihera ki te whakawhiti i toona puunaha pooti i te Tuatahi Hipa i te Pou (FPP) ki te Pooti Kotahi e taea ai te Whakawhiti (STV) moo ngaa pootitanga aa-rohe hei ngaa tau 2022, 2025. I mua i teenei whakataunga i whakahaeretia he whakatairanga whakapiki maatau, kookiritanga hoki, he mea auaha hoki i mihia puta noa i te motu.

I whaaia teenei me teetahi whakataunga anoo moo te waahi ki ngaa Taurima Maaori. Peeraa ki eetahi atu kaunihera, i whakahaeretia e Kirikiriroa he arotake o oona whakaritenga kanohi Maaori i muri i te panonitanga o te ture ki te tango i te tikanga taapaetanga pooti herehere moo ngaa Taurima Maaori.

I koorero maatou ki oo maatou hoa paatui Maaori me te iwi whaanui he mea i whakahaeretia i te marama o Mei 2021, i whakatauria e Te Kaunihera ki te whakatuu Taurima Maaori moo ngaa pootitanga aa-rohe 2022. I muri i teenei whakataunga, i runga hoki i ngaa hiahia a te ture, i tiimata te Kaunihera i te arotakenga maangai whaanui.

He panonitanga nui te huringa ki te pootitanga STV, me te whakatau ki te whakatuu taurima Maaori, heoi anoo ehara i te mea koiraa noa iho ngaa mea i tohua i te tau. I te marama o Huurua 2021, i kii te Tumuakii Richard Briggs ka wehe ia i too maatou whakahaere i te marama o Oketopa 2021, e whakamutu ana i toona hononga iwa tau te roa ki te Kaunihera o Kirikiriroa.

He huringa nui te wehenga o te Tumuaki ahakoa he aha, ka peeraa hoki te huringa o ngaa kanohi ki te teepu matua i Kirikiriroa. Ko te tirohanga whaanui kei mua i ngaa kaimahi ko te whaanuitanga o ngaa huringa puta noa i te raangai he mea ka paa mai ki ngaa mahi a te nuinga o ngaa taangata e mahi ana ki te Kaunihera o Kirikiriroa. E mihi ana te Kaunihera ki te tumuaki moo te whakamoohio wawe mai i aana nekehanga, noo reira, kua taea e maatou te kimi taangata whakakapi hei whakakiikii i toona tuuranga. E rere ana te kupu whakamaanawa ki a Richard me aana mahi miiharo, kia kaha raa koe i roto i ngaa mahi ka whaaia ai hei ngaa raa e tuu mai nei.

Kua kopounga e mātou a Lance Vervoort hei Pou Whakahaere Matua. Ko Lance te Pou

Whakahaere - Hapori mō te Kaunihera mō te tekau tau kua pahure ake nei, e whakahaere ana i neke atu i te haurua o ngā kaimahi o te kaunihera. I tēnei wā, he mea tino nui te tūranga o te Pou Whakahaere Matua. He panonitanga nui e haere ana i roto i tō mātou rāngai, ka mutu, e taea ai e mātou te whakapono ki te wheako me ngā mahi nui o Lance ki te tohutohu i a mātou me te mātua whakarite ko Kirikiriroa te tino wāhi hei awe i taua panonitanga.

Ko te whakatau i te oranga me te hauora o aa maatou kaimahi te mea nui tonu ki a maatou i teenei tau, me te haapai i te tikanga e kaha manaaki tonu i too raatou oranga aa-ngaakau, aa-ahurea hoki. I kitea i teenei tau ko te whakapaitanga atu o taa maatou Puunaha Whakahaere Haumarū (SMS), me te aronui tonu ki te whakapikinga tonutanga maa roto i te maatou ahurea whai i te pae tawhiti. Me kii ka whakawhaanui ake hoki teenei oranga, haumarū hoki ki te manaakitanga o te hapori Kaunihera whaanui maa te whakawhanake i ngaa ara nanakia tonu ki te mahi haumarū i te taha o ngaa kaikirimana, ngaa tuuao, ngaa kiritaki, me kii, te hunga i too maatou taiao mahi.

Hei kupu whakamutunga, me kii atu kaatahi te mahi tino pai rawa atu i waha ai e ngaa kaimahi

i te tau puutea kua pahure ake nei. Nei te mihi ki aa maatou kaimahi, me te whakamaanawa i te whakapetonga ngoi ahakoa ngaa taumahatanga o te waa, naa runga i te iti o ngaa kaimahi, ngaa puukenga hoki e tino paapaa mai ana ki too maatou raangai, maarama te kitea. Ahakoa ngaa huringa, ngaa piki me ngaa heke kei tua, ka ihu oneone tonu taa maatou karawhiu kia maatua whakarite e kore e mutu te tautoko ki ngaa kaimahi, e whai kaha tonu ai kia whakaputaina too raatou tino moo too taatou taaone nui te take.

Kia hikina oo maatou mata ki te tau e tuu mai nei, me rere tonu aa maatou kupu whakamiha anoo ki te mahi nui a te Kaunihera i kotahi ai te rere a te hoe, kia maatua eke ai taa raatou tino whakaarotau, araa, ko te oranga o Kirikiriroa.

Ki ngaa kainoho ki roto o Kirikiriroa, teena koutou, he tika hoki taa koutou e manako ai, araa ko te tino e taea ai e too maatou Kaunihera. E hiikaka ana te Kaunihera kia whaaia kia mau, kia ita taua manako aa te tau e tuu mai nei.



Paula Southgate
Koromatua



Richard Briggs
Tumu Whakarae



WHY DO WE PRODUCE AN ANNUAL REPORT?

WELCOME TO OUR STORY, WE ARE PLEASED TO PRESENT THE RESULTS OF OUR PERFORMANCE OVER THE PAST YEAR.

WHY DO WE PRODUCE AN ANNUAL REPORT?

The 2020/21 Annual Report is how we tell you the community about how well we did on delivering to the 2018-28 Long-Term Plan and our most recent Annual Plan (in this case, for 2020/21).

The Annual Report considers:

- Did we deliver the level of services we said we would to the community (as set out in the Long-Term Plan performance measures)?

- Did we deliver on the capital projects we said we would?
- Did we stick to the operating budget we set?

The Local Government Act 2002 (LGA) require us as to produce an Annual Report so we can publicly disclose our operating and financial activities over the past year.

Sharing this information is also our chance to celebrate the successes of the year and highlight the amazing work that has been undertaken by our teams.



WHAT DOES THE 2020/21 ANNUAL REPORT'S FINANCIAL STATEMENTS TELL US?

Each year, Council's Annual Report contains a set of audited financial statements for the relevant year.

The financial statements include four primary statements:

1. The Statement of Comprehensive Revenue and Expense

This summarises the Council's financial performance for the year, listing all income and expenses. It also records other comprehensive income, such as changes in the fair values of the Council's infrastructure and property, plant and equipment.

2. The Statement of Changes in Net Assets/Equity

This is often known as the Statement of Changes in Equity. It details the overall change for the year in relation to the Council's net wealth.

3. The Statement of Financial Position

This is a '30 June' snapshot of the Council's financial position at the end of the relevant financial year, which indicates its assets, liabilities and net wealth at that point.

4. The Statement of Cashflows

This statement indicates where the Council's cash came from and where it was spent in the relevant financial year.

These four statements also display Council's budget. This is the previous budget adopted by Council at the end of the year before the current one which is being reviewed. This allows comparison between what was projected for the year under review against what actually occurred.

The 'notes' to the financial statements give greater detail and more information on the four primary financial statements.

The content of the four financial statements and their notes are prepared using Public Benefit Entity accounting standards.

WHO CHECKS THE ANNUAL REPORT?

The Council's external auditor, Audit New Zealand, is required to audit the Annual Report. The Annual Report is then adopted by Council on the recommendation of Council staff and the Strategic Risk and Assurance Committee.

This ensures that both the management and governance functions across Council share the responsibility for the report's accuracy and accountability.

HOW DOES THE ANNUAL REPORT FIT INTO COUNCIL'S PLANNING CYCLE?

The Annual Report is a key step in Council's three-yearly planning process.



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 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**.



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.



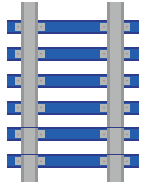
The Borough of Hamilton was established on 27 October 1877 with a population of 1245 and an area of 752 hectares, through the combining of the East and West settlements. On 13 December 1945, Hamilton became a **city with 20,000 citizens**.

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

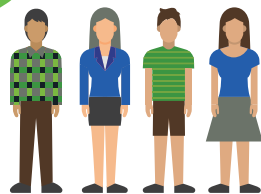
was opened to Auckland and a regular coach service began, followed by **railway from Auckland** in 1877.



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.

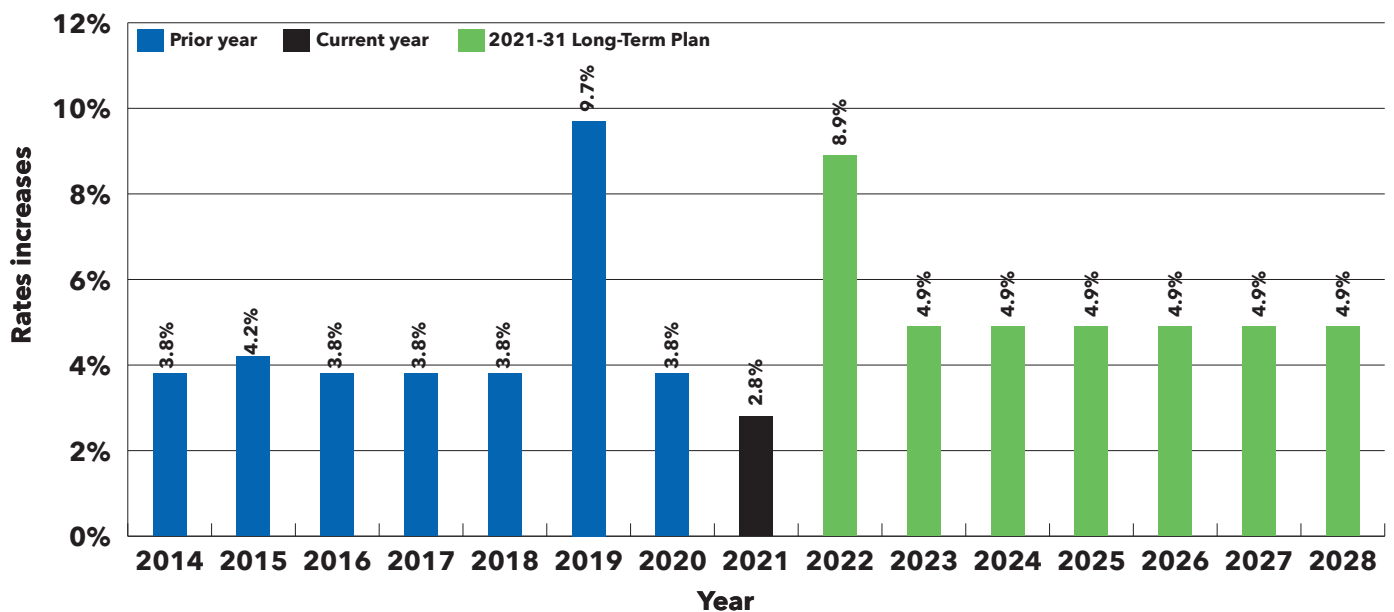




RATES

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. You can see this measure is calculated on page 122. There are other ways to measure operating performance, including the Government's 'balanced budget' measure, which we report against in the Disclosure Statement section of this report on page 209.

The main differences between the two measures are:

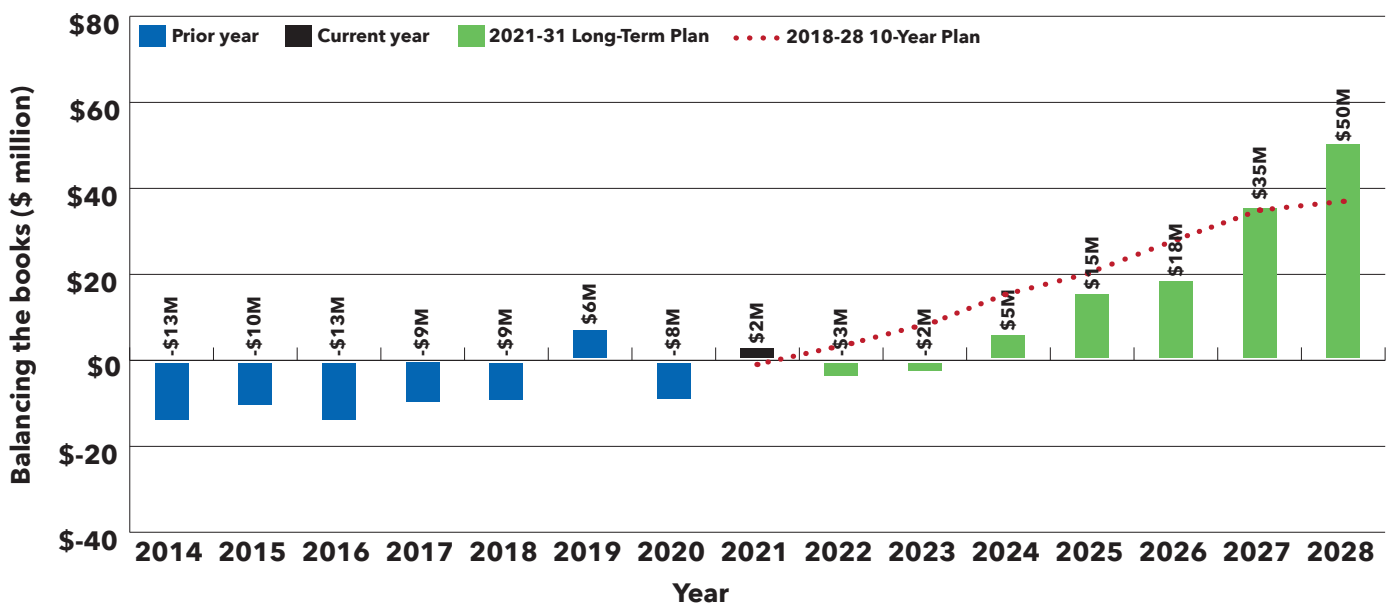
- Our 'balance the books' measure removes Capital Revenue (Waka Kotahi NZ Transport Agency subsidies for capital expenditure and other capital contributions). These revenue items are included in the Government measure, however. We exclude this revenue as it funds specific capital items and is therefore 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:

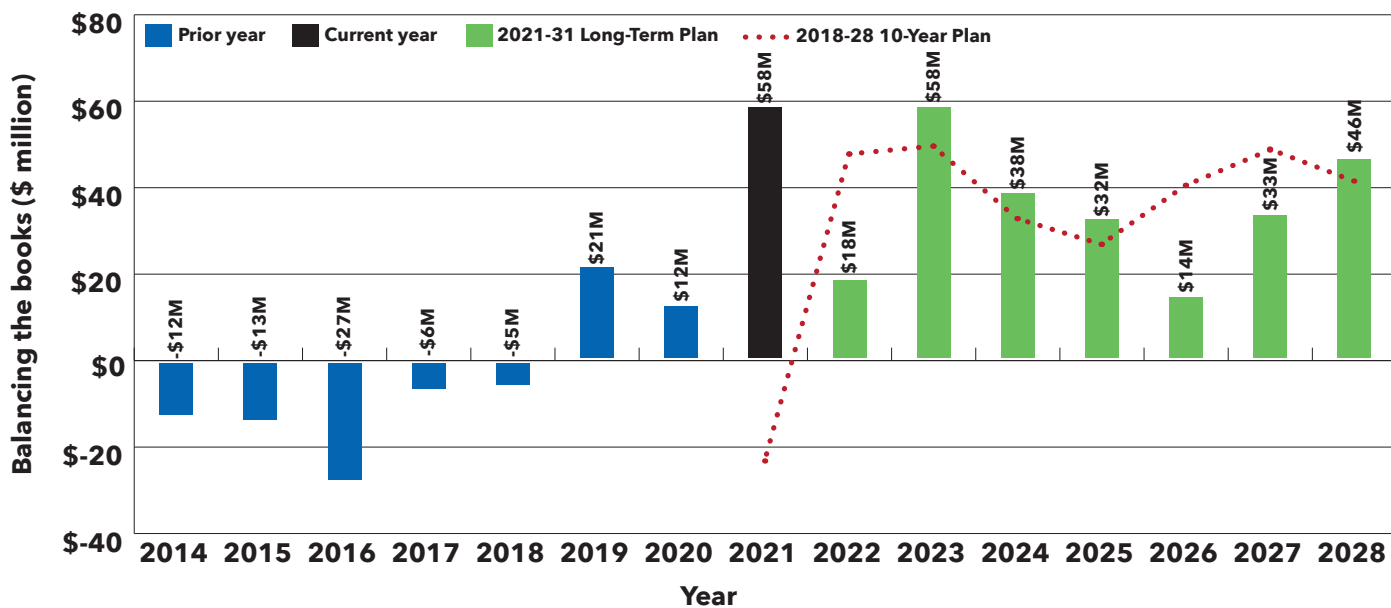
- Higher than budgeted fees and charges due to increased event activity in Venues, Tourism and Major Events and attractive visitor numbers at Council's visitor destinations.
- Debt that was lower than budgeted, which resulted in a decrease in finance costs to budget.

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 to the financial statements on page 181.

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.

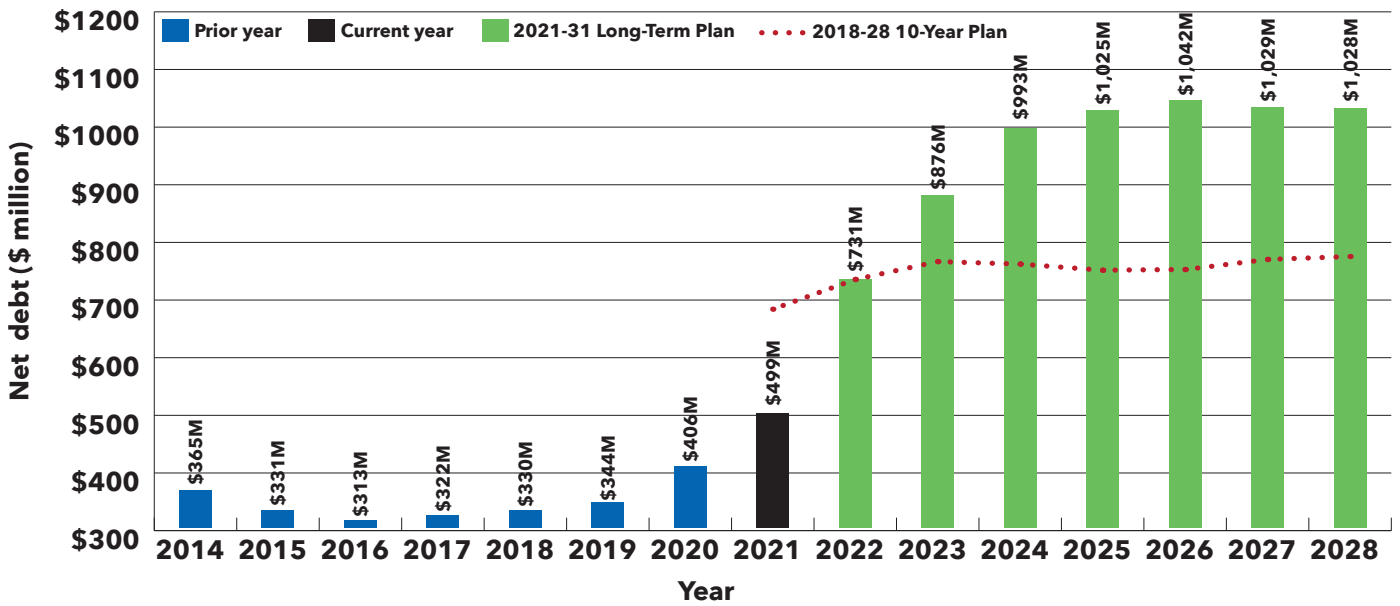
Project deferrals have a favourable impact on our financial result. However, it is only a timing impact, as the expenditure will still be incurred (although later than originally planned).

Projects were deferred for the following reasons:

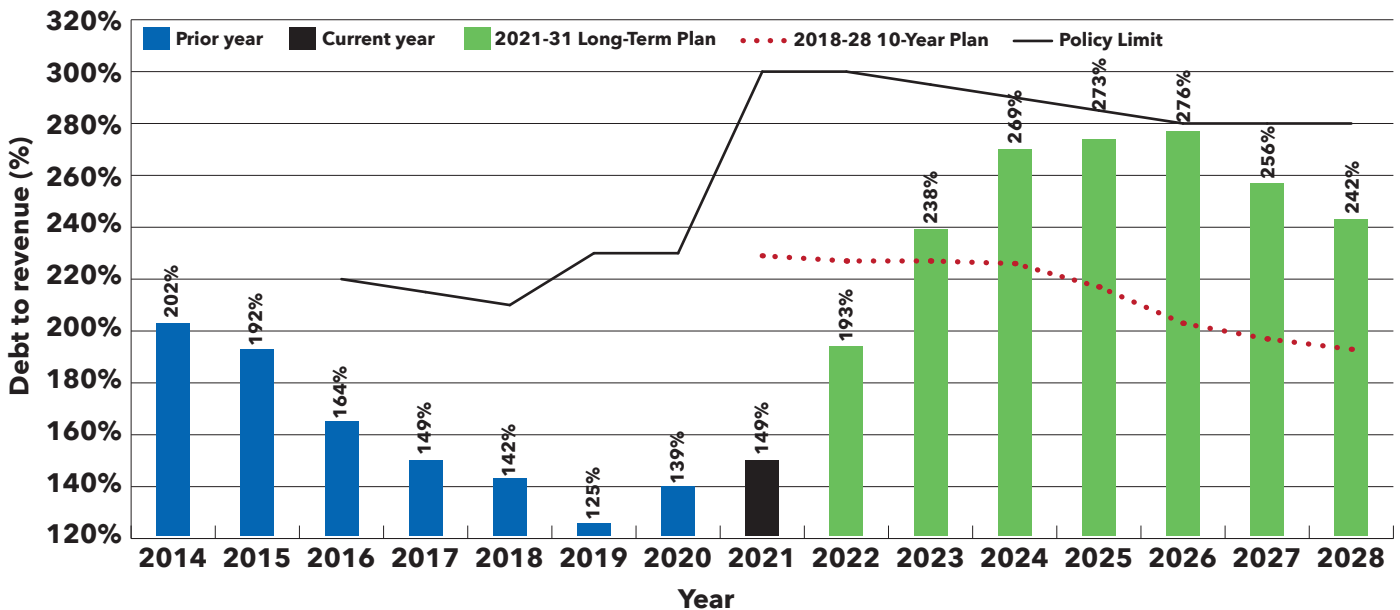
- Third party delays, e.g. infrastructure that is dependent on developers.
- Contractual delays, e.g. a design issue or delay in the tender process.
- Delays due to change in project scope or change in prioritisation by the Council.

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.

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.

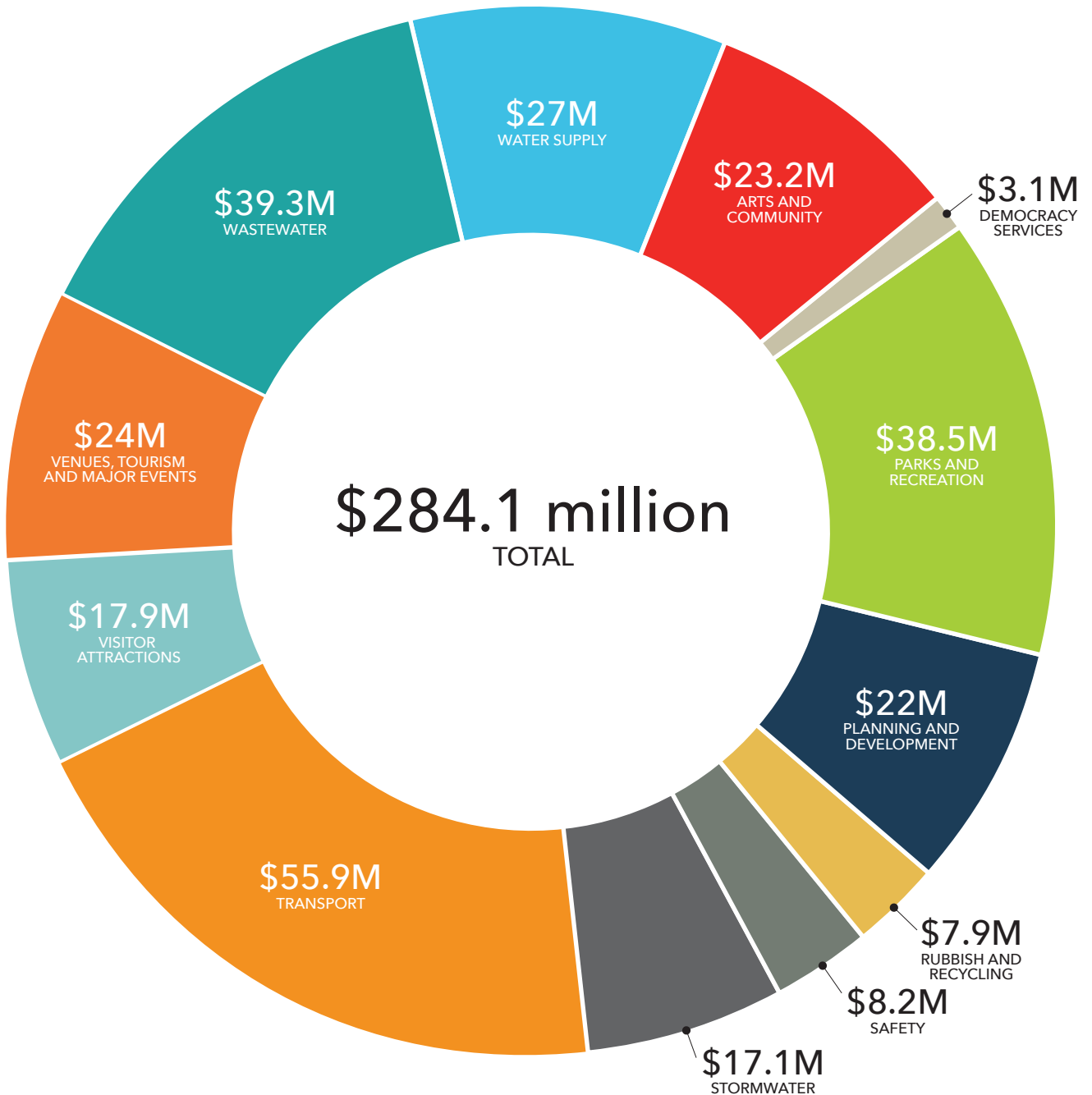


A COUNCIL THAT IS BEST IN BUSINESS

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

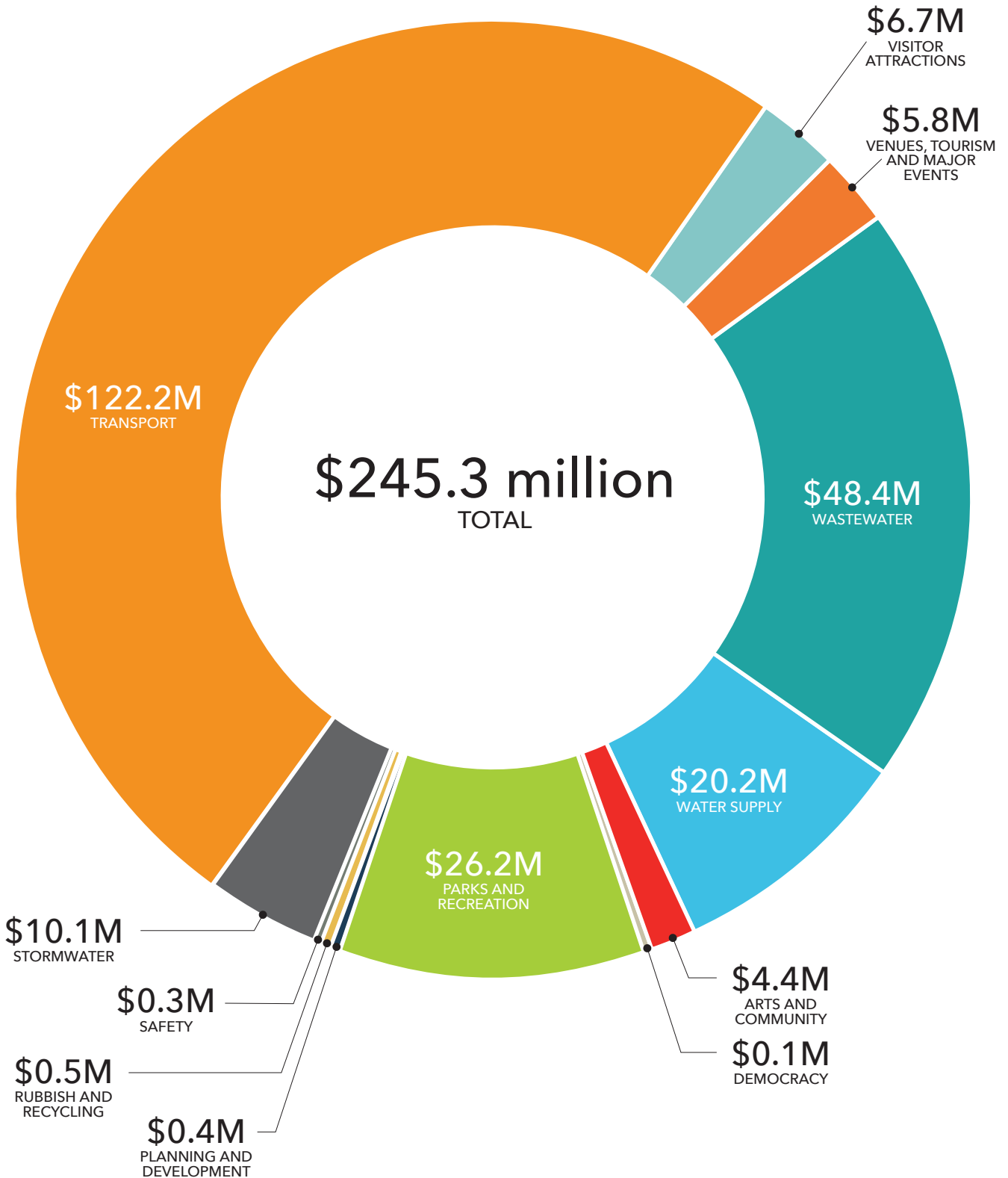
WHERE THE MONEY WENT

OPERATING EXPENDITURE BY ACTIVITY 2020/21 YEAR



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

TOTAL CAPITAL EXPENDITURE BY ACTIVITY 2020/21 YEAR

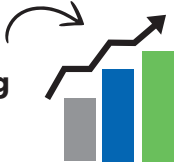


* Capital expenditure by activity represents the gross capital spend before accounting for any associated capital subsidies received.

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

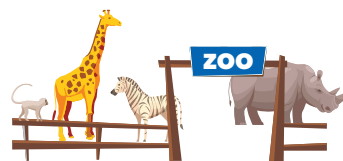


More than 1 million kilograms of food scraps diverted from landfill since new recycling service launched



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



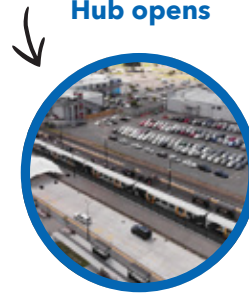
Hamilton Zoo welcomes chimp baby



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

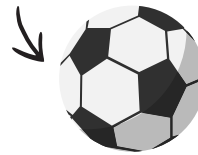


APRIL 2021

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

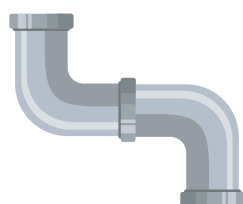


JUNE 2021

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

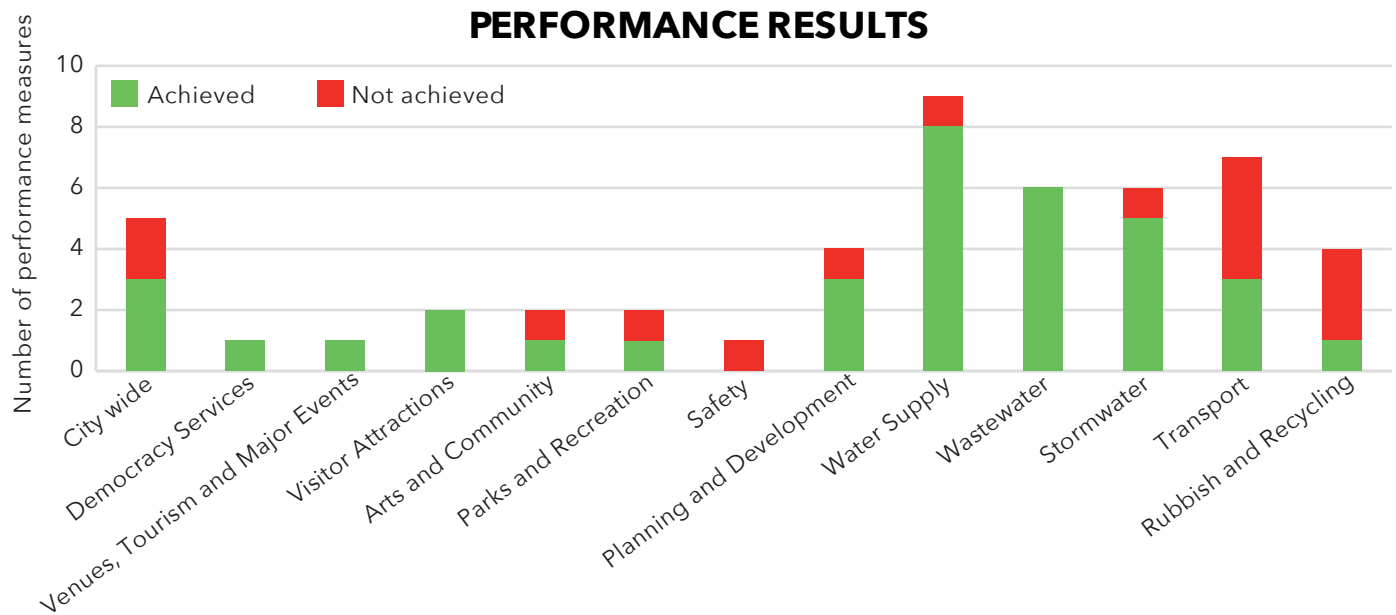
PAEARU MAHI RATONGA

SUMMARY

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 above shows:





- we have met the targets for 35 measures
- we have not met the targets for 15 measures

The following sections provide 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.

WELLBEINGS UNDER THE LOCAL GOVERNMENT ACT

In May 2019, the Local Government Act 2002 was amended to reintroduce the 'four wellbeings' into the purpose of Local Government. We, and all other councils across the country, are required to play a broad role in promoting the social, economic, environmental and cultural wellbeing of communities in the present and for the future.

In this part of the Annual Report, we present the identified effects of our activities on the four dimensions of wellbeing. Some of our activities affect all four dimensions, while others may only touch on one. Effects can be positive or negative and are described in more detail within each activity.

KEY IMPACT ON COMMUNITY WELLBEING	 SOCIAL	 ECONOMIC	 ENVIRONMENTAL	 CULTURAL
--	--	--	---	--

DELIVERING ON OUR COMMUNITY OUTCOMES

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

OUR COMMUNITY OUTCOMES

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.

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

SERVICE PERFORMANCE MEASURES

KEY: Target achieved | Target not achieved

We want to know what Hamiltonians think of our city. We survey our residents every two years to find out what they think.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
Percentage of residents who think Hamilton is a great place to live.	Maintain or increase from the previous rating.	88% Survey undertaken in September 2020 - November 2020.	Survey was due to be conducted in April 2020. Unable to collect data due to COVID-19.	75% Survey undertaken in April 2018 - June 2018.
Percentage of residents who are proud of how Hamilton looks and feels.	Maintain or increase from the previous rating.	64% Survey undertaken in September 2020 - November 2020.	Survey was due to be conducted in April 2020. Unable to collect data due to COVID-19.	53% Survey undertaken in April 2018 - June 2018.

What's behind the results

Every two years we survey our residents to find out what they think of our city. The most recent survey was completed between September - November 2020.

Since the last 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 top reasons our community agreed that Hamilton was a great place to live included:

- Good/improved amenities.
- Good recreation facilities/lots to do.
- Good maintenance of public amenities.

We are putting infrastructure in place to grow as a city. The Gross Domestic Product (GDP) tells us about our city's economy.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
The annual average percentage change in the GDP growth for Hamilton.	Positive growth on 1.9% (2019/20 result).	-1.5% (March 2020 - March 2021).	1.9% (March 2019 - March 2020).	3.1% (March 2018 - March 2019).

What's behind the results

While Hamilton's annual growth sat at -1.5%, this compares to national growth of -3.0%. This is a lag indicator that reflects growth in the 12 months ending March 2021. It therefore includes almost all of the COVID-19 lockdowns last year.

Despite the unfavourable year end result, Hamilton experienced strong GDP growth for the March 2021 quarter (3.2%) outperforming many large cities (Wellington 0.3%; Auckland -1.6%; Christchurch 1.4%) and the country as a whole (-0.3%).

The expectation is that GDP in the first quarter of 2021/22 will be more favourable as the impact of the first COVID-19 lockdown (March 2020 to May 2020) will have moved out of the annual GDP figure.

We will be financially responsible.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
We will stay within the debt and rating limits, as described in the Financial Strategy.	Achieved	Achieved	Achieved	Achieved

What's behind the results

The Financial Strategy in our 2018-28 10-Year Plan stated that our annual average rates increase for existing ratepayers in 2020/21 would not exceed 3.8%. As part of setting the 2020/21 Annual Plan Council recognised the impact COVID-19 had on the community and our ratepayers, and approved an average annual rate increase to existing ratepayers of 2.8%. This increase was 1% less than that forecast in the 2018-28 10-Year Plan.

The Financial Strategy also stated that our debt-to-revenue ratio would remain below 230%. Our budgeted debt-to-revenue ratio for 2020/21 (as set in the Annual Plan) was 206%. We have remained within the Financial Strategy limit for the 2020/21 financial year with a debt-to-revenue ratio of 149%.

We aim to be best in business in our interactions with customers at our reception, call centre and facilities (measure excludes Claudelands and stadia).

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
We are rated positively when asked how easy we are to do business with.	Maintain or increase from the previous year.	38%	42%	Established baseline 55%

What's behind the results

The purpose of the survey is to understand and hear customers' views of our services close to the time of the interaction. Over 2100 customers gave us feedback on our services during the year.

One of the key themes from customers who scored us negatively was a lack of communication if there is a hold up or delay in processing a request. Feedback indicated that we are good at achieving customer outcomes and answering customers' questions, however we could improve the communication loop back to the customer after their initial point of contact. We are reviewing our processes internally and looking for ways to improve this communication loop back to the customer.

Although it is disappointing to see a decrease in the percentage of customers who rate us positively when asked how easy we are to do business with, it was pleasing to note that 76% of respondents are satisfied or very satisfied with our service.

DEMOCRACY SERVICES

Local democracy is about providing Hamiltonians with excellent governance and sound leadership for the city. We provide open and effective city governance and opportunities for people to be involved in shaping our city.

We continue to meet constitutional and legislative requirements. We ensure our meeting and other governance processes comply with the relevant statutory frameworks and seek opportunities to exceed the public's expectations for active engagement in local representation.

THIS ACTIVITY CONTRIBUTES TO US BEING BEST IN BUSINESS.

WHAT WE DO

OUR ACTIVITIES:

- Governance and public affairs.
- Partnership with Maaori.

In carrying out this activity, we enable, promote and support local democracy by providing governance advice and democratic services to elected members, the public and staff.

We support public engagement with the Mayor, Councillors and with our democratic processes. This includes facilitating local government elections, By-elections, Council and committee meetings, petitions, referenda and official information requests.

This activity includes providing induction, training and administration support for the Mayor and Councillors, as well as civic functions and international 'sister city' engagement.

We seek to honour the principles of partnership in decision-making with our Treaty partners. Working to foster opportunities for Maaori to be involved in our decision-making through relationships, service contracts and the Co-Governance Forum with Waikato-Tainui is an important part of this activity.

Our partnerships with Iwi, mana whenua and maata waka (Urban Maaori) organisations assist us in ensuring Hamilton is a city where people from different cultures work together and respect each other's views, heritage, culture and strengths. Our Amorangi Maaori (Maaori Relationship Manager) provides support and advice on issues related to Maaori, particularly building stronger relationships.

EFFECTS ON THE COMMUNITY

Hamilton's population is becoming increasingly diverse, and the city is embracing people from many different ethnic groups and cultural backgrounds. Democracy Services enables residents to participate in local decision-making in a range of ways and encourages residents to have an active role in the city's development.

KEY IMPACT ON COMMUNITY WELLBEING



SOCIAL



ECONOMIC



ENVIRONMENTAL



CULTURAL

DELIVERING ON OUR 10-YEAR PLAN

Hamilton City Council is made up of the Mayor and 12 Councillors who represent the citizens of Hamilton. The Council is elected every three years with the next elections scheduled for October 2022. In 2018, Maangai Maaori (Maaori representatives) were appointed to all Council committees. They continue to represent Maaori on all Council committees for the 2019-2022 triennium.

In August 2020, Council made the decision to switch its electoral voting system from First Past the Post (FPP) to Single Transferable Vote (STV) for the 2022 and 2025 local elections. Council received great feedback and response rates on the innovative and proactive engagement and education campaign from the community in relation to this. Council also received recognition at a national level from other governance professionals and political experts keen to employ similar approaches to their own reviews. Also in August 2020, Council formally farewelled Maangai Maaori Bella Takiari-Brame following her earlier resignation. In March 2020, Council welcomed new Maangai Maaori Hemi Rau, who was appointed as a member in June 2020 to the Finance and Strategic Risk and Assurance Committees. Maangai Maaori Hemi Rau subsequently resigned from his role in April 2021.

Consultation with the community on the draft 2021-31 Long-Term Plan got underway in March 2021 with an extensive calendar of promotional events, social media activity and targeted engagement. The Consultation Document was set out in relation to Council's five priorities and it discussed the key projects under each priority, and options for proposals that Council was seeking community views on. In addition to feedback on the proposals, the community was also encouraged to provide feedback to Council on other projects under each of the priorities.

Council received an unprecedented level of response from the community to the Consultation Document, with 5692 submissions on the draft 2021-31 Long-Term Plan. Consultation concluded in April 2021, with the final 2021-31 Long-Term Plan unanimously approved by Council on 24 June 2021.

The Council undertook a review of its Maaori representation arrangements following a change in legislation to remove the binding referendum mechanism for Maaori wards. Consultation with our Maaori partners and the wider public was undertaken and Council made the final decision to establish Maaori wards for the 2022 local body elections in May 2021. Following this decision, Council has started to undertake a wider representation review as required by legislation.

Following the sad passing of Cr Forsyth, a By-election process was triggered. This resulted in 24 candidates putting themselves forward to be considered for the vacant Hamilton East Ward position. The By-election will take place in August 2021.

MAAORI AND DECISION-MAKING

We are committed to meeting our Treaty and legislative responsibilities to Maaori.

We acknowledge the role and contribution that Iwi, hapuu and maata waka make towards our great city of Kirikiriroa. Valued support and advice is received from our Iwi, hapuu and maata waka partners and we are committed to working together on the social, cultural, economic and environmental sustainability and wellbeing of the city and its residents.

We also acknowledge the services provided by Te Haa o te Whenua o Kirikiriroa, who represent the five hapuu for the greater Hamilton city area, and urban Maaori organisation Te Rūnanga Ō Kirikiriroa Trust for its services to Maaori and Pasifika in Hamilton.

Our Amorangi Maaori provides internal support and advice on legislative requirements regarding Maaori. We continue to meet three times per year under a co-governance structure

with Te Arataura, the Executive of Te Whakakitenga o Waikato Incorporated, to support and promote better environmental, social, cultural, and economic outcomes within Hamilton.

CAPITAL PROJECTS

The following table summarises the capital projects planned for year three (2020/21) of the 10-Year Plan and the progress made during the period.

Capital project LOS = levels of service R = renewals G = growth	Type	2020/21 Annual Plan \$000	2020/21 Actual \$000	Variance \$000
Share of facilities, information services, customer services and strategic property capital expenditure.	G/ LOS/R	130	107	(23)
Total		130	107	(23)

SERVICE PERFORMANCE MEASURES

KEY: Target achieved | Target not achieved

You can expect: Timely and open access to public information.

We want to engage with the community to inform our decision-making. We survey our residents every two years to find out what they think.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
The percentage of residents who believe we make decisions that are in the best interests of the city.	Maintain or increase from the previous rating.	41% Survey undertaken in September 2020 - November 2020.	Survey was due to be conducted in April 2020. Unable to collect data due to COVID-19.	25% Survey undertaken in April 2018 - June 2018.

What's behind the results

We ask our communities these questions in our two-yearly Quality of Life Survey, a survey of metro councils to gain an understanding of communities' perception of their quality of life. The most recent survey was completed between September - November 2020.

Hamilton was rated the highest out of the eight cities surveyed when asked if the Council makes decision that are in the best interest of the city with, 41% of respondents agreeing or strongly agreeing an increase from 25% in 2018.

DEMOCRACY SERVICES FUNDING IMPACT STATEMENT

For year ended 30 June 2021

	10-Year Plan 2019/20	Actual 2019/20	10-Year Plan 2020/21	Actual 2020/21
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	2,714	2,228	2,831	3,019
Targeted rates	791	652	-	-
Subsidies and grants for operating purposes	-	1	-	-
Fees and charges	64	176	65	16
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	2	25	2	27
Total operating funding	3,571	3,082	2,898	3,062
Application of operating funding				
Payments to staff and suppliers	3,380	3,221	2,849	3,004
Finance costs	1	(1)	1	(2)
Internal charges and overheads applied	-	-	-	-
Other operating funding applications	-	-	-	-
Total applications of operating funding	3,381	3,220	2,850	3,002
Surplus/(deficit) of operating funding	190	(138)	48	60
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase/(decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	14	-	28
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	-	14	-	28
Applications of capital funding				
Capital expenditure				
- to meet additional demand	-	1	-	7
- to improve the level of service	3	3	3	-
- to replace existing assets	68	80	68	100
Increase/(decrease) in reserves	119	(208)	(23)	(19)
Increase/(decrease) in investments	-	-	-	-
Total applications of capital funding	190	(124)	48	88
Surplus/(deficit) of capital funding	(190)	138	(48)	(60)
Funding balance	-	-	-	-

VENUES, TOURISM AND MAJOR EVENTS

Venues, Tourism and Major Events is about showcasing and leveraging Hamilton's event venues, visitor attractions and services. We continue to deliver events supporting local business opportunities, stimulating our economy and promoting our city.

THIS ACTIVITY HELPS US DELIVER A GREAT RIVER CITY.

WHAT WE DO

OUR ACTIVITIES:

- Claudelands Events Centre
- FMG Stadium Waikato (events and turf management)
- Seddon Park (events and turf management)
- tourism and events funding.



We have an important role in making Hamilton an even more vibrant place to live with a prosperous economy and active community. One of the ways we do this is by maximising the value to Hamilton from its major events, venues and tourism business. We manage several venues offering space for live entertainment, business meetings, functions, large sports events and other major events.

We provide funding for event sponsorship and annual funding to the regional tourism organisation, Hamilton and Waikato Tourism Ltd.

EFFECTS ON THE COMMUNITY

Claudelands, FMG Stadium Waikato and Seddon Park are important contributors to the city's economy as major generators of business and event tourism to Hamilton. Our event spaces also provide opportunities for organisations in our community to host community-based events.

Significant events at Claudelands, FMG Stadium Waikato and Seddon Park may have temporary negative environmental and social effects on the city. These include litter, traffic congestion, antisocial behaviour, noise and lighting effects for surrounding residents. We manage these effects in compliance with the District Plan, resource consents and effective asset management planning. This means having effective event management plans in place, including monitoring alcohol consumption, traffic, patron safety and security at and around the event.

KEY IMPACT ON COMMUNITY WELLBEING	 SOCIAL	 ECONOMIC	 ENVIRONMENTAL	 CULTURAL
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DELIVERING ON OUR 10-YEAR PLAN

Our Venues, Tourism and Major Events activity is managed by the H3 Group, a standalone business unit within Council. H3 hosts a wide range of events with a variety of shows, sports events, performance and business events taking place across our venues.

We continued to deliver events that support local business opportunities, stimulate our economy and promote our city. Our reputation in the events and venue industry continues to be strong across the New Zealand market, which reflects well on Hamilton.

During the year, Hamilton was announced as a host city for the FIFA Women's World Cup, due to take place in July and August 2023 at FMG Stadium Waikato. Seddon Park was also announced as the recipient of Government funding in preparation for the ICC Women's Cricket World Cup (this event had been postponed in August 2020, shifting it from early 2021 - 2022 due to COVID-19).

Claudeland's celebrated its 10-year anniversary and Council resolved to enter into a commercial partnership agreement with a local media company for arena naming rights for up to 10 years. While the arena remains Council owned and managed, the 6000-seat venue will officially become 'Globox Arena' in September 2021. The partnership contribution will be used to offset operational costs, attract new events to our city, and enhance the event experience at H3 venues.

Claudeland's continues to attract patrons, hosting over 330,000 visitors during the year. Highlighted ticketed events, community and sales, expos and exhibitions hosted during the year included:

- L.A.B, SIX60, Th' Dudes, Crowded House and Synphony.
- The Wiggles , The Great Kiwi Beer Festival, The 4 and Rotary Nationals.
- 7 Days Live, Russell Howard, Bill Bailey and Chopper.
- Eid Al Adha, Pasifika by Nature, Citizenship Ceremony and Tainui National Secondary Schools Kapa Haka Competition.
- Hospice Waikato Bucket List Banquet and Relay for Life Waikato.
- International and domestic netball - Cadbury Netball Series against England Roses and Waikato Bay of Plenty Magic ANZ Premiership matches.
- The Waikato Baby Expo, Waikato Home and Garden Show, Women's Lifestyle Expo, The Great New Zealand Food Show, Careers Expo and 1-Day Sale.
- The popular weekly Hamilton Farmers' Market and monthly Hamilton Collectables Market in the Claudeland's Barn.

Claudeland's continues to provide facilities for numerous other events, including school prize-givings, tertiary institution graduations, corporate end-of-year functions and charity events. We also hosted several medium and large conferences such as Waters New Zealand's Annual Conference and Exhibition, EVANZ 2020, Master Joiners Annual Conference, DairyNZ's Farmers Forum, Franchise Association Conference and Sport NZ Conference. In May, Claudeland's hosted New Zealand's biggest business-to-business trade show, the Foodstuff Fresh and Grocery Expo, with over 300 exhibitors and 6000 visitors.

A new event this year was the creation of a campervan village to assist Fieldays 2021 with temporary exhibitor accommodation, caused by shortages of commercial accommodation space in Hamilton. The private functions market continues to be a growing market for the iconic Grandstand venue.

Our stadia also hosted a variety of events, from national and international sports, to numerous business, meeting, workshops and other functions within their corporate spaces, with over 139,000 visitors during the year.

FMG Stadium Waikato had a busy year, opening with several 2020 Super Rugby Aotearoa games played to large crowds, followed by reduced (but COVID-19 compliant) crowds for three Mitre-10 Cup and one Super Rugby Aotearoa match, as lockdown levels fluctuated across New Zealand.

The majority of the year was settled enough for FMG Stadium Waikato to host, without restrictions, further Mitre-10 Cup home games, the Maori All Blacks versus Moana Pasifika rugby match, and 2021 Sky Super Rugby Aotearoa matches – plus a 2021 Super Rugby Trans-Tasman match.

Seddon Park hosted another successful cricket season, with the Blackcaps playing a five-day test against the West Indies, a T20 showdown against Pakistan and A Team matches – plus a T20 double-header against Bangladesh with The White Ferns versus Australia. The venue also hosted numerous domestic Super Smash, Plunket Shield, Ford Trophy and Northern Spirit cricket matches in between and around international cricket schedules.

In addition to day-to-day event delivery and client liaison, H3 also delivered its 2020/21 Capital Works Programme across venues. Several venue projects were completed during the year, including:

- The installation of a new passenger lift and replacement of the tie-rods that connect the Brian Perry Stand roof at FMG Stadium Waikato.
- An upgrade of the Seddon Park staff facilities.
- Other Claudelands venue improvement projects such as updates to its Cardex system, an arena LED lighting upgrade, heating ventilation and air conditioning (HVAC) improvements and Claudelands operational staff facilities improvements.

Work also took place during the year on the investigation and detailed design work of FMG Stadium Waikato's light tower replacement project and the WEL Networks Stand seismic upgrade project. Two other upgrade projects at Seddon Park saw the installation of new sight screens and an LED screen upgrade.

Proactive asset maintenance remains a key component of H3 activity, and the creation of a small team dedicated to this function will ensure our venues are fit for purpose and market relevant.

H3 has retained the majority of our COVID-19 plans to prioritise on-going safety and reassurance for guests at our venues. To continue the safe delivery of these events, H3 has kept in place several safety protocols, including increased cleaning, social distancing recommendations and hygiene stations. H3 also continues to communicate public messaging relating to COVID-19.

Alongside H3 activity, we also administered Council's major event sponsorship and tourism grant budgets. In 2020/21, 12 events were approved to receive funding from the Major Event Sponsorship Fund, totalling \$387,000. The application of the fund is governed by the Event Sponsorship Policy. The fund is focussed on larger event opportunities where exposure will reach well beyond Hamilton, deliver high profile coverage and attract significant numbers of visitors, and deliver community participation.

The sponsored events that took place across the 2020/21 year were:

- Cambridge to Hamilton Paddle Race 2020.
- Rahui Pokeka Ahurei 2020.
- New Zealand Under 15 and Under 19 Badminton Championships 2020.
- Round the Bridges 2020.
- New Zealand Artistic Swimming National Championships 2020.
- Hamilton Gardens Arts Festival 2021.
- Balloons Over Waikato 2021.
- The Great Kiwi Run and Walk Series 2021.
- Feast Waikato 2021.
- Matariki Ki Waikato 2021.

Two events approved for funding in the 2020/21 financial year did not take place, as they were caught up in the impact of the nationwide COVID-19 level alert changes in January - March 2021. The uncertainty around this time resulted in the outright cancellation of Waikato River Festival/He Piko He Taniwha 2021 and a date change of the Boon: Hamilton Street Art Festival (from March 2021 to take place in November 2021). Neither event had received their sponsorship payment from Council at that stage, so there was a resulting surplus at year end.

Alongside a number of neighbouring councils, our annual funding grant to Hamilton and Waikato Tourism supported the development of a range of strategic tourism initiatives, strengthening the attraction of Hamilton and the wider region to a domestic visitor market.

CAPITAL PROJECTS

The following table summarises the capital projects planned for year three (2020/21) of the 10-Year Plan and the progress made during the period.

Capital project LOS = levels of service R = renewals G = growth	Type	2020/21 Annual Plan \$000	2020/21 Actual \$000	Variance \$000
Business administration plant and equipment	R	33	69	36
Claudelands plant and equipment	R	503	470	(33)
Seddon Park plant and equipment	R	0	3	3
FMG Waikato Stadium plant and equipment	R	356	250	(106)
Turf services plant and equipment	R	54	59	5
Seddon Park property renewals	R	314	316	2
FMG Waikato Stadium property renewals	R	579	529	(50)
Stadia building renewals	R	1,319	1,615	296
Claudelands building renewals	R	774	711	(63)
Claudelands capital improvement programme	LOS	49	40	(9)
Stadia capital improvement function	LOS	429	778	349
Share of facilities, information services, customer services and strategic property capital expenditure	LOS/R	1,159	959	(200)
Total		5,569	5,799	230

SERVICE PERFORMANCE MEASURES

KEY: Target achieved | Target not achieved

You can expect: Our venues are places you want to visit.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
The number of people attending events at the stadia (FMG Stadium Waikato and Seddon Park) and Claudelands.	441,000	470,645 (Claudelands: 330,852 Stadia: 139,793).	440,897 (Claudelands: 261,424 Stadia: 179,473).	558,395 (Claudelands: 334,332 Stadia: 224,063).

What's behind the results

This measure indicates the utilisation of stadia (FMG Stadium Waikato and Seddon Park) and Claudelands. The result includes utilisation at both ticketed and non-ticketed events.

The number of people attending events at our facilities is difficult to forecast as it is dependent on the availability and cycles of major events in the city. For example, a major event such as the Rugby World Cup can cause a peak in attendance that may not be matched in future years. The target of 441,000 was set to reflect the cyclical nature of events.

Despite the COVID-19 situation, many new and returning events took place at our venues across the year, reinforcing the notion of confidence across the New Zealand events industry.

VENUES, TOURISM AND MAJOR EVENTS FUNDING IMPACT STATEMENT

For year ended 30 June 2021

	10-Year Plan 2019/20	Actual 2019/20	10-Year Plan 2020/21	Actual 2020/21
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	12,938	11,603	16,625	15,748
Targeted rates	4,098	3,337	310	(106)
Subsidies and grants for operating purposes	-	11	-	-
Fees and charges	6,069	5,831	6,217	5,364
Internal charges and overheads recovered	20	-	21	-
Local authorities fuel tax, fines, infringement fees and other receipts	133	1,101	113	1,117
Total operating funding	23,286	21,883	23,286	22,123
Application of operating funding				
Payments to staff and suppliers	16,420	17,310	16,547	16,985
Finance costs	1,829	1,694	1,815	1,166
Internal charges and overheads applied	20	-	21	-
Other operating funding applications	-	-	-	-
Total applications of operating funding	18,269	19,004	18,383	18,151
Surplus/(deficit) of operating funding	4,989	2,879	4,903	3,972
Sources of capital funding				
Subsidies and grants for capital expenditure	100	40	100	326
Development and financial contributions	-	-	-	-
Increase/(decrease) in debt	(1,295)	12,399	(1,579)	157
Gross proceeds from sale of assets	2,125	124	-	254
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	930	12,563	(1,479)	737
Applications of capital funding				
Capital expenditure				
- to meet additional demand	-	5	-	75
- to improve the level of service	266	371	102	750
- to replace existing assets	4,760	7,216	3,180	5,403
Increase/(decrease) in reserves	893	1,578	142	4,268
Increase/(decrease) in investments	-	6,272	-	(5,787)
Total applications of capital funding	5,919	15,442	3,424	4,709
Surplus/(deficit) of capital funding	(4,989)	(2,879)	(4,903)	(3,972)
Funding balance	-	-	-	-

VISITOR ATTRACTIONS

Visitor Attractions is about providing our community and visitors with memorable experiences.

We want Hamiltonians to have high-quality attractions they are proud of and want to visit again and again because they always offer something new and interesting.

We want even more national and international visitors to make a point of coming to our city and contributing to our economy because they hear about the unique experiences and stories we have here.

THIS ACTIVITY HELPS US DELIVER A GREAT RIVER CITY.

WHAT WE DO

OUR ACTIVITIES:

- Hamilton Gardens
- Waikato Museum
- Hamilton Zoo
- i-SITE Visitor Information Centre.

Hamilton Gardens is an internationally acclaimed attraction and a key part of the city's identity. As a major visitor destination, it adds to our economy while also serving Hamiltonians as a community park.

Waikato Museum cares for, preserves and shares stories about the objects and taonga (treasure) of the Waikato region and beyond. It does this through a wide variety of exhibitions and educational activities. The Museum is a guardian of collections that have been acquired, gifted or loaned, and kaitiaki (guardians) of culturally significant Tainui taonga.

Hamilton Zoo provides a recreational and educational resource for visitors and our community, while also working to conserve wildlife. The nearby Waiwhakareke Natural Heritage Park, which opened in November 2019, provides a complementary dimension to the Zoo experience of local wildlife and habitats in the Waikato.

All of our visitor attractions are unique experiences for residents and visitors. They provide community recreational space and a variety of settings and venues that can be used for events. We also promote recreational and educational programmes through our attractions.

In addition to these venues, we also manage the Hamilton i-SITE to provide residents and visitors to Hamilton access to quality, up-to-date information and a nationwide booking service for activities, attractions, transport, accommodation and events.

EFFECTS ON THE COMMUNITY

Our visitor attractions provide spaces that contribute to the protection of the city's heritage and culture and provide learning, social and leisure benefits. They attract visitors to Hamilton, bringing tourism benefits to our city.

KEY IMPACT ON
COMMUNITY
WELLBEING



SOCIAL



ECONOMIC



ENVIRONMENTAL



CULTURAL

DELIVERING ON OUR 10-YEAR PLAN

A continual programme of new and diverse offerings is important to visitation and our attractions provided plenty of fresh reasons to visit over the past year.

Refreshed spaces at the Zoo included an upgrade to the outdoor chimpanzee enclosure, refurbishment of the fishing cat exhibit and a new enclosure for the much-anticipated arrival of four cheetahs from Australia.

New babies are always a drawcard, and the Zoo was excited by the births of chimpanzee Kendi and spider monkey Belize. It was a big milestone too for the Zoo's oldest resident, Sally the chimpanzee, who celebrated her 50th birthday in October 2020. Sadly, Sally passed away in July 2021.

Conservation efforts continued, with three juvenile kaka and 15 endangered paateke (brown teal) bred at the Zoo transferred to pre-release conditioning facilities. A number of ailing birds received from public were also successfully rehabilitated.

Arbor Day 2021 saw the planting of a further 18,000 native plants at Waiwhakareke, as people came together for the city's biggest community planting day, growing more nature in the city.

Work also started on the development of a shared entry precinct for Hamilton Zoo and Waiwhakareke. This major project's works carried out during 2021 and 2022 will create a new conservation precinct, connecting the two sites and providing facilities for visitors to either destination as well as the local community. The windows to view the site are already attracting plenty of curiosity amongst visitors.

Waikato Museum was the first venue in the world to host an interactive exhibition about Italian natural philosopher, astronomer, and mathematician Galileo Galilei. Opening in February 2021, this family-friendly exhibition used interactive displays to allow visitors to discover Galileo and his fundamental contributions to science.

A range of other new exhibitions opened during the year – a snapshot of what was on offer includes #mywaikatomuseum, a COVID-19 Level 4 community engagement campaign; Jacqueline Fahey's Suburbanites; Remembering Rodin – Te Whakamahara ki a Rodin; Waitohu, showcasing contemporary Maaori art; an exhibition of Hamilton printmaker Ruth Davey's engaging work; exhibitions featuring prints from Robin White (Ngaati Awa); and the unique photographic project Where Children Sleep, which drew the attention of the public and generated many positive conversations.

Coinciding with a full day of free Matariki celebrations, the latest new exhibition – Maiangi Waitai: Ātea-ā-Rangi–Interstellar – re-imagines oral history traditions related to the Matariki constellation and explores empowerment, generosity, gratitude and protection of culture and the environment.

At Hamilton Gardens, the focus was on the future, with construction continuing on the four new themed gardens (Ancient Egyptian, Medieval, Pasifika and Baroque Gardens) and the adoption of a new management plan for the Gardens.

Passionate community feedback shaped the new plan, following two rounds of community engagement. The plan allows for 12 new themed gardens in the future in addition to the four gardens currently under development. It also retains the popular Rhododendron Lawn after the Council took on board community feedback on the original plan's potential loss of the lawn.

Hamilton Gardens is a very special place, well-loved and well-used by our residents and visitors to the city, and the management plan will ensure its unique story continues for generations to come.

February 2021 saw the Hamilton Gardens Arts Festival annual event held, with bookings across the Gardens. Unfortunately, the last day of the event was affected by changes to the COVID-19 alert level.

Changes to COVID-19 alert levels during the first and third quarters of the year saw disruption to events and activities at all three attractions and i-SITE, with cancellations, social distancing requirements in place and impacts to tourism partners. Uncertainty around alert levels has also affected forward planning, with hesitancy evident around future event bookings at the Gardens and the Museum.

However, our teams continue to rise to the challenge, channelling their efforts into initiatives such as a library of web and social media collateral at the Museum for future use if exhibitions and events are disrupted, and collaboration with local businesses to promote packages through i-SITE.

Amidst the uncertainty, our visitor attractions received positive recognition during the year.

The Zoo was recognised for its commitment to animal welfare, achieving accreditation under the Zoo and Aquarium Association (ZAA) 2020 Programme (ZAA). ZAA is the professional membership organisation representing those zoos, aquariums, sanctuaries, and wildlife parks across Australasia that operate to the highest standards.

Waikato Museum Taumata Atua (carved kumara god) featured in the October 2020 episode of Prime TV's 'Artefacts of Te Mana o te Wahine - The Power of Women'. In November 2020, the Museum also received a Highly Commended award at the Annual Central Business District (CBD) Business Awards.

Both Hamilton Gardens and Waikato Museum retained their Qualmark Gold status under the Sustainable Tourism Business criteria. A gold award recognises the best sustainable tourism businesses in New Zealand, with the delivery of exceptional customer experiences an integral part of everything they do.

'The Garden's Secrets', a children's book depicting a delightfully picturesque journey around Hamilton Gardens, was also launched. It is proving popular and is available through booksellers nationwide.

The retirement of visionary Gardens' director Dr Peter Sergel and the arrival of a new Zoo-Waiwhakareke director also saw a changing of the guard in leadership at both these venues.

Dr Sergel, the driving force behind Hamilton Gardens, retired as director in December 2020. Throughout four decades, he has worked closely with the community to develop the Gardens' unique concept of telling the story of gardens throughout civilisation. With Dr Sergel at the helm, Hamilton Gardens has grown to become a major visitor destination, receiving international recognition, including the 2014 'International Garden of the Year Award'. Dr Sergel will remain involved in the development of the next few gardens in a part-time role.

Hamilton Gardens will soon welcome new director Lucy Ryan, who steps into the role in August following her success as Hamilton City Council's Central City Place Manager. Ms Ryan brings a wealth of knowledge and experience to her new position.

In September 2020, Hamilton Zoo and Waiwhakareke welcomed new director Dr Baird Fleming from the United States. A Doctor of Veterinary Medicine, in his previous position Dr Fleming was Director of ABQ BioPark in Albuquerque, New Mexico. With a background in working with wildlife and focussing on conservation, he will play a key role in further developing and promoting the education, conservation and biodiversity goals shared by the Zoo and Waiwhakareke.

As we look forward, the Council is taking a strategic and joined-up approach to our three major cultural and tourism assets. There are some exciting projects over the next few years, including completion of the Zoo and Waiwhakareke visitor precinct, overnight accommodation facilities at the Zoo, an upgrade to the Hamilton Gardens visitor arrival centre, completion of an Egyptian Garden and a Palm Court at the Gardens, and improvements to the Museum's Victoria Street entrance and foyer. These projects will take our premier visitor destinations from strength to strength, maximising their collective potential and the benefits to the city.

CAPITAL PROJECTS

The following table summarises the capital projects planned for year three (2020/21) of the 10-Year Plan and the progress made during the period.

Capital project LOS = levels of service R = renewals G = growth	Type	2020/21 Annual Plan \$000	2020/21 Actual \$000	Variance \$000
Hamilton Gardens renewals	R	168	196	28
Hamilton Gardens building renewals	R	12	61	49
Hamilton Gardens development ^{note one}	LOS	3,014	1,326	(1,688)
Zoo animal enclosure renewals	R	312	206	(106)
Zoo building renewals	R	13	31	18
Property renewals	R	18	83	65
Zoo animal replacement	R	161	42	(119)
Zoo safety improvements	LOS	1,014	1,027	13
Hamilton Zoo Improvement Programme	LOS	81	113	32
Water and stormwater reticulation	R	193	15	(178)
Zoo and Waiwhakareke Entrance Precinct ^{note two}	LOS	5,477	2,672	(2,805)
Museum asset renewal	R	52	148	96
Collection Acquisition Fund	R	97	30	(67)
Public Art Support Fund	R	132	3	(129)
Museum activity building renewals	R	533	209	(324)
Share of facilities, information services, customer services and strategic property capital expenditure	LOS/R	602	501	101
Total		11,879	6,663	(5,216)

Note one: \$1.7 million has been deferred to 2021/22 to align with the revised construction programme of the contractually committed Egyptian Garden and the Palm Court - which are both underway.

Note two: \$2.8 million has been deferred for the Zoo and Waiwhakareke Entrance Precinct to align with construction timing. Stage 1 is on track for completion in December 2021.

SERVICE PERFORMANCE MEASURES

KEY: Target achieved | Target not achieved

You can expect: Our premium attractions (Hamilton Gardens, Waikato Museum and Hamilton Zoo) are places you want to visit.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
Maintain or increase visitation to the Hamilton Enclosed Gardens.	Equal or greater than previous year.	536,442	418,258 ²	Established baseline 440,000.
Maintain or increase visitation to the Waikato Museum and Hamilton Zoo.	At least 250,000.	274,229 (Waikato Museum: 107,059 Hamilton Zoo: 167,170).	214,768 (Waikato Museum: 96,783 Hamilton Zoo: 117,985) ² .	278,828 (Waikato Museum: 133,898; Hamilton Zoo: 144,930).

What's behind the results

We offer a diverse range of quality, relevant programmes and experiences. These measures indicate residents and non-residents enhanced interest in these attractions.³

In 2020/21 Hamilton Gardens recorded its highest ever visitor numbers. 536,442 people visited the Enclosed Gardens this financial year, 118,184 more than last year and 66,605 more than our best pre-COVID-19 year (2018/19). This is a massive achievement considering the international borders have been closed during most of this financial year and very few Australian tourists have returned to Hamilton Gardens yet. It was the busiest summer yet, with upwards of 116,000 visits between Christmas Eve and Waitangi Day alone. Sunday 4 April (Easter Sunday) recorded the highest visitation day ever, with more than 7600 visits, approximately 1000 people per hour during peak times. This is quite an achievement given the restrictions on international travel. It is estimated that pre-COVID, one third of the visitors to the Gardens were international tourists.

While we can't be exactly sure what generated this result, Hamilton Gardens featured heavily in Tourism New Zealand's 'Do something new New Zealand' campaign over the summer as well as in the Hamilton 'Neat Places' guide and some featured media travel stories such as the 'Best free things to do in New Zealand'. We also believe that Hamiltonians were visiting their own backyard more as well as other domestic tourists and deemed the Enclosed Gardens to be a relatively safe space in relation to COVID-19 considerations (outdoor venue, room to social distance).

Despite the ongoing challenges of COVID-19, our visitor attractions are holding their own. While there is no doubt New Zealand's tourism sector is suffering with the absence of international travel, the emphasis on domestic travel has had a positive impact as New

continued on the next page...

² Result impacted by COVID-19

³ The visitation for our attractions is influenced by the exhibitions. For example, an international touring exhibition at the museum or a new baby animal at the zoo will attract more visitors. These events do not occur consistently every year and the targets have been set to reflect this.

Zealanders explore their own backyard. Nature has been a place for healing during the pandemic and Hamilton Zoo welcomed 15% more visitors than pre-COVID-19 numbers in 2018/19. Annual passes have grown from 1348 in 2017 - 4294 in June 2021. Teachers' confidence to take students on learning experiences outside the classroom grew throughout the year, with 8320 students coming through the Zoo's education programme. Twenty-three low decile schools received The Warehouse Zoofari funding, enabling them to bring nearly 900 students to the Zoo.

As the pandemic continues, the Zoo has found creative ways to keep the community connected through online engagement. This has seen an increase in followers across the platforms, with more than 17,000 followers on Facebook and nearly 3000 on Instagram.

Waikato Museum has been hit harder, finding it more difficult to recoup the loss of international visitors and disruption to activities and operations. Being an indoor facility, social distancing requirements have had a significant impact, with limits on numbers allowed into the galleries and at events. Major events, such as Children's Day were cancelled, and schools erred on the conservative side with cancellations and postponements. However, a positive was the success of the Galileo exhibition, which ushered through 11,690 visitors and drew \$130,000 in admission income, exceeding the Museum's targets for both.

VISITOR ATTRACTIONS FUNDING IMPACT STATEMENT

For year ended 30 June 2021

	10-Year Plan 2019/20	Actual 2019/20	10-Year Plan 2020/21	Actual 2020/21
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	10,820	11,081	13,254	15,018
Targeted rates	4,088	3,948	808	769
Subsidies and grants for operating purposes	85	95	85	81
Fees and charges	3,742	2,585	4,305	3,417
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	47	279	52	247
Total operating funding	18,782	17,988	18,504	19,532
Application of operating funding				
Payments to staff and suppliers	14,025	14,961	14,792	15,383
Finance costs	169	148	289	97
Internal charges and overheads applied	-	-	-	-
Other operating funding applications	-	-	-	-
Total applications of operating funding	14,194	15,109	15,081	15,480
Surplus/(deficit) of operating funding	4,588	2,879	3,423	4,052
Sources of capital funding				
Subsidies and grants for capital expenditure	1,862	125	1,925	600
Development and financial contributions	-	-	-	-
Increase/(decrease) in debt	(115)	1,120	2,468	14
Gross proceeds from sale of assets	-	71	-	146
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	1,747	1,316	4,393	760
Applications of capital funding				
Capital expenditure				
- to meet additional demand	-	1,962	-	195
- to improve the level of service	4,076	3,064	6,267	5,028
- to replace existing assets	1,704	1,376	1,625	1,342
Increase/(decrease) in reserves	555	(2,783)	(76)	(1,221)
Increase/(decrease) in investments	-	576	-	(532)
Total applications of capital funding	6,335	4,195	7,816	4,812
Surplus/(deficit) of capital funding	(4,588)	(2,879)	(3,423)	(4,052)
Funding balance	-	-	-	-

ARTS AND COMMUNITY

Arts and Community is about providing community facilities and development assistance.

These services help make sure Hamilton has strong communities that support each other and are proud to call Hamilton home. Libraries and other community hubs are important spaces for this development to happen.

We want arts and culture to be accessible to our residents and visitors and to be a point of interest for our visitors.

We want to support our local artists.

THIS ACTIVITY HELPS US DELIVER A GREAT RIVER CITY.

WHAT WE DO

OUR ACTIVITIES:

- community development
- libraries
- arts promotion
- theatre.

Supporting communities to be increasingly more connected and resilient and to develop and express themselves in ways that help build their identity is fundamental to a thriving city.

Our Community Development team and facilities support the wellbeing of our communities. Our Community Advisors use community-led processes to work alongside communities with a wide range of interests, including social, economic and cultural development. We provide grants to community groups to enable local organisations to deliver services and activities for local communities.

Hamilton City Libraries promotes literacy and lifelong learning through a network of six libraries and the online eBook collection. Services and programmes include provision of books and other materials in a range of formats, literacy-based community programmes and events and the collection and preservation of the documentary heritage of the city. Our libraries provide spaces for people to meet and participate in meaningful social activities.

We support and promote arts and culture in the city. We do this through supporting local public artworks and encouraging local and regional theatre ventures. This work is enabled through our Arts Agenda and Public Art process.

We work proactively with artists and groups throughout the city to support the development of new public art.

EFFECTS ON THE COMMUNITY

Arts and Community facilities offer health, learning, social and leisure benefits. They are an important part of what makes our city a great place with an attractive lifestyle.

Our community facilities contribute to people's sense of pride in our city and provide hubs for community interaction.

KEY
IMPACT ON
COMMUNITY
WELLBEING



SOCIAL



ECONOMIC



ENVIRONMENTAL



CULTURAL

DELIVERING ON OUR 10-YEAR PLAN

Economic and social wellbeing outcomes of communities are significantly impacted by poverty and inequality. We have supported the Government and community groups to address the long-term negative effects of poverty, in particular the Waikato Wellbeing Project and Waikato Plan initiatives around youth employment, housing, and food security. We have partnered on new initiatives like 'Here to help u', an online platform connecting people in need, providers, and their volunteers; and the Community and Social Development Team supported development of the Council's Housing Strategy.

A key outcome for the team is to grow collaborative local leadership by working with community partners in Enderley to achieve shared goals. The community organisations operating in Enderley have increased their capacity and service delivery with the support and enablement of our staff.

Joining forces with Council's Communication and Engagement Team on key consultation processes – He Pou Manawa Ora and the 2021-31 Long-Term Plan – resulted in positive community engagement. Visits to local schools, dedicated disability workshops, local community events and working directly with community partners to engage their people, saw feedback received from a broad cross-section of the community and almost 6000 submissions to the Long-Term Plan – the highest ever.

Hamilton City Council has been accepted into the Welcoming Communities Te Waharoa ki ngaa Hapori Programme run by Immigration New Zealand. Hamilton joins 14 other councils in this initiative, which aims to help newcomers to the city feel more supported and included. Acceptance into the programme brings funding to implement actions that will be identified in a local 'Welcoming Plan', which the Community and Social Development Team will lead in partnership with the community.

Community groups have a vital role in strengthening our communities, and Council manages a range of funds that provide grants to non-profit organisations.

The COVID-19 Community Response Fund continues to be available for any non-profit organisation in Hamilton supporting the wellbeing of Hamiltonians, impacted by the pandemic. We worked with the Waikato Community Funders Group to process requests, with an additional \$170,000 allocated during the year to support activities such as emergency food for communities in need, emergency non-food care packages and crisis support for mental wellbeing. To date, Council has allocated a total of \$620,000.

Council's Multi-Year Community Grants fund key social and creative infrastructure in the city. The allocation process for 2021-2024 was completed with 28 organisations across the city benefiting. Council supported a further 112 community organisations through the annual Single-Year Community Grants.

The Community Event Fund supports organisations hosting inclusive, free, or low-cost events with a high profile. Fewer applications were received than in previous years, which can be attributed to the uncertainty involved in event planning due to COVID-19. However, 14 events received funding.

The Government has recognised the role of libraries in supporting their communities through the COVID-19 recovery, and funding from the National Libraries New Zealand Libraries Partnership Programme has enabled the recruitment of three Engagement and Activation Librarian roles. These roles will support community recovery and bolster reading, digital literacy and learning activity.

Libraries are vital community hubs, where people can get practical help during tough economic times. Librarians support lifelong learning and can assist those looking for work. Local libraries

are safe spaces to access essential online services and to be supported in performing basic digital tasks, such as CV writing and accessing career services.

Programmes and events were a focus, and despite some disruption due to COVID-19 alert level changes, a range of new library programmes were introduced this year including a Lego club at Hillcrest, Reading Buddies at St Andrews, L'il Steamers (exploring science, technology, arts and maths) at Dinsdale and workshops at Auaha Makerspace. Wriggle & Rhyme and Storytime Puaawai sessions for pre-schoolers were popular as always, and Mandarin Storytime was also relaunched at Chartwell Library, attracting good attendance.

The Great New Zealand Tiki Tour, the summer reading programme, was a success with 610 children participating, an increase of 20% on last year. Children read for more than 6000 hours during the programme. Regionally themed activities were planned at the libraries in which the children 'toured' the country, there was a finale at the Hamilton Gardens to celebrate their achievements with a Kiwi backyard picnic and old-fashioned games.

Although printed books remain the steadfast core of our business, the popularity of the e-collection continues to grow and Lingogo, a new library app, was a great addition this year. Packed with Maaori and Pacific short stories, this app supports readers of all ages and levels to improve their language skills.

Council's Heritage and Archives Team care for the rich cultural and historical legacy of Kirikiriroa Hamilton. A new collection management database was implemented for the libraries heritage collection, increasing the availability of searchable online records from 3000 - 16,500. An exhibition in the Central Library's heritage area - 'Claudelands Through the Years' - included works held by the Waikato Museum. The Life in Lockdown competition held by the libraries received more than 60 individual images, which have been added to the photo archives.

A refresh of St Andrews Library was completed during the year, with new paintwork, furniture, shelving and an improved layout with more space. It is the last of the city's six libraries to get a spruce-up through the Council's renewals programme, which makes sure the city's assets are still working well for the community.

A seventh library will soon be added to the library network. Te Kete Aronui - Rototuna Library will be part of the Rototuna Village development in Hamilton's northeast. Construction of the Rototuna Village is set to get underway in late 2021 and plans include the library with community hub, carparks as well as a village square with an open area for community events and spaces to play, relax and enjoy community life. During the year, the necessary resource consents were obtained, and the community had the opportunity to provide feedback on preliminary designs. The library design is now nearly complete and next financial year will focus on procurement and construction, with the Council aiming to complete the project around the end of 2022.

Public Art plays an important role in the development of a city. It gives expression and energy to public places and can transform a place of functionality into one that inspires and challenges people. Council has been taking a fresh look at its public art policies and processes, to ensure we are telling Hamilton's stories fairly and well.

This work has culminated in two draft policies that will guide decisions around public artwork, memorials and monuments. The policies aim to differentiate monuments from public art, establish an art panel to review and make recommendations around new artwork proposals, and establish a process for dealing with existing public art that has caused significant upset to community members.

During the year, Council conducted a consultation process to seek community feedback on the future of the Founders site for inclusion in its long-term planning process. Over 500 submissions were received, with 84% of respondents favouring the removal of the theatre building, creation of a multi-purpose park with landscaping to feature recognition of the past use of the site and full

integration into the West Town Belt Masterplan. This was included in the draft 2021-31 Long-Term Plan (\$3.57 million) as Council's preferred option. During the verbal submissions and deliberation of the Long-Term Plan in April and May 2021, Council agreed to include the budget for re-imagining the Founders site as a multi-purpose park. However, they also agreed to grant local charitable trust Theatre of the Impossible (TOTI) a deadline of December 2021 to deliver a full alternate use and funding proposal to renovate and repurpose the building as a community centre.

As approved during the 2018-28 10-Year Plan, Council will contribute a total of \$25 million of funding towards construction of the Waikato Regional Theatre and is a contributing funder along with a range of other parties including the Waikato Regional Council, Central Government, philanthropic trusts and individuals. The theatre project is being led by community foundation Momentum Waikato and the newly formed Waikato Regional Property Trust (the Trust). The theatre is expected to open at the end of 2023 and will be owned by the Trust. During the year, Council agreed the terms and conditions of a Funding Deed with the Trust and will complete its funding contribution by the time the new theatre is due to open. Once opened and operational, Council will contribute \$1.1 million per annum towards property asset maintenance costs.

CAPITAL PROJECTS

The following table summarises the capital projects planned for year three (2020/21) of the 10-Year Plan and the progress made during the period.

Capital project LOS = levels of service R = renewals G = growth	Type	2020/21 Annual Plan \$000	2020/21 Actual \$000	Variance \$000
Library collection purchases	R	1,229	1,292	63
Library asset renewal	R	147	225	78
Library building asset renewal programme	R	893	689	(204)
Libraries strategic plan	LOS	0	0	0
Rototuna community facilities ^{note one}	G	9,500	1,000	(8,500)
Technical services equipment renewals	R	422	423	1
Community Facilities building renewals	R	128	153	25
Share of facilities, information services, customer services and strategic property capital expenditure	LOS/R	708	575	(133)
Total		13,027	4,357	(8,670)

Note one: \$8.5 million deferred for the Rototuna community facilities (library and village development) to align with the updated construction programme. Works are on track to be completed as planned in 2022.

SERVICE PERFORMANCE MEASURES

KEY: Target achieved | Target not achieved

You can expect: To be satisfied with our libraries.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
The percentage of customers satisfied with libraries.	Maintain or increase from the previous year.	93%	89%	Established baseline 85%

What's behind the results

This year's result continues to demonstrate a high level of satisfaction with our library services, with overwhelmingly positive feedback received from our customers. Measured through a combination of iPad surveys at the libraries and randomly generated email surveys to library customers, with 6211 people providing their views.

Our customers told us that they appreciate the great service from our staff and the user-friendly systems that allow them to borrow, return, hold and request items with a few simple clicks. Accessibility was also a stand-out theme, with positive feedback about the ease of physical access to the facilities and the accessibility of the spaces within the libraries.

Our libraries staff put the customer experience at the forefront of what they do. Some of the customer-focussed initiatives we've worked on this year include improved layouts and signage out library branches, changes to the number of items customers can borrow, an improved web presence and an active and fun social media profile, earlier notices for pending overdues, clearer labelling on book spines, and remodelling of the Chartwell Garden Courtyard.

You can expect: We will provide facilities and spaces that encourage the community to come together.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
The percentage of residents who feel a sense of community with others in their neighbourhood.	Maintain or increase from the previous rating.	47% Survey undertaken in September 2020 - November 2020.	Survey was due to be conducted in April 2020. Unable to collect data due to COVID-19.	48% Survey undertaken in April 2018 - June 2018.

What's behind the results

We aim to provide services and facilities which enable residents to meet, connect and have a sense of community. We survey our residents every two years to find out what they think.

The most recent survey was completed between September-November 2020. As part of the suite of questions relating to social participation and engagement with others, 47% of Hamilton respondents agreed that they feel a sense of community with others in their neighbourhood. The average of the eight cities surveyed was 50%.

Understanding the views and sentiments of Hamiltonians is central to Council decision-making, and we use the information from these surveys to help inform and improve our policies, plans and services over time.

ARTS AND COMMUNITY FUNDING IMPACT STATEMENT

For year ended 30 June 2021

	10-Year Plan 2019/20	Actual 2019/20	10-Year Plan 2020/21	Actual 2020/21
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	11,375	12,340	15,272	16,724
Targeted rates	3,316	3,607	-	(6)
Subsidies and grants for operating purposes	2	5	2	142
Fees and charges	837	478	844	630
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	38	125	97	122
Total operating funding	15,568	16,555	16,215	17,612
Application of operating funding				
Payments to staff and suppliers	18,158	11,522	25,148	20,121
Finance costs	410	(2)	1,498	(7)
Internal charges and overheads applied	-	-	-	-
Other operating funding applications	-	-	-	-
Total applications of operating funding	18,568	11,520	26,646	20,114
Surplus/(deficit) of operating funding	(3,000)	5,035	(10,431)	(2,502)
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase/(decrease) in debt	8,874	25	22,946	-
Gross proceeds from sale of assets	-	69	-	141
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	8,874	94	22,946	141
Applications of capital funding				
Capital expenditure				
- to meet additional demand	1,405	577	9,743	1,046
- to improve the level of service	1,354	1,349	15	-
- to replace existing assets	2,613	1,999	2,973	2,871
Increase/(decrease) in reserves	502	1,204	(216)	(6,278)
Increase/(decrease) in investments	-	-	-	-
Total applications of capital funding	5,874	5,129	12,515	(2,361)
Surplus/(deficit) of capital funding	3,000	(5,035)	10,431	2,502
Funding balance	-	-	-	-

PARKS AND RECREATION

Parks and Recreation is about ensuring access to a wide range of recreational and leisure activities and attractive outdoor spaces for all Hamiltonians to enjoy.

We want to provide activities and spaces that enhance the quality of life for our residents and visitors and keep Hamilton beautiful.

We want to preserve indigenous flora and fauna, natural ecosystems and landscapes and to protect our lakes and rivers and meet our legal obligations for the preservation and management of reserve land.

THIS ACTIVITY HELPS US DELIVER A GREAT RIVER CITY.

WHAT WE DO

OUR ACTIVITIES:

- community parks (including play spaces)
- natural areas
- streetscapes
- sports parks
- cemeteries and crematorium
- pools
- indoor recreation.

One of the things making Hamilton a great place to live, work and play is the range of recreation facilities and open green spaces we have for the community to enjoy.

We provide, operate and maintain 196 parks and associated assets across more than 1142 hectares in the city. These assets include recreational facilities such as playgrounds and play spaces like skate parks, natural areas and open spaces, sports parks and community amenities such as public toilets.

Keeping the city beautiful is an important part of this activity and we do this through our gardens and street plantings and by maintaining a substantial gully system throughout the city.

We provide, manage and maintain three cemeteries and one crematorium. As part of this we make burial records available to the public and protect our heritage cemeteries. The crematorium is a critical service to the Waikato region in the event of a pandemic or civil emergency. The cemeteries also serve as passive spaces of reflection and remembrance for the community.

We are a key provider of public aquatic facilities in Hamilton which are dedicated to promoting health, recreation and rehabilitation through swimming and water-related activities. These facilities offer many recreational programmes and activities for the community, including lane and leisure swimming, aqua education, and a health and fitness centre.

We support indoor recreation through the provision of the Te Rapa Sportsdrome, and partner with external agencies to support the building of new facilities, such as the Rototuna Indoor Recreation Centre (The Peak).

We own facilities that may be booked by local organisations, private providers and communities to use for their members.

EFFECTS ON THE COMMUNITY

Our parks and recreation facilities protect, restore and enhance Hamilton’s beautiful green landscape and offer community spaces for leisure and recreation. The spaces also protect the city’s heritage and contribute to people’s pride in how Hamilton looks and feels.

Our cemeteries and crematorium provide burial and cremation services in park-like settings where people can remember loved ones and celebrate our city’s heritage.

Potential negative effects on the community from this activity, such as leachate from burial grounds and cremator unit discharges, are managed through soil and water testing, resource consent conditions and regular maintenance.

KEY IMPACT ON COMMUNITY WELLBEING	 SOCIAL	 ECONOMIC	 ENVIRONMENTAL	 CULTURAL
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DELIVERING ON OUR 10-YEAR PLAN

Hamilton’s parks and recreation network provides places for activity and engagement, peace and enjoyment, for freedom and relief from the built environment and an opportunity to connect with nature and heritage. It contributes to the social, health, economic and environmental wellbeing of our city.

COVID-19 has underscored the value and importance of our open spaces. In cities worldwide, they have played a vital role in people’s physical and mental wellbeing. This has been seen in Hamilton, with our parks and green spaces used extensively during lockdowns and at times of social distancing. Throughout the year, Council has continued to invest in this area, with a goal of enabling everyone to play and be active.

Our playgrounds are among the best in the country and we have a regular programme of upgrades and renewals across the city.

Renewal of the lake-side level of the Lake Domain playground and duck feeding area was completed, making the area significantly more accessible. The skate and play spaces at Elliott Park were also completed and have been well received by users.

An upgrade to Glenview Park playground created a larger playground with more play equipment, a half basketball court and other amenities. Hayes Paddock playground in Hamilton East is now much improved, with a colour theme that reflects the kowhai, kaka beak and kawakawa bushes that line the banks of the Waikato River. Tauhara Park destination playground in Rototuna will reopen soon, with updated play equipment and safety surfaces and more shade and furniture.

In January 2021, the Melville Park skatepark upgrade project was awarded the Sport Waikato Outstanding Active Space Initiative Award. The award celebrates unique use of spaces, places and facilities in ways that support increased participation in sport and active recreation.

In March 2021 there was a community-focussed celebration for the first park to support the new neighbourhood in Peacocke. Te Inuwai Park in the south-west of Hamilton is the first of many community facilities planned for Peacocke and the surrounding areas, which will eventually be home to up to 20,000 people. Council worked closely with mana whenua to incorporate the area’s history into the playground. Te Inuwai is the name of a Ngaati Maahanga ancestor who lived in the area, and the playground design celebrates its previous life as a food bowl for Maaori and English settlers.

A programme to improve drainage on sports fields saw works completed at Ashurst Park during the year. Our sports fields are used by a variety of sporting codes and in addition to the traditional sports, we have emerging codes looking to grow and develop in Hamilton. This means our sports fields are in hot demand. Most fields only have basic drainage, so wet muddy days in winter limit the amount they can be used. By improving the drainage, we increase playability and get the most out of our fields.

Exercising dogs in Hamilton was made safer and easier with the city's first fenced dog exercise area created at Minogue Park. Requested by dog owners for many years, it is a space for dogs and handlers who need the extra security of boundaries. The choice of location for the new one-hectare off-leash space was based on public feedback.

Environmental protection is an important role of open space, through habitat and biodiversity conservation, as well as air and water quality management. It also enables a link to nature, which is important for people living in urbanised neighbourhoods.

In December 2020, the Council adopted the Nature in the City Strategy, with a goal of achieving 10% native vegetation cover in Kirikiriroa Hamilton by 2050. The Strategy will guide our investment in projects to restore, grow and care for nature across the city. Council's 2021-31 Long-Term Plan, signed-off in June 2020, includes a significant funding boost for this area of work. The next 10 years will see increased investment in the maintenance and restoration of our gully systems, including improvements to paths and boardwalks, as well as establishment of a biodiversity monitoring and reporting programme.

In January 2021, the central city jetty below Waikato Museum became operational it was formally opened in July 2021. This jetty includes a floating pontoon to the land via a gangway, rising and falling with river levels making it suitable for year-round use. A well-functioning jetty opens up the central city to river tourism and reinforces the link between Hamilton Gardens, Waikato Museum and the central city.

Another project to benefit from the Provincial Growth Fund was the Pan Pasifika Community Hub. Council voted to transfer ownership of the vacant bowling clubhouse on Hinemoa Park to the K'aute Pasifika Trust, and to grant the Trust a long-term lease of the site. This commitment was rewarded, with the Trust receiving a \$6 million grant and \$2 million loan from the Provisional Growth Fund to help build a purpose-built facility. Trust Waikato will also contribute \$2.1 million towards the project, which has been planned for more than 20 years to support a fast-growing Pacific population in Hamilton and the wider Waikato.

Also part of the city's open space network, Council's cemeteries and crematorium are in beautiful park settings. These sites offer quiet, contemplative spaces to remember loved ones and appreciate Hamilton's heritage. Providing burial and cremation services, this activity is often an unsung hero among our essential services, delivering a respectful and dignified service to families and whaanau at a sensitive time.

Changes to COVID-19 alert levels continued to present challenges during the year, with physical distancing requirements and limits to funeral numbers reintroduced in the first and third quarters. However, staff are now well versed in these additional precautions and alongside day-to-day operations, implemented a new cemetery management system. This new system replaces obsolete technology with a modern system that ensures business continuity, fulfils legal and compliance requirements, and allows for the growing technological demands of people needing these services.

Council's aquatic facilities have also experienced turbulent waters due to COVID-19. Although both Waterworld and the Gallagher Aquatic Centre reopened as soon as possible following the COVID-19 lockdown last year, by mid-July Waterworld had to close again for essential electrical works delayed due to the lockdown.

A new system at Waterworld, installed this year, meaning the chlorine treatment in Waterworld pools has reduced from 13% to just 1%. There are many benefits to lower chlorine in the water, including less potent water, less pH management required, reduction of crystallisation and less maintenance overall. The new system also means we can generate the chlorine ourselves, so there is no need for the delivery of hazardous chemicals.

Alert level variations require management of visitor numbers, which can be challenging for pool operations. During Alert Level 2, several pool facilities, such as the spa/sauna, steam rooms, hydrosides and toddler pools, were closed to ensure social distancing guidelines were followed. Additional measures included limiting attendance at club activities, cancelling events, reducing numbers at classes, and limiting pool time.

Despite the disruption, a range of events were held successfully. In October 2020, Waterworld hosted the National Short Course Championships and the 2020 New Zealand Secondary School Championships. Quarter three included 'Summer Meet', a large swimming event with Swim Waikato, and 'Aquaknights' organised by Swimming New Zealand, which had more than 300 competitors and 1172 spectators from all over the country.

Learn to swim and water safety classes continue to be well utilised, with lessons offered to all ages. Our aquatic facilities cater for diverse community needs and equity is important, so we are teaming up with Swimming Waikato to provide much-needed learn to swim and water safety lessons at Waterworld for low-decile schools across the city. With help from Sport New Zealand and Sport Waikato's Tuu Manawa Active Aotearoa funding, more of our primary school tamariki will be able to learn how to be safe in the water. With many aquatic environments here in the Waikato, we want our young people to enjoy the water safely, and as we look forward to the year ahead this partnership will help to achieve this.

CAPITAL PROJECTS

The following table summarises the capital projects planned for year three (2020/21) of the 10-Year Plan and the progress made during the period.

Capital project LOS = levels of service R = renewals G = growth	Type	2020/21 Annual Plan \$000	2020/21 Actual \$000	Variance \$000
Aquatic facilities building renewals ^{note one}	R	320	1,037	717
Waterworld operational asset renewals	R	410	630	220
Gallagher Aquatic Centre operational asset renewal	R	57	0	(57)
Building renewals cemeteries	R	0	16	16
Renewal of crematorium assets	R	137	101	(36)
Hamilton Park east and west cemeteries renewals	R	282	356	74
Hamilton Park cemetery accessible toilet block	LOS	0	0	0
Hamilton Park cemetery, burial and ash lawn extension	G	97	104	7
Toilet and changing room renewals	R	113	423	310
Building renewals parks and open spaces	R	124	0	(124)
Parks and open spaces assets and playgrounds renewals ^{note two}	R	1,850	2,535	685
Destination Parks Renewals	R	4,426	4,021	(405)
Playground Development Programme ^{note two}	LOS	700	0	(700)
River Plan	LOS	935	860	(75)
Pooches and Parks	LOS	95	57	(38)
Alternative weed control	LOS	0	0	0
Peacocke Parks development ^{note three}	G	9,994	9,078	(916)
Rototuna Parks development	G	0	0	0
Te Manatu Park development	G	402	296	(106)
Sports area renewals ^{note four}	R	1,668	63	(1,605)

continued on the next page...

Capital project LOS = levels of service R = renewals G = growth	Type	2020/21 Annual Plan \$000	2020/21 Actual \$000	Variance \$000
Parks Toilets development/upgrade	LOS	2,068	2,091	23
Sports Park Drainage	LOS	1,361	1,464	103
Rototuna Park development	G	699	845	146
Sports Park development ^{note five}	G	2,166	1,066	(1,100)
Share of facilities, information services, customer services and strategic property capital expenditure	LOS/R	1,457	1,214	(243)
Total		29,361	26,242	(3,119)

Capital expenditure was lower than budgeted by \$3.1 million due to project savings and deferrals. The main reasons for the underspend are:

Note one: Aquatic Building Renewals was overspent by \$700,000 due to funding brought forward from 2021/22 for the replacement of the Waterworld dive pool filter, an increase in the original budget for the Waterworld Roof Replacement, completion of work in the Hydroslide pump room which was covered by insurance and an unexpected replacement of Waterworld electrical equipment.

Note two: \$700,000 was moved from playground development programme to Parks and Open Spaces assets and playground renewals to cover the upgrade component of the playground renewals.

Note three: \$9 million was used as a deposit for land purchase for a new sports field in Peacocke. The \$915,000 underspend will be deferred to 2021/22 to cover remaining costs associated with the purchase of the land.

Note four: \$1.6 million underspend on Sports area renewals is due to a deferral for the Pukete Farm Park to align with construction timing and budget reprioritisation, as the programme of work was completed under budget.

Note five: \$1.1 million of Sports Park development was deferred to align with construction timing for stage one development at Hare Puke and Mangaiti sports parks.

*Means a park or open space that meets the function of a neighbourhood park as defined in the Open Space Provision Policy.

SERVICE PERFORMANCE MEASURES

KEY: Target achieved | Target not achieved

You can expect: Access to a park or open space in your neighbourhood.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
Percentage of households that have access to a neighbourhood park or open space within 500 metres walking distance.*	At least 76%	82.7%	78.3%	79.5%

What's behind the results

Council's Open Space Plan recognises the importance of access to open space, with a priority to ensure it is accessible to everyone. Informed by best practice guidance and benchmarking against other New Zealand cities, our Open Space Provision Policy sets out the base-level supply required for a high-quality open space network in Hamilton.

The target is to provide household access to a neighbourhood park or open space within 500 metres walking distance. In 2020/21 we exceeded our target, which reflects the development of Te Inuwai Park in the south-west of Hamilton, along with the inclusion of Te Manatu Park in the north-east and Legacy Park in Temple View as neighbourhood parks.

* Means a park or open space that meets the function of a neighbourhood park as defined in the Open Space Provision Policy.

You can expect: To be satisfied with our community facilities (pools and community facilities).

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
The percentage of customers satisfied with pools and community facilities.**	Maintain or increase from the previous year.	77%	80%	Established baseline 70%

What's behind the results

We survey Waterworld and Gallagher Aquatic Centre customers to understand and hear their views of our services. Through a combination of iPad surveys at our pools and member surveys, 1020 respondents provided feedback this year.

Overall, we have seen a drop in satisfaction compared to last year. 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.

Positive comments continue to reflect satisfaction with customer service, appearance and atmosphere of the facilities, and accessibility (including physical access to the facilities and accessibility of the spaces within them).

Customer service improvements throughout the year have included a new Duty Manager position covering all opening hours at both Waterworld and the Gallagher Aquatic Centre. This customer-focussed role ensures each day is running smoothly, acts as the 'eyes and ears' for both facilities and assists with all our customers' needs. Our Customer Service Team have also implemented faster response times to answer phones, emails and direct messages, and an improved social media presence.

** The result is only for pools, as are the results for 2019/20. The community facilities survey was paused in December 2019 due to concerns with data quality. The survey methodology has been reviewed and will recommence via a new survey platform.

PARKS AND RECREATION FUNDING IMPACT STATEMENT

For year ended 30 June 2021

	10-Year Plan 2019/20	Actual 2019/20	10-Year Plan 2020/21	Actual 2020/21
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	20,371	21,789	30,453	29,525
Targeted rates	5,726	6,189	-	(266)
Subsidies and grants for operating purposes	7	12	7	16
Fees and charges	7,784	6,457	8,040	8,617
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	187	613	204	1,055
Total operating funding	34,075	35,060	38,704	38,947
Application of operating funding				
Payments to staff and suppliers	23,988	26,886	24,924	30,346
Finance costs	2,525	1,994	3,263	1,373
Internal charges and overheads applied	-	-	-	-
Other operating funding applications	-	-	-	-
Total applications of operating funding	26,513	28,880	28,187	31,719
Surplus/(deficit) of operating funding	7,562	6,180	10,517	7,228
Sources of capital funding				
Subsidies and grants for capital expenditure	271	1,052	866	195
Development and financial contributions	1,330	1,180	1,590	1,363
Increase/(decrease) in debt	6,667	14,589	14,000	185
Gross proceeds from sale of assets	-	156	-	320
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	8,268	16,977	16,456	2,063
Applications of capital funding				
Capital expenditure				
- to meet additional demand	4,518	2,937	11,065	12,181
- to improve the level of service	4,525	4,548	6,129	3,035
- to replace existing assets	5,153	6,671	9,145	11,146
Increase/(decrease) in reserves	1,634	1,630	634	(10,268)
Increase/(decrease) in investments	-	7,371	-	(6,802)
Total applications of capital funding	15,830	23,157	26,973	9,291
Surplus/(deficit) of capital funding	(7,562)	(6,180)	(10,517)	(7,228)
Funding balance	-	-	-	-

SAFETY

Safety is about ensuring Hamilton is a place where people feel safe and are protected from risks to their health and wellbeing.

We want to make sure our public places are safe for the people that use them and that legal standards are met.

We want to meet our legal obligations to keep our residents safe by ensuring compliance with public health and safety regulations.

THIS ACTIVITY HELPS US DELIVER A GREAT RIVER CITY.

WHAT WE DO

OUR ACTIVITIES:

- public safety
- animal education and control
- environment health
- alcohol licensing
- Civil Defence.

We undertake many activities that contribute to keeping our community safe, protecting their wellbeing and keeping Hamilton a great place to be.

We work with a range of other agencies to deter antisocial behaviour in the city, look for opportunities to prevent crime, support the homeless or vulnerable and enhance perceptions of safety for the community. Services we provide include CCTV cameras, graffiti removal and City Safety patrols.

To reduce the risk of danger and nuisance from dogs, we make sure they are registered and controlled and investigate offences under the Dog Control Act 1996. Providing education to schools, businesses and community groups about safety around dogs is an important part of this service.

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

Through emergency management we work to help the community be resilient and ready to deal with an emergency. We support the Waikato Region Civil Defence and Emergency Management Group to meet legal requirements, minimise potential effects of emergencies, prepare our people to respond to emergencies and recover as quickly as possible after an emergency.

EFFECTS ON THE COMMUNITY

We provide these services to contribute to a safe community by minimising risks to public health and wellbeing and working with others to keep our city safe.

Our Civil Defence activity helps develop individual and community resilience and readiness to respond to and recover from an emergency or disaster.

KEY
IMPACT ON
COMMUNITY
WELLBEING



DELIVERING ON OUR 10-YEAR PLAN

Providing a city where people feel safe and are protected from risks to their health and wellbeing has continued to be a significant focus for the 2020/21 year.

Responding to customer service request is an important part of the activities we provide. During the year, we responded to 170 urgent requests for dog control, 3457 requests for graffiti removal and 6841 complaints about excessive noise.

Our City Safe team has continued to work collaboratively with a wide range of organisations to provide wrap-around support services for members of our at-risk community while maintaining a highly visible presence in the central city to deter antisocial behaviour.

During the year a security system was developed and implemented for the Te Huia train service which launched in March 2021. The system uses an innovative system that is based on concentric rings of security involving radar, CCTV, thermal imaging, and interactive speakers.

Two mini Civil Defence activations occurred in February at the request of the District Health Board (DHB) Incident Controller to provide support to the primary COVID-19 testing centre at Founders Theatre. On both occasions a significant surge in demand threatened to overrun the capacity of the primary testing centre. Civil Defence staff were responsible for facilitating road closures, arranging temporary toilet facilities, facilitating the rapid mobilisation of an additional pop-up testing centre at Claudelands Events Centre and arranging digital message boards to provide messaging to the public. Our welfare teams then supported members of the public who spent lengthy periods in the vehicles waiting to undergo COVID-19 testing.

CAPITAL PROJECTS

The following table summarises the capital projects planned for year three (2020/21) of the 10-Year Plan and the progress made during the period.

Capital project LOS = levels of service R = renewals G = growth	Type	2020/21 Annual Plan \$000	2020/21 Actual \$000	Variance \$000
CE10037 - CCTV renewals and development	R	54	99	45
Share of facilities, information services, customer services and strategic property capital expenditure	LOS/R	193	162	(31)
Total		247	261	14

SERVICE PERFORMANCE MEASURES

KEY: Target achieved | Target not achieved

You can expect: We work with partner organisations and the community to improve safety.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
The percentage of central city users surveyed who feel very safe or reasonably safe in the central city during daytime.	At least 80%	77%	89%	86%

What's behind the results

This measure indicates the community's perception of safety during the day.

The 2021 Perceptions of Safety survey ran from May - June 2021. This year's survey received 799 responses, the highest response rate to date. Results indicate a decrease in the percentage of central city users who feel very safe or reasonably safe in the central city during daytime.

Key themes identified that made respondents feel very unsafe or reasonably unsafe in the central city during the day include:

- presence of homeless people
- anti-social behaviour including fights, gang presence and intimidation
- gatherings of youths loitering and giving a sense of unease
- intoxicated people
- road safety issues.

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.

Key themes identified that made respondents feel very safe or reasonably safe during the day include:

- presence of daylight
- passive surveillance through other people being around (activation)
- presence of City Safe officers and security staff
- lack of interactions/experiences with beggars or vagrants.

SAFETY FUNDING IMPACT STATEMENT

For year ended 30 June 2021

	10-Year Plan 2019/20	Actual 2019/20	10-Year Plan 2020/21	Actual 2020/21
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	3,148	3,503	3,992	4,747
Targeted rates	917	1,023	-	(3)
Subsidies and grants for operating purposes	-	51	-	50
Fees and charges	2,235	2,131	2,282	2,347
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	33	75	33	125
Total operating funding	6,333	6,783	6,307	7,266
Application of operating funding				
Payments to staff and suppliers	6,036	7,386	6,177	8,079
Finance costs	1	(2)	1	(3)
Internal charges and overheads applied	-	-	-	-
Other operating funding applications	-	-	-	-
Total applications of operating funding	6,037	7,384	6,178	8,076
Surplus/(deficit) of operating funding	296	(601)	129	(810)
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase/(decrease) in debt	-	4,661	-	-
Gross proceeds from sale of assets	-	21	-	42
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	-	4,682	-	42
Applications of capital funding				
Capital expenditure				
- to meet additional demand	-	1	-	11
- to improve the level of service	4	4	4	-
- to replace existing assets	154	283	156	256
Increase/(decrease) in reserves	138	3,793	(31)	(1,035)
Increase/(decrease) in investments	-	-	-	-
Total applications of capital funding	296	4,081	129	(768)
Surplus/(deficit) of capital funding	(296)	601	(129)	810
Funding balance	-	-	-	-

PLANNING AND DEVELOPMENT

Planning and Development is about city planning that supports the growth of the city while ensuring Hamilton's unique environment is protected.

We want to meet our regulatory requirements to ensure building activity in the city supports safe, sustainable housing and commercial solutions in response to Hamilton's growing population.

We want to ensure developers, large and small, have accurate advice and information to help them through the regulatory processes.

THIS ACTIVITY HELPS US DELIVER A CITY THAT EMBRACES GROWTH

WHAT WE DO

OUR ACTIVITIES:

- city planning
- planning guidance
- building control.

In an environment of fast-paced growth such as Hamilton is experiencing, it is important the development of the city is managed strategically. Good planning is necessary to support smart development and sustainable growth across the entire city. It protects Hamilton's natural and built environments, our heritage and quality of life for our residents.

We manage the District Plan and monitor its effectiveness. The District Plan is the key document defining how and where the city grows. We manage the city's natural and physical resources along with other policies that guide the future development of our city.

We provide information and advice for those planning developments and process applications for land-use and subdivision consents. We work closely with developers to ensure the city is well designed, safe and embraces growth. We are responsible for implementing the Hamilton Housing Accord.

We issue building consents, inspect public buildings and those under construction, and provide advice to make sure Hamilton's buildings are safe, healthy and durable. We maintain property information and answer property enquiries, and provide advice on urban design and heritage matters.

EFFECTS ON THE COMMUNITY

Planning and Development supports the sustainable growth of the city while ensuring Hamilton's unique environment is protected.

KEY IMPACT ON COMMUNITY WELLBEING



SOCIAL



ECONOMIC



ENVIRONMENTAL



CULTURAL

DELIVERING ON OUR 10-YEAR PLAN

Hamilton is one of New Zealand's fastest growing cities - we are now a city of 176,500 people and by 2028, we expect to be home to more than 200,000 people⁴.

Residential growth has continued to climb back towards pre-COVID-19 levels despite earlier expectations that we would see construction decline. There were 2442 building consents lodged during the year, the highest since records began. A new record was also set for completed dwellings, with 1579 dwellings completed, an increase of 27% on the prior year. New non-residential construction has been hard hit by COVID-19. Consents granted dropped 22% in value and by 40% in floor area. However, future development is looking healthier after June 2021 saw a flurry of consenting activity with Stark Property's Tuapapa (60296m²) and the commercial part of Rawhiti Village (5516m²) being lodged.

Supporting, enabling and managing that growth while building sustainable communities is at the heart of our city-wide growth programmes. With the support of the Government's Housing Infrastructure Fund we have been continuing our Peacocke programme for Hamilton's newest neighbourhood, which will eventually be home for up to 20,000 new residents.

In December 2020 we hosted an open day for the new Peacocke neighbourhood. The event gave Hamiltonians the opportunity to ask questions and give feedback about some of the elements that will make up the Peacocke community.

We also continued to engage with landowners and developers on the Peacocke Plan change during the year. Pest and predator control work in Peacocke got underway and the lizard restoration work started with 5000 plants in the ground and another 6500 to be planted this coming season.

The Peacocke project reached a significant milestone in September 2020, with the award of our biggest ever construction contract to HEB Construction for the new transport network to open the Peacocke neighbourhood. The \$135 million contract includes construction of a new bridge over the Waikato River. Physical works commenced in October 2020 and are expected to be completed late 2023.

The last major piece of infrastructure needed to service new housing in Peacocke moved to the final stages of procurement in May 2021, with a contract to build a wastewater transfer pumping station and associated works put out for tender.

The Amberfield subdivision consent lodged with Council in mid-2018 is close to being confirmed by the Environment Court after a lengthy public Council Hearings process and Environment Court Hearings process. The subdivision consent will deliver some 850 houses adjacent to the Waikato River in Peacocke. The development will include extensive river margin and gully vegetation enhancement and a planted corridor across the site that will be protected as areas for the long-tail bat to thrive. Other development measures will also be required to control lighting levels and threats from predators which are the main threats to the survival of this nationally critical threatened species. The outcomes for an urban development of this scale co-habiting with the long-tail bat is an exciting first for the city and will continue to be a focus for the remaining development of Peacocke through the proposed Plan change.

⁴ NIDEA High 2021

CAPITAL PROJECTS

The following table summarises the capital projects planned for year two (2019/20) of the 10-Year Plan and the progress made during the period. Total approved budget equals the 2019/20 Annual Plan budget.

Capital project LOS = levels of service R = renewals G = growth	Type	2020/21 Annual Plan \$000	2020/21 Actual \$000	Variance \$000
Share of facilities, information services, customer services and strategic property capital expenditure.	LOS/R	451	378	(73)
Total		451	378	(73)

SERVICE PERFORMANCE MEASURES

KEY: Target achieved | Target not achieved

You can expect: A sufficient supply of land for housing and business.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
There will be at least three years capacity of residential zoned land supplied with development infrastructure in the city.	Achieved	3.5 years	3.7 years	3.2 years
There will be at least three years capacity of business zoned land supplied with development infrastructure in the city.	Achieved	3.7 years	2.6 years	2.4 years

What's behind the results

We aim to provide sufficient residential and business land to allow our city to grow. These measures do not reflect the amount of land for sale, but rather indicate the amount of residential and business land zoned and ready with infrastructure to be used. Developers decide when and how they develop and release that land to the market.

It is estimated that there is currently 3.5 years of capacity for residential zoned land that has development infrastructure in place. There continues to be high demand for both infill redevelopment and greenfield development in Hamilton.

We are currently working through the implications of the National Policy Statement - Urban Development and reviewing our District Plan. Work is underway to identify areas for future intensification within existing urban areas. The District Plan change will enable a wider range of dwelling types and increase the redevelopment potential (potential infill capacity) in existing suburbs.

In addition, we are developing bids for the Infrastructure Acceleration Fund to enable the acceleration of existing greenfield growth cells and the redevelopment of infill areas. A successful bid(s) would see additional capacity added in the short to medium term.

It is estimated there is currently 3.7 years of capacity for industrial land zoned and supplied with development infrastructure in place. This increase in capacity compared to the previous year is due to the release of new annual demand estimates for industrial land from the 2020 Business Development Capacity Assessment, which anticipate lower demand for industrial land than the previous assessment. In practice, while the result is now sufficient it remains important to continue to bring onstream additional industrial land to meet demand. A plentiful supply of retail and commercial land remains in place.

Staff are working on a change to the District Plan (and determining the infrastructure servicing requirement) to enable further land for industrial development in the Te Rapa North area of the city. The supply of commercial and industrial land will also be part of the greater Hamilton Metropolitan Spatial Plan work as part of the Hamilton - Auckland Corridor Plan.

Additionally, development of the Ruakura inland port and surrounding logistics and industrial precinct has been accelerated by Central Government funding. The funding from the Provincial Growth Fund and 'shovel ready' projects is anticipated to bring forward the opening of the first stage to mid-2022. This will provide additional development ready industrial land.

You can expect: We will support the delivery of safe, sustainable and attractive development.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
Average processing days for building consents. ⁵	18 working days.	17.27 working days.	16.31 working days.	17.04 working days.
Average processing days for non-notified land use and subdivision resource consents. ⁵	18 working days.	18.84 working days.	17.55 working days.	17.14 working days*.

What's behind the results

As the city continues to grow we are seeing increased demand for our consenting activities. Despite this increased demand we aim to process building and non-notified resource consents in a timely fashion.

A total of 2312 building consents were granted this year, up 22% on the prior year. Despite the increase we have remained within our target processing timeframes which is a testament to the team given the increased workload.

It has been difficult to forecast the expected number of building consents since COVID-19, however 2020/21 has seen some of our highest months on record and it has been great to see how the community have continued to invest in the city despite the uncertainty created by COVID-19.

During 2020/21 1050 resource consent applications were received, up 25% on the previous year. During the period from October 2020 to January 2021 resource consent applications increased off the back of COVID-19. This 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.

⁵ 'Average processing days' is the average number of working days used in processing consents, which excludes all stop clock days. A working day means any day except for a weekend day, public holiday, and those days between 20 December and 10 January. The processing clock may be stopped at any point should we require further information from the applicant.

* In 2018/19, the City Council audit opinion were qualified on the statement of service performance. The basis for the qualified opinion on the statement of service performance was that the City Council included in its long-term plan a performance measure on the average processing time for non-notified land use and subdivision resource consents. There were issues with recorded processing times not agreeing to underlying consent information at the time. The issues with recorded resource consent processing times has since been resolved for the 30 June 2020 and 2021 years. However, the issues cannot be resolved for the 30 June 2019 year, which means that the City Council's performance information reported in the full statement of performance for the 30 June 2020 and 2021 years, may not be directly comparable to the 30 June 2019 performance information.

PLANNING AND DEVELOPMENT FUNDING IMPACT STATEMENT

For year ended 30 June 2021

	10-Year Plan 2019/20	Actual 2019/20	10-Year Plan 2020/21	Actual 2020/21
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	5,578	4,198	6,806	5,693
Targeted rates	1,626	1,534	-	308
Subsidies and grants for operating purposes	-	290	-	70
Fees and charges	9,770	11,292	10,374	11,979
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	49	150	42	117
Total operating funding	17,023	17,464	17,222	18,167
Application of operating funding				
Payments to staff and suppliers	15,222	16,685	15,791	21,374
Finance costs	680	636	673	438
Internal charges and overheads applied	-	-	-	-
Other operating funding applications	-	-	-	-
Total applications of operating funding	15,902	17,321	16,464	21,812
Surplus/(deficit) of operating funding	1,121	143	758	(3,645)
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase/(decrease) in debt	(663)	-	(617)	59
Gross proceeds from sale of assets	-	48	-	100
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	(663)	48	(617)	159
Applications of capital funding				
Capital expenditure				
- to meet additional demand	-	2	-	26
- to improve the level of service	9	9	9	-
- to replace existing assets	237	313	238	354
Increase/(decrease) in reserves	212	(2,489)	(106)	(1,692)
Increase/(decrease) in investments	-	2,356	-	(2,174)
Total applications of capital funding	458	191	141	(3,486)
Surplus/(deficit) of capital funding	(1,121)	(143)	(758)	3,645
Funding balance	-	-	-	-

WATER SUPPLY

Water supply is about providing Hamilton residents and businesses with a reliable, high-quality and safe treated water supply.

We want to continue to meet our legislative requirements to deliver water supply services that are safe, healthy and sustainable.

We want to ensure we meet the current and future needs of communities with good-quality infrastructure.

THIS ACTIVITY HELPS US DELIVER A CITY THAT EMBRACES GROWTH

WHAT WE DO

OUR ACTIVITIES:

- water treatment and storage
- water distribution.

We treat, distribute and manage Hamilton's water supply. Raw water is drawn from the Waikato River into the water treatment plant, where it is treated to provide high-standard drinking water.

We operate, maintain and enhance the water treatment plant, water storage reservoirs, pump stations, hydrants and pipelines, and commercial water meters.

Our water supply network services more than 51,600 households and around 5,560 commercial, industrial and rural premises. Water from the city also supplies several thousand properties in the Waikato area and more than 100 properties in the Waipa area.

Monitoring and managing risks to the quality and safety of water is an important part of this service. We undertake planning to manage future capacity needs.

Legally, we must ensure our water is used sustainably. We do this in many ways, including water restrictions when demand is high, development of education programmes, encouraging residents to conserve our precious water resource, and investment in infrastructure to enhance monitoring and manage water usage better.

EFFECTS ON THE COMMUNITY

We provide Hamiltonians with a high-quality, reliable and sustainable water supply. Having enough good-quality drinking water is essential for a healthy community and our economy.

There are a number of users with consent to draw water from the Waikato River. Taking too much water from the river can impact on the amount of water available for users downstream and the ecology and health of the river. Waikato Regional Council is responsible for managing the amount of water taken from the Waikato River and we have a resource consent with a set limit that we can take per day.

Water management practices can occasionally vary from Maaori cultural beliefs and practices, such as the mixing of water from different catchments. We consider Maaori values in relation to the take and discharge of water in all our water management practices and consult with local iwi as part of the resource consent process.



DELIVERING ON OUR 10-YEAR PLAN

The Three Waters Reform has been a significant proposal announced in the past year. The aim of the Three Waters Reform is to improve New Zealand’s water services by changing the way councils operate and manage the three water (water, wastewater and stormwater) services.

We have continued our focus on the sustainability and resilience of our water supply throughout 2020/21. Lake Taupo water levels have been closely monitored throughout the year, with lower-than-expected water levels throughout the winter months and an increase in temperatures over the summer period. Water restrictions in Hamilton came into effect in early December 2020 and were lifted in March 2021. A contribution to the lifting of water restrictions was a noted effort of Hamiltonians being careful with their water usage, particularly outdoor water use. Our Smart Water subregional summer campaign continues to be a success with the educational messaging around the value of water, water conservation and water saving tips.

In April 2021, as part of the Three Waters Reform Stimulus Funding Programme, a successful trial deployment of the Low River Contingency Plan was undertaken. In 2016, a dedicated floating platform containing pumps was constructed to enable the pumping of water from a deeper section of the Waikato River into the Waiora Water Treatment Plant during exceptionally low river levels. The purpose of the trial was to assess the condition of the low river contingency infrastructure and make sure it can be easily deployed in response to any extremely low Waikato River conditions that may occur in the future.

In line with our Water Conservation and Demand Strategy, we have continued to implement discrete water demand zones, which help identify areas where we are losing water. From April through to June 2021, the Fairfield, Ruakura and Maeroa Water Supply Zones were created. Planned works will be completed this coming year to split the Ruakura Water Supply Zone into further smaller areas for further investigation. These works are part of our continued efforts to provide better service, improve network resilience, optimise energy use and reduce water losses across the water reticulation network. We are continuing to improve the way we monitor flow and pressure in the water supply network to better understand where our water is going and to help us target consumption issues such as leakage. We are also working on creating enhanced alarm systems to notify us of significant flow and pressure changes so that we can respond more promptly to network issues.

Our service delivery team completed 270 new connections into our water reticulation network, which is a 33% increase on new connections from 2019/20. To ensure that this work was completed in a safe way, Ground Penetrating Radar (GPR) and the use of hydro excavation to locate service lines was introduced. This has led to a significant reduction in underground service strikes.

CAPITAL PROJECTS

The following table summarises the capital projects planned for year three (2020/21) of the 10-Year Plan and the progress made during the period.

Capital project LOS = levels of service R = renewals G = growth	Type	2020/21 Annual Plan \$000	2020/21 Actual \$000	Variance \$000
Replacement of watermains	R	2,292	4,786	2,494
Replacement of water meters, valves and hydrants	R	2,097	127	(1,970)
Tools of trade renewals	R	54	28	(26)
Water demand management - network water loss ^{note two}	LOS	0	779	779
Upgrade or build new watermains in Rototuna ^{note six}	G	1,526	62	(1,464)
Water pipe upgrade - growth	G	325	46	(279)
Upgrade/build new watermains in Rotokauri stage 1	G	61	0	(61)
Upgrade/build new watermains in Peacocke stage 1	G	0	0	0
Upgrade/build new watermains in Peacocke stage 2	G	1,272	948	(324)
Eastern Bulk Main slip	G	658	579	(80)
Water network upgrades to allow new development ^{note three}	G	87	1,669	1,583
Water demand management - Pukete reservoir zone	G	0	0	0
Upgrade/build distribution watermains in Peacocke ^{note four}	G	623	1,408	785
Upgrade/build new watermains in Te Rapa	G	0	0	0
Water demand management - Newcastle reservoir zone ^{note five}	G	2,313	1,034	(1,280)
Replacement of treatment plant and reservoir assets ^{note one}	R	2,969	1,618	(1,351)
Water model	R	585	1	(584)
Water treatment plant compliance - minor upgrades	LOS	2,089	1,087	(1,002)

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Capital project LOS = levels of service R = renewals G = growth	Type	2020/21 Annual Plan \$000	2020/21 Actual \$000	Variance \$000
Water demand management - Hillcrest reservoir zone	G	0	224	224
Upgrade water treatment plant	G	2,058	2,780	721
Water customer connections	G	54	620	566
Upgrade or build new watermains in Ruakura	G	217	0	(217)
Water master plan	G	0	0	0
Ruakura reservoir & associated bulk mains <small>note seven</small>	G	2,486	774	(1,713)
Water demand management - Maeroa reservoir zone	G	0	0	0
Water demand management - Hamilton South reservoir zone	G	0	49	49
Water demand management - Fairfield reservoir zone	G	0	28	28
Share of facilities, information services, customer services and strategic property capital expenditure	LOS/R	1,865	1,540	(325)
Total		23,631	20,186	(3,445)

Capital expenditure was lower than budgeted by \$3.4 million. The main reasons for the variances are:

Note one: The renewal and compliance projects for the Water Reticulation and Treatment Plant assets was managed as a programme so staff would be able to respond to the needs of the network and reprioritise works to ensure the best outcomes. The remaining underspend was deferred due to material delays and COVID-19 related lockdowns that impacted contractually committed works at the treatment plant.

Note two: A number of water stimulus projects have been grouped under the title of water demand management. The grouping is funded by revenue from Central Government for Water Stimulus.

Note three: The overspend in the water network upgrades was to allow new development and is offset from the upgrade or build new watermain in Rototuna.

Note four: The additional expenditure for upgrade/build distribution watermains in Peacocke was funded by revenue from Central Government for Water Stimulus.

Note five: \$1.3 million of water demand management - Newcastle reservoir zone was deferred to align with updated construction timing.

Note six: \$840,000 from the upgrade of the new watermains in Rototuna was identified as savings as the programme was delivered under budget and has offset water network upgrades to allow new development.

Note seven: While the Ruakura reservoir has been completed the underspend in the Ruakura reservoir and associated bulk mains has been deferred to align with developer timing for future construction of the bulk mains.

SERVICE PERFORMANCE MEASURES

KEY: Target achieved | Target not achieved

You can expect: The water we supply is safe to drink.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
Water quality complies with the drinking water standards for (a) bacteria and (b) protozoa. ^{6,7}	a) Achieve compliance	a) Achieved compliance	a) Achieved compliance	a) Achieved compliance
	b) Achieve compliance	b) Achieved compliance	b) Achieved compliance	b) Achieved compliance

What's behind the results

This measure indicates whether the water we supply is safe to drink and hygienic to use. The New Zealand Drinking Water Standards, monitored by the Ministry of Health, provide a recognised national standard for public safety. Drinking water supplied by the Council complies with these standards for both bacterial and protozoal criteria.

Hamilton's water supply was assessed by an independent drinking water assessor as fully compliant with the standards and requirements of the Health Act 1956 for 2020/21.

You can expect: Our water network is managed in a way that minimises the loss of water.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
The percentage of real water loss from the water network infrastructure in the city. ^{8,6}	No more than 16%	15.2% (March 2020 - March 2021).	13.2% (March 2019 - March 2020).	12.3% (March 2018 - 2019) ⁹ .

What's behind the results

We aim to provide an efficient and effective water supply. We achieve this by undertaking activities such as water leakage detection and maintaining our network of water pipes. This measure estimates how much water is lost from the system between the water treatment plant and the household or customer. High levels of water loss can indicate that the network is in poor condition or operating inefficiently.

Water loss has increased over the last 12 months from 13.2% in 2019/20 - 15.2% in 2020/21. This is partially due to works carried out to commission our new Ruakura reservoir and new water mains in the Horsham Downs area. Significant amounts of water were used to clean these assets to ensure the water is safe for residents to use.

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⁶ Measure required by the Department of Internal Affairs

⁷ Refers to part 4 and 5 of the Drinking Water Standards

⁸ We use the Water New Zealand Loss Guidelines to calculate how much water is lost from the water network. The water loss calculation carries a 95% confidence limit of +/- 25% due to assumptions required to estimate per capita residential consumption.

⁹ The result reported in the 2018/19 Annual Report has been restated from 9.6% to 12.3% to correct an error identified in the calculation of the percentage of real water loss from the network.

The management of water loss is being addressed through the creation of water supply zones and distinct metered areas. By creating zones and areas we are segmenting the city into smaller metered zones, which enables us to determine the zones and areas that are using more water than expected and increase the amount of leak detection investigations undertaken in those zones and areas. To date we have created six out nine of water supply zones, with the programme of work to be completed over the next two years.

Commencing in March 2021, \$475,000 in Water Stimulus funding was allocated to find leaks. To date, 60 public leaks and 21 private leaks have been identified. Staff are continuing to conduct further water leak detection investigations and repairs to reduce water losses, with a particular focus on ageing areas of the city.

You can expect: We will work with the community to sustainably manage the supply and use of water.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
The average use of drinking water per Hamilton resident, per day. ⁶	No more than 400 litres per resident, per day.	331 litres	348 litres	347 litres

What's behind the results

We provide a sustainable water supply. This is achieved through water conservation campaigns that educate the community on sustainable water use and efficient management of the water network. This measure indicates the success of these campaigns and programmes of work.

The annual level of water usage of drinking water per Hamilton resident, per day of 331 litres was slightly lower than the 348 litres from the previous year, despite another hot summer which had sustained periods of high outdoor water use. As part of the Smart Water Programme, water restrictions were initiated in December 2020 and remained in place until early March 2021.

We have continued to complete water demand management works, including creating a further three water supply zones. These works allow our operational teams to better monitor water consumption across the city. This in turn helps teams prioritise where education, infrastructure renewals and water loss programmes are needed.

⁶ Measure required by the Department of Internal Affairs

You can expect: To be satisfied with the clarity, taste, odour, continuity and pressure of the water supply.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
The number of complaints relating to drinking water about clarity, taste, odour, pressure, continuity of supply and complaints about our response to any of these issues. ⁶	No more than 5 complaints per 1000 connections.	4.1 complaints per 1000 connections.	1.5 complaints per 1000 connections.	3.1 complaints per 1000 connections.

What's behind the results

We provide water that is safe to drink and reliably supplied. This measure indicates customer and community satisfaction with the quality of the water. During 2020/21 we received a total of 252 complaints, an increase on the 185 received in the previous year. From the 252 complaints, 126 complaints related to 'loss of water' and/or 'low pressure' events mainly caused by unexpected issues during commissioning following planned maintenance and capital works shutdowns. 33 complaints related to the discolouration and/or clarity of the water supply including odour and taste of the supply. The remaining 93 complaints related to general items such as missing lids or conditions of reinstatement works.

The target was met for this measure, but work will continue in the development of systems and processes to ensure that our customers continue to be supplied with a clean, safe water supply.

⁶ Measure required by the Department of Internal Affairs

You can expect: A timely response and a timely resolution if there is a problem with the water supply.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
The median attendance time for urgent call-outs, from the time that we received notification to the time that our service personnel reach the site. ^{6 10}	No more than 60 minutes.	July 2020 to March 2021: 35 minutes. April 2021 to June 2021: 40 minutes.	36 minutes.	36 minutes.
The median resolution time of urgent call-outs, from the time that we received notification to the time that our service personnel confirm the fault or interruption has been resolved. ^{6 10}	No more than 5 hours.	July 2020 to March 2021: 2.3 hours. April 2021 to June 2021: 2.4 hours.	2.7 hours.	2.2 hours.
The median attendance time, in working days, for non-urgent call-outs, from the time that we received notification to the time that our service personnel reach the site. ^{6 10}	No more than 5 working days.	July 2020 - March 2021: 6 working days. April 2021 - June 2021: 5 working days.	3 working days.	4 working days.
The median resolution time, in working days, of non-urgent call-outs, from the time we received notification to the time that our service personnel confirm the fault or interruption has been resolved. ^{6 10}	No more than 10 working days.	July 2020 - March 2021: 8 working days. April 2021 - June 2021: 8 working days.	4 working days.	5 working days.

⁶ Measure required by the Department of Internal Affairs

¹⁰ Working days are Monday to Friday, excluding public holidays. If notification is received on the weekend or public holiday the timeframe starts from the next working day.

What's behind the results

Households and businesses rely heavily on water so it's important we provide a timely response when something goes wrong. These measures indicate how quickly we respond to issues with water supply and resolve the problem. A call-out to a household or business with no water supply is classified as urgent. Call-outs for other water supply matters, where water is still being delivered, are classified as non-urgent.

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 where we cannot be confident that the annual target was met.

The increase in median attendance times for non-urgent call-outs is reflective of an increase in workload following New Zealand moving to Alert Level 1 for COVID-19 on 8 June 2020, and Hamilton being a high growth city. We have seen an increase in water activities across the network (e.g. new connections have increased by 33% compared to 2019/20) - which has meant there has been a need to prioritise resources between the water services provided by Council. We will continue to review and modify our management plans and procedures to ensure improvements continue to be made across our water services.

WATER SUPPLY FUNDING IMPACT STATEMENT

For year ended 30 June 2021

	10-Year Plan 2019/20	Actual 2019/20	10-Year Plan 2020/21	Actual 2020/21
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	14,784	14,856	19,861	20,151
Targeted rates	12,245	13,244	8,106	8,725
Subsidies and grants for operating purposes	-	15	-	376
Fees and charges	235	266	216	891
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	309	712	299	650
Total operating funding	27,573	29,093	28,482	30,793
Application of operating funding				
Payments to staff and suppliers	12,894	13,513	13,491	15,403
Finance costs	4,413	3,458	5,019	2,388
Internal charges and overheads applied	-	-	-	-
Other operating funding applications	-	-	-	-
Total applications of operating funding	17,307	16,971	18,510	17,791
Surplus/(deficit) of operating funding	10,266	12,122	9,972	13,002
Sources of capital funding				
Subsidies and grants for capital expenditure	52	798	54	3,835
Development and financial contributions	4,985	7,352	5,793	6,437
Increase/(decrease) in debt	13,032	25,320	10,410	321
Gross proceeds from sale of assets	-	199	-	410
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	18,069	33,669	16,257	11,003
Applications of capital funding				
Capital expenditure				
- to meet additional demand	19,841	16,923	18,748	9,760
- to improve the level of service	1,376	331	821	1,864
- to replace existing assets	7,049	6,224	7,583	8,585
Increase/(decrease) in reserves	69	9,527	(923)	15,597
Increase/(decrease) in investments	-	12,786	-	(11,801)
Total applications of capital funding	28,335	45,791	26,229	24,005
Surplus/(deficit) of capital funding	(10,266)	(12,122)	(9,972)	(13,002)
Funding balance	-	-	-	-

WASTEWATER

Wastewater is about providing our city with reliable and sustainable wastewater services to protect both the health of our people and our waterways.

We want to continue to provide a service to collect, treat and dispose of wastewater in a safe, healthy and sustainable way. This includes ensuring we meet the current and future infrastructure needs of our communities.

THIS ACTIVITY HELPS US DELIVER A CITY THAT EMBRACES GROWTH

WHAT WE DO

OUR ACTIVITIES:

- wastewater collection
- wastewater treatment and disposal.

Wastewater drains from showers, baths, sinks, washing machines, dishwashers and toilets, and is collected and transferred through a network of pipes and pump stations to the wastewater treatment plant at Puketete. Wastewater from commercial and industrial premises also feeds into this network.

At the plant, wastewater is thoroughly treated before being discharged into the Waikato River. Solid waste (biosolids) removed as part of the treatment process is also treated on-site and then vermi-composted for reuse.

The wastewater network services more than 51,500 households and around 4900 commercial and industrial premises. The network includes the wastewater treatment plant, pump stations and pipes.

EFFECTS ON THE COMMUNITY

We manage the wastewater network to provide the city with services that are reliable and protect people's health and our waterways. This is essential for a healthy community and our economy. If not monitored and managed appropriately, wastewater services have the potential for negative environmental effects such as odour, noise and discharges into waterways.

We manage these potential effects by complying with our resource consent conditions, managing treated sewage discharge quality, maintaining odour control devices at treatment plants, and upgrading or replacing infrastructure as necessary.

Wastewater discharge practices can occasionally vary from Maaori cultural beliefs and practices. We consider Maaori values in relation to the discharge of water in all our wastewater activities and consult with local Iwi as part of the resource consent process.

KEY IMPACT ON COMMUNITY WELLBEING



SOCIAL



ECONOMIC



ENVIRONMENTAL



CULTURAL

DELIVERING ON OUR 10-YEAR PLAN

We continue to invest in the resilience and reliability of our wastewater network, as well as investing in network capacity to meet the city's ongoing growth.

During 2020/21, the upgrade to the Grantham wastewater pumping station (formerly referred to as the Hillsborough wastewater pump station) was completed, providing increased flow capacity and emergency storage for wastewater overflows. Additional to this, we have built a new emergency storage tank at the Seddon Street wastewater pumping station. This is to improve the resilience of the wastewater reticulation network, and to decrease any unauthorised discharges of wastewater into the environment. Construction of the Peacocke sewer dual rising main also began along Wairere Drive ready for the new Peacocke development and to support the continued growth of the city.

Through the assistance of the Water Stimulus Funding Programme, we have identified and corrected nearly 100 illegal wastewater connections to the stormwater network. This programme of works continues to focus on repairs in the Temple View Catchment, with investigation works currently in progress in the Collins Road Catchment area.

Hamilton has one wastewater treatment facility, the Pukete Wastewater Treatment Plant, where all wastewater from Hamilton homes and businesses is treated and disposed of. In April 2021, Worksafe completed a routine inspection of the site. The purpose of the visit was to look at hazardous substances storage and handling, protective guarding around rotating machinery and worker engagement. No issues were identified by Worksafe, which demonstrates the commitment by staff to ensure a safe working environment.

As part of our commitment to looking after the assets we have and making them fit-for-purpose, the Council approved an upgrade to the Pukete Wastewater Treatment Plant as part of the 2018-28 10-Year Plan. This upgrade increases capacity to cater for the city's growth and will ensure we remain compliant with our discharge consents through to 2027 (based on current consent conditions and growth forecasts). Physical works to upgrade the existing treatment plant began during 2018/19, with the final stage to be completed in July 2021.

CAPITAL PROJECTS

The following table summarises the capital projects planned for year three (2020/21) of the 10-Year Plan and the progress made during the period.

Capital project LOS = levels of service R = renewals G = growth	Type	2020/21 Annual Plan \$000	2020/21 Actual \$000	Variance \$000
Replacement of wastewater pump stations ^{note one}	R	806	934	128
Replacement of wastewater assets ^{note one}	R	4,751	3,918	(833)
Increase capacity of wastewater pump stations ^{note two}	LOS	1,473	552	(921)
Wastewater pipe upgrade - growth	G	325	278	(47)
Increase capacity of wastewater network - Rototuna	G	625	93	(532)
Wastewater network upgrades to allow development	G	87	15	(72)
Increase capacity of network in Rotokauri stage 1 ^{note four}	G	949	66	(883)
Increase capacity of network in Peacocke stage 1	G	559	235	(324)
Increase capacity network Peacocke Stage 2 ^{note three}	G	13,022	1,096	(11,926)
Replacement of wastewater treatment plant assets ^{note one}	R	2,042	3,399	1,357
Increase capacity of network throughout the city	G	0	0	0
Upgrade wastewater treatment plant (Pukete 3)	G	8,170	8,713	543
Wastewater treatment plant compliance	LOS	3,253	1,820	(1,433)
Wastewater customer connections to the network ^{note six}	G	54	2,023	1,968
Wastewater model ^{note five}	R	623	38	(585)
Wastewater master plan	G	163	33	(130)
Wastewater seismic strengthening	LOS	108	0	(108)

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Capital project LOS = levels of service R = renewals G = growth	Type	2020/21 Annual Plan \$000	2020/21 Actual \$000	Variance \$000
Increase capacity Wastewater far east network <small>note ten</small>	G	2,956	0	(2,956)
Increase capacity Wastewater south network <small>note seven</small>	G	10,283	13,713	3,430
Increase capacity Wastewater west network <small>note eight</small>	G	11,285	6,885	(4,400)
Increase capacity Wastewater east network <small>note nine</small>	G	3,085	305	(2,780)
Increase capacity Wastewater central network	G	1,935	2,318	383
Share of facilities, information services, customer services and strategic property capital expenditure	LOS/R	2,446	2,020	(426)
Total		69,000	48,454	(20,546)

Capital expenditure was lower than budgeted by \$20.1 million. The main reasons for the variances are:

Note one: The renewal and compliance projects for the wastewater reticulation and treatment plant assets was managed as a programme so staff would be able to respond to the needs of the network and reprioritise works to ensure the best outcomes. The remaining underspend was deferred due to material delays and COVID-19 related lockdowns that impacted contractually committed works at the treatment plant.

Note two: \$900,000 deferral is an increase in capacity of the wastewater pump stations to align with construction timing.

Note three: \$11.9 million for Peacocke wastewater was deferred to align with construction timing.

Note four: \$880,000 underspend in Increase capacity of the wastewater network in Rotokauri stage 1 is due to \$440,000 being deferred to align developer timing and the rest has been identified as a saving.

Note five: The wastewater model budget was deferred to align with works that are best carried out in the winter months.

Note six: The overspend of \$2 million for wastewater customer connections to the network is matched by extra revenue.

Note seven: The \$3.4 million variance resulted from the project advancing at a faster rate that was expected in the Annual Plan. Approved budget was brought forward from a future period to off-set.

Note eight: \$1.6 million of the increase capacity of wastewater West network was identified as a saving mostly due to the Western Interceptor duplication being delivered under budget. \$2 million was reprioritised to priority wastewater capacity increase works on the Eastern network and the remainder was deferred to align with construction timing of the Dinsdale pump station optimisation.

Note nine: The underspend of the increase capacity wastewater East network was deferred in alignment with revised construction timing for the Snell Drive pump station upgrade.

Note ten: \$2.7 million has been deferred to align with developer timing for the Ruakura wastewater pipeline, which is part of the increase capacity wastewater Far East network.

SERVICE PERFORMANCE MEASURES

KEY: Target achieved | Target not achieved

You can expect: Our wastewater system is designed and maintained to minimise harm to the community and environment.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
The number of overflows in dry weather. ¹¹	No more than 5 overflows per 1000 connections.	0.9 overflows per 1000 connections.	1.0 overflows per 1000 connections.	2.6 overflows per 1000 connections.

What's behind the results

Our wastewater system is designed, operated, and maintained in a way that effectively minimises the risk of harm to the community and environment. This measure indicates how well the network operates.

In 2020/21 there were 53 dry weather overflows, two of which occurred at wastewater pump stations and 51 from the reticulation network. Overflows from the reticulation network were mainly due to fat and material blockages in the wastewater system. Our wastewater education programmes in 2021/22 will continue to focus on reducing the disposal of fats, oils and greases into the wastewater network.

¹¹ Measure required by the Department of Internal Affairs

You can expect: We operate and maintain the wastewater system to minimise odour and blockages.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
The number of complaints about wastewater odour, system faults or blockages and complaints about our response to issues with the wastewater system. ¹¹	No more than 25 complaints per 1000 connections.	12.41 complaints per 1000 connections.	9.62 complaints per 1000 connections.	16.67 complaints per 1000 connections.

What's behind the results

This measure indicates customer and community satisfaction with the quality of the wastewater system. The number of complaints provides an indication of the quality of the service provided. This measure also provides data that highlights problems requiring attention, such as the need for maintenance, renewals, upgrades or new infrastructure.

We received a total of 777 complaints during 2020/21, an increase on the 589 complaints received in the year prior. Of the complaints received this year, 550 related to wet weather overflows and fat and material blockages within the wastewater reticulation network.

New methods of monitoring the spatial distribution of service requests continue to allow us to identify areas where targeted education, increased maintenance, asset renewal and/or capital investment may be needed. The reduction in the disposal of fats, oils and greases and foreign objects into the wastewater network continues to be a focus of this year's Wastewater Education Programme. We will continue to review and modify our management plans and procedures to ensure improvements continue to be made across our wastewater activities.

¹¹ Measure required by the Department of Internal Affairs

You can expect: We operate and maintain the wastewater system to minimise the impact on the environment.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
The number of abatement notices, infringement notices, enforcement orders and convictions issued for spillage from the wastewater system. ¹¹	No more than 1 abatement notice.	0 abatement notices - achieved.	0 abatement notices.	0 abatement notices.
	0 infringement, enforcement or conviction actions.	0 infringement, enforcement or conviction actions.	1 conviction.	0 infringement, enforcement or conviction actions.

What's behind the results

This measure indicates if we are operating within our resource consent conditions, and how well we are managing the environmental impacts of the city's wastewater system.

We have a resource consent issued by Waikato Regional Council that sets quality standards for the water discharged from the Pukete Wastewater Treatment Plant into the Waikato River. This measure indicates if we are operating within our resource consent conditions and how well we are managing the environmental impacts of the city's wastewater system. During 2020/21 we did not receive any abatement notices, infringement notices, enforcement orders or convictions for unauthorised discharges from the wastewater system.

¹¹ Measure required by the Department of Internal Affairs

You can expect: A timely response and resolution if there is an urgent problem with the wastewater system.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
The median attendance time for call-outs, from the time that we received notification to the time that our service personnel reach the site. ^{10 11}	No more than 60 minutes.	July 2020 - March 2021: 19 minutes. April 2021 - June 2021: 36 minutes.	28 minutes.	39 minutes.
The median resolution time of call-outs, from the time that we received notification to the time that our service personnel confirm the fault or interruption has been resolved. ^{10 11}	No more than 5 hours.	July 2020 - March 2021: 2.4 hours. April 2021 - June 2021: 2 hours.	2.6 hours.	2.8 hours.

What's behind the results

This measure indicates how quickly we attend to issues when there is a problem with the wastewater system, 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.

¹⁰ Working days are Monday to Friday, excluding public holidays. If notification is received on the weekend or public holiday the timeframe starts from the next working day.

¹¹ Measure required by the Department of Internal Affairs

WASTEWATER FUNDING IMPACT STATEMENT

For year ended 30 June 2021

	10-Year Plan 2019/20	Actual 2019/20	10-Year Plan 2020/21	Actual 2020/21
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	23,650	21,703	31,906	29,433
Targeted rates	7,937	7,537	1,079	1,166
Subsidies and grants for operating purposes	-	17	-	761
Fees and charges	5,240	5,000	5,404	6,072
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	418	795	374	712
Total operating funding	37,245	35,052	38,763	38,144
Application of operating funding				
Payments to staff and suppliers	18,967	20,581	19,710	23,538
Finance costs	5,953	3,891	6,211	2,684
Internal charges and overheads applied	-	-	-	-
Other operating funding applications	-	-	-	-
Total applications of operating funding	24,920	24,472	25,921	26,222
Surplus/(deficit) of operating funding	12,325	10,580	12,842	11,922
Sources of capital funding				
Subsidies and grants for capital expenditure	52	1,265	54	2,001
Development and financial contributions	8,314	12,698	9,806	10,095
Increase/(decrease) in debt	49,091	28,513	23,983	362
Gross proceeds from sale of assets	-	261	-	537
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	57,457	42,737	33,843	12,995
Applications of capital funding				
Capital expenditure				
- to meet additional demand	57,234	30,513	34,093	36,086
- to improve the level of service	2,934	1,610	3,028	2,370
- to replace existing assets	7,790	8,607	9,188	10,010
Increase/(decrease) in reserves	1,824	(1,826)	376	(10,249)
Increase/(decrease) in investments	-	14,413	-	(13,300)
Total applications of capital funding	69,782	53,317	46,685	24,917
Surplus/(deficit) of capital funding	(12,325)	(10,580)	(12,842)	(11,922)
Funding balance	-	-	-	-

STORMWATER

Stormwater is about providing our city with services that protect people and properties from flooding and manage the quality of our stormwater.

We want to continue to maintain stormwater services that improve, promote and protect public health.

This includes protecting and enhancing the Waikato River, and minimising the effects of stormwater on the environment and properties.

THIS ACTIVITY HELPS US DELIVER A CITY THAT EMBRACES GROWTH.

WHAT WE DO

OUR ACTIVITIES:

- Stormwater network (includes collection, conveyance, treatment and discharge services).

The stormwater system consists of pipes, ponds, wetlands and open watercourses, which collect and release rainwater into the city's streams, lakes and the Waikato River. We operate and maintain the stormwater infrastructure, replace ageing infrastructure and construct new infrastructure.

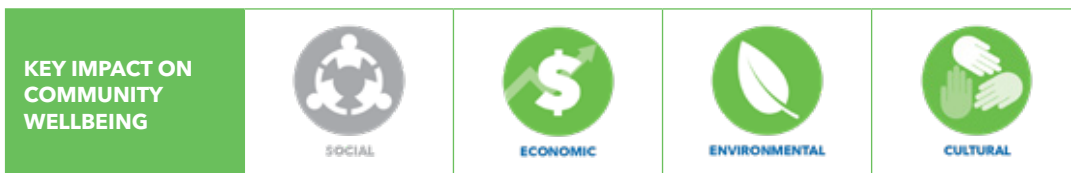
To meet our legal obligations to minimise the effects of stormwater on the environment, we treat and discharge stormwater in various ways.

EFFECTS ON THE COMMUNITY

We manage the piped stormwater network and stormwater overflow paths to minimise the impact of storm events on people, property and our environment. Having a reliable stormwater network is essential for a healthy community and thriving economy.

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

The mixing of stormwater from different water catchments and its discharging into water bodies and the Waikato River can conflict with Maaori cultural beliefs and practices. We consider Maaori values in all our water-related activities and consult with local iwi as part of the resource consent process.



DELIVERING ON OUR 10-YEAR PLAN

We care about what goes into our streams and river. We want to make sure that stormwater is as clean as possible and that it goes to the right place. The Hamilton Stormwater Bylaw, developed in 2015, helps protect our city's streams and the Waikato River by setting out responsibilities regarding the management of stormwater. The Bylaw also provides guidance on what can and cannot enter the stormwater system. 2020/21 saw this Bylaw come up for review, which is timely, given the growth of the city.

In April 2021, after extensive public engagement, Council adopted the revised Bylaw which comes into effect from 1 October 2021. The revised Bylaw provides several provisions including (but not limited to) greater recognition of Waikato Tainui relationship with the awa (Waikato River), regulation of pool water discharges and building site activities for sediment control, and pollution control plan requirements for high-risk facilities. These changes will provide greater clarity for people on what their responsibilities are and enable Council to ensure that those responsibilities are understood and being adhered to.

We have continued to invest in the resilience, sustainability, and compliance of our stormwater network. Improvements have been made to our compliance reporting frameworks and protocols which we will continue to refine moving into the next financial year. We continued to support the development of the Te Rapa and Mangakotukutuku Integrated Catchment Management Plans, including completing investigations and finalising stormwater design works.

CAPITAL PROJECTS

The following table summarises the capital projects planned for year three (2020/21) of the 10-Year Plan and the progress made during the period.

Capital project LOS = levels of service R = renewals G = growth	Type	2020/21 Annual Plan \$000	2020/21 Actual \$000	Variance \$000
Replacement of stormwater assets	R	587	990	403
Comprehensive stormwater consent implementation	LOS	74	0	(74)
Erosion control works	LOS	2,200	2,428	228
Rototuna stormwater infrastructure ^{note one}	G	3,691	95	(3,596)
Rotokauri stormwater infrastructure stage 1	G	773	660	(113)
Peacocke stormwater infrastructure stage 1	G	927	708	(219)
Peacocke stormwater infrastructure stage 2 ^{note two}	G	8,277	3,436	(4,841)
Stormwater pipe upgrade - growth	G	163	24	(139)
Existing network improvements in new areas	G	114	0	(114)
Stormwater customer connections to the network ^{note three}	G	54	499	445
Integrated catchment management plan	G	951	733	(218)
Share of facilities, information services, customer services and strategic property capital expenditure	LOS/R	644	530	(114)
Total		18,455	10,103	(8,352)

Note one: \$3.5 million for Rototuna stormwater infrastructure was deferred to align with developer timing.

Note two: \$4.8 million for Peacocke stormwater was deferred to align with the construction timing of the bridge over the Waikato River and the surrounding roads.

Note three: \$445,000 overspend for stormwater customer connections to the network is matched by extra revenue.

SERVICE PERFORMANCE MEASURES

KEY: Target achieved | Target not achieved

You can expect: Our stormwater system is designed and maintained to minimise the likelihood of stormwater entering habitable buildings.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
The number of flooding events ¹² that occur within the city. ¹³	No more than 1 flooding event.	No flooding events.	No flooding events.	No flooding events.
For each flooding event, the number of habitable floors ¹² affected. ¹³	No more than 1 per 1000 properties.	No flooding events.	No flooding events.	No flooding events.

What's behind the results

These measures indicate the number of times the design or performance of the stormwater system has affected habitable buildings.

Throughout 2020/21, we received a total of 736 reports of flooding incidents across the city. However, none of these incidents resulted in an event where stormwater entered a habitable building.

Continued implementation of preventative maintenance programmes and compliance with the Regional Infrastructure Technical Specifications for construction of new stormwater infrastructure will ensure that the stormwater system is constructed, operated, and maintained to minimise flooding events.

¹² A flooding event means an overflow of stormwater from our stormwater system that enters a habitable floor (meaning a building, including a basement, but does not include ancillary structures such as stand-alone garden sheds or garages)

¹³ Measure required by the Department of Internal Affairs

You can expect: We will comply with our resource consent conditions and minimise the impact of our stormwater on the environment.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
The number of abatement notices, infringement notices, enforcement orders and convictions related to the management of the stormwater system. ¹³	No more than 1 abatement notice.	0 abatement notices.	0 abatement notices.	1 abatement notice.
	0 infringement, enforcement or conviction actions.	0 infringement, enforcement or conviction actions.	0 infringement, enforcement or conviction actions.	0 infringement, enforcement or conviction actions.

What's behind the results

We hold a resource consent that requires us to avoid or minimise pollution in the city's waterways. We monitor the quality of stormwater discharge by taking samples from catchment areas across the city. These measures indicate if we are operating within the conditions of our resource consent. No abatement notices or infringement, enforcement or conviction actions have been taken against Council in relation to the management of the stormwater system during 2020/21.

You can expect: A timely response if there is a problem with the stormwater system or flooding of a habitable building.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
The median response time, from the time that we received notification to the time that our service personnel reach the site of the flooding ¹⁰ event. ^{12 13}	No more than 60 minutes.	No flooding events.	No flooding events.	No flooding events.

What's behind the results

This measure indicates how fast we respond when there is an issue with the stormwater system. It measures situations where water from the stormwater system enters a habitable floor of a building.

Throughout 2020/21, we received a total of 736 reports of flooding incidents across the city. However, none of these incidents resulted in an event where stormwater entered a habitable building.

¹⁰ Working days are Monday to Friday, excluding public holidays. If notification is received on the weekend or public holiday the timeframe starts from the next working day.

¹² A flooding event means an overflow of stormwater from our stormwater system that enters a habitable floor (meaning a building, including a basement, but does not include ancillary structures such as stand-alone garden sheds or garages)

¹³ Measure required by the Department of Internal Affairs

You can expect: We will operate and maintain the stormwater system to minimise flooding.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
The number of complaints received about the performance of the stormwater system. ¹³	No more than 10 complaints per 1000 properties connected.	14.21 complaints per 1000 properties.	9.38 complaints per 1000 properties connected.	3.02 complaints per 1000 properties connected.

What's behind the results

The number of complaints received gives us an indication of the quality of service we are providing. It also gives us information about issues with the stormwater system and tells us how satisfied customers are with the way we respond to requests to fix problems.

During 2020/21 we received a total of 859 complaints in relation to the stormwater system. The number of complaints received has meant we have ended the year above the annual target of no more than 10 complaints per 1000 properties. Of the complaints received, the most common causes were blocked catch pits (327) and road flooding (194).

A contributing factor to the increase in complaints was the extreme weather events experienced during the months of November 2020 and March 2021. MetService data shows that for the month of November 2020, Hamilton received a total of 164.6mm of rainfall, 69.6mm over the historical average. In March 2021, Hamilton received a total of 172mm of rainfall for the month, 111.5mm over the historical average of 60.5mm. Our water services and transportation teams are working together to minimise the impact of flooding events across the city. It is anticipated that process improvements will reduce complaints as a result of catch pit blockages and road flooding, particularly for identified hotspots.

¹³ Measure required by the Department of Internal Affairs

STORMWATER FUNDING IMPACT STATEMENT

For year ended 30 June 2021

	10-Year Plan 2019/20	Actual 2019/20	10-Year Plan 2020/21	Actual 2020/21
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	5,126	5,078	7,558	6,888
Targeted rates	1,496	1,487	-	(2)
Subsidies and grants for operating purposes	-	7	-	441
Fees and charges	369	423	373	454
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	134	213	157	238
Total operating funding	7,125	7,208	8,088	8,019
Application of operating funding				
Payments to staff and suppliers	4,691	5,519	4,705	6,078
Finance costs	1,932	1,064	2,662	734
Internal charges and overheads applied	-	-	-	-
Other operating funding applications	-	-	-	-
Total applications of operating funding	6,623	6,583	7,367	6,812
Surplus/(deficit) of operating funding	502	625	721	1,207
Sources of capital funding				
Subsidies and grants for capital expenditure	1,279	444	882	1,569
Development and financial contributions	2,999	1,408	3,793	2,263
Increase/(decrease) in debt	16,413	7,793	14,248	99
Gross proceeds from sale of assets	-	69	-	141
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	20,691	9,714	18,923	4,072
Applications of capital funding				
Capital expenditure				
- to meet additional demand	16,368	8,138	15,257	6,438
- to improve the level of service	3,790	1,319	3,653	2,171
- to replace existing assets	923	895	881	1,487
Increase/(decrease) in reserves	112	(3,961)	(147)	(1,174)
Increase/(decrease) in investments	-	3,948	-	(3,643)
Total applications of capital funding	21,193	10,339	19,644	5,279
Surplus/(deficit) of capital funding	(502)	(625)	(721)	(1,207)
Funding balance	-	-	-	-

TRANSPORT

Transport is about Hamilton being a city that is easy to get around.

We want to have a safe, reliable and sustainable transport system that is accessible to everyone and caters to a variety of transport choices.

We want to meet our legislative obligations relating to the way we manage the road corridor and transport network within our boundaries.

THIS ACTIVITY HELPS US DELIVER A CITY THAT EMBRACES GROWTH.

WHAT WE DO

OUR ACTIVITIES:

- transport network
- parking management.

Our transport network integrates different modes of transport including freight, rail, private vehicles, buses, biking and walking. We also manage on-street and Council owned off-street parking activities within the city.

We manage and operate the transport network and work to manage demand on the system. We ensure the maintenance and renewal of existing transport infrastructure as well as plan and invest in new transport infrastructure.

Working with the community and stakeholders to raise awareness of travel options and influence travel behaviour (for mode choice and safety) is a very important part of this activity. Planning for future development, growth, trends in network use and asset management needs is also a significant focus.

The bus service in Hamilton is provided and managed by Waikato Regional Council in partnership with us, with Hamilton City Council providing the infrastructure e.g. bus shelters and transport centre.

The Government, through the Waka Kotahi NZ Transport Agency (Waka Kotahi), partners with us in operating the state highways running through Hamilton, as well as co-investing in our transport infrastructure and services.

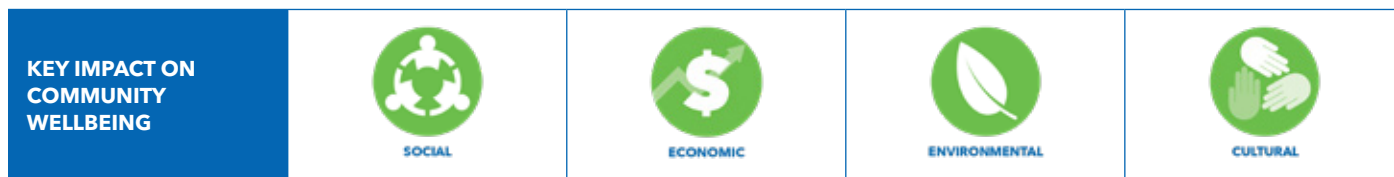
EFFECTS ON THE COMMUNITY

We provide a safe, reliable and sustainable transport system that is accessible to everyone. Our transportation network is essential to our economy.

Our Access Hamilton transport strategy provides transport choices that connect people and places safely and enables sustainable growth.

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

The potential for injury is an inherent risk in using transportation of any kind and safety for all road network users is a primary concern for us. While there are many factors that contribute to serious injuries and fatalities on our roads that we cannot control, we maintain the aspiration to reduce the incidence of these in Hamilton and work hard to improve safety where we can influence it. We have set a target of zero deaths on our transport network by 2028.



DELIVERING ON OUR 10-YEAR PLAN

Growth in our population and economy means we need to develop a modern transport system that enables everyone to connect to people and places in safe, accessible, and smart ways. Increasing the share of travel via active and public transport has a critical role to play in improving the wellbeing of Hamiltonians.

A focus for 2020/21 was to improve cycling safety and connectivity as part of Hamilton City Council’s plan to get more people biking. Improvements have been made on Claudelands Bridge, Victoria Street and Anzac Parade to provide increased safety and connectivity for people on bikes. Sharrows (or "share arrows" - a road marking in the form of a cycle symbol with two arrows above it) and advanced stop boxes installed on the south end of Victoria Street allow people on bikes to feel more confident occupying the same space as motorists. The addition of a dedicated right-hand turn for cyclists only from Victoria Street onto Claudelands Bridge, along with the installation cycle wands and green cycle lane markings on Grey Street/Anzac Parade, is the start of encouraging less confident people to access the central city by bike.

Safer routes and crossing points for pedestrians and cyclists have been provided via widening of existing footpaths along River Road to a three-metre-wide shared path, separating vehicles from cyclists, and the construction of raised safety platforms near Flagstaff shops. New sections of footpath on Memorial Drive, Bryant Road and River Road, along with widening associated with footpath renewal projects, have provided important and safe links for pedestrians too. Active transport options in the form of e-scooters and e-bikes have also been boosted by Council agreeing to Personal Hire (Transport) Devices remaining part of our city and the introduction of a second supplier, Neuron, alongside Lime.

A number of safety initiatives were completed in alignment with our Vision Zero goals, the national ‘Safer Journeys’ and ‘Road to Zero’ strategies, and our desire for everyone to come home safely when using our local streets. A new roundabout was installed at the intersection of Comries Road and Bankwood Road, with raised safety platforms and median islands on each approach to the intersection. The design for the roundabout provides less confident people on bikes with the option to use a new shared path to avoid any interactions with vehicles. Additional upgrades to Palmerston Street and the south end of Anglesea Street were completed to provide better accessibility for active and public transport users. Raised safety platforms were added near four schools (Forest Lake; Vardon, St Peter Chanel and Hamilton Girls High Schools) as well as outside Awatere Retirement Village. The installation of raised safety platforms at these locations help to reduce vehicle speeds and create a safer environment for active road users around schools and high traffic density streets.

We have been engaging in a variety of campaigns supporting education programmes aimed at both youth and adults. The ‘Mix it Up’ campaign focussed on encouraging more walking, biking, and scooting to school, promoting active travel. The messaging discouraged inappropriate parking behaviour before and after school. The campaign aligned with improvements to our

roads near schools with improved pedestrian crossings and speed management to support a safer environment for children. Our 'Kids on Bikes' programme continues to be successful too, reaching 1793 primary aged students across 15 Hamilton schools.

We continue to focus on sourcing and using data to improve infrastructure and the user experience of the roading network within Hamilton. Video analysis technology, known as BriefCam (a Smart Hamilton initiative) is now providing the transport team insights using CCTV analytics. Dashboards for cycling counts and traffic volumes have enabled easier access to information and greater exploration of data. Use of the traffic intelligence system, AddInsight, gave us the opportunity to optimise Mill Street and Te Rapa Road. This has resulted in a 35% reduction in peak flow delays on these roads. We have also deployed backup traffic signal timings across the city for improved resilience in the case of faults. By adding in all our electronic school signs into our innovative Transport Data Analytics Platform (TDAP) system, we can check the status of all signs, identify faults early and control the school signs manually when needed. Our recent initiatives have resulted in Hamilton City Council being nominated as a finalist in the Microsoft Partners Awards for the innovative transport dashboard (TDAP), with one of our people leaders becoming a finalist for the Australian Smart City Leader Award.

Hamilton City Council was ranked 21st in the Top 50 Smart City Governments by Eden Strategy Institute in 2021. More than 230 municipalities submitted entries to make the list. The rankings assess each city's governance on 10 key indicators for achieving Smart City outcomes, such as increasing citizen participation, improving service delivery, and enhancing digital inclusion. Hamilton was New Zealand's highest-placed council. The report highlighted the Council's nation-leading project to replace the city's streetlights with LED bulbs, which led to significant cost savings and improved environmental outcomes.

Hamilton City Council was also awarded the 2020 Infrastructure New Zealand Excellence in Social Impact Award for the fast-tracked project which re-opened the section of Te Awa River Ride path between London Street and Bryce Street in November 2020. The funding secured from the Ministry of Business, Innovation and Employment enabled Council to provide work and training for 50 people who were unemployed after the COVID-19 lockdown.

Trial changes to two central city streets were implemented between April and June 2021 as part of Waka Kotahi's Innovating Streets for People Programme. The streets selected tied into key Council strategies, including the West Town Belt Masterplan and Central City Transformation Plan, and reflected our desire to provide a safe and well-connected central city where people love to be. The trial for Rostrevor Street stitched Hinemoa and Boyes Park together and aimed to encourage more people to use the green spaces, while also testing how the transport network performed when the street was closed to motor vehicles. The trial for Ward Street aimed to create a more inviting and safer space for people to walk, wheel and bike and provided a key cycle link between the Western Rail Trail and the central city. The streets were redesigned using the concept of tactical urbanism, where temporary physical changes are tested to inform a permanent solution. The feedback period for the trials ended in early July. Potential interim solutions for both streets will be decided on ahead of any future permanent changes - this will be informed by the data and feedback collected during the trials.

Public transport studies conducted by Hamilton City Council in collaboration with Waikato Regional Council into the Comet and Meteor bus routes have been completed. These studies have identified specific infrastructure opportunities that will help improve service reliability and attract more patrons. This will help inform the long-term future planning for public transport along these key corridors within the city. The study is complemented by three business cases - Biking and Micro-Mobility, Eastern Pathways, and the Transport Centre Rejuvenation - awaiting decisions by Waka Kotahi after being approved by Hamilton City Council. Together these strategic pieces of work will inform the delivery of safe and trusted infrastructure that provide transport choice for the people of Hamilton.

CAPITAL PROJECTS

The following table summarises the capital projects planned for year three (2020/21) of the 10-Year Plan and the progress made during the period.

Capital project LOS = levels of service R = renewals G = growth	Type	2020/21 Annual Plan \$000	2020/21 Actual \$000	Variance \$000
Resurfacing off street carparks ^{note one}	R	0	0	0
Replacement of parking enforcement equipment ^{note one}	R	414	39	(375)
Parking building renewal ^{note one}	R	60	31	(29)
Replacement of footpath ^{note one}	R	5,079	5,202	123
Replacement of drainage (kerb and channel) ^{note one}	R	1,708	1,883	175
Replacement of road base ^{note one}	R	1,330	1,952	622
Road resurfacing ^{note one}	R	5,563	6,349	786
Replacement of bridges and culverts ^{note one}	R	2,548	1,220	(1,328)
Replacement of lighting ^{note one}	R	2,860	2,372	(488)
Replacement of traffic equipment ^{note one}	R	402	1,191	789
Building and property renewals ^{note one}	R	13	9	(4)
Minor improvements to transport network ^{note twelve}	LOS	2,166	3,644	1,478
Bus stop infrastructure	LOS	704	976	272
Network upgrades to allow new development	G	190	38	(152)
Roading upgrades and development in Peacocke stage 1 ^{note two}	G	2,907	3,945	1,038
Roading upgrades and development in Peacocke stage 2 ^{note two}	G	25,742	36,466	10,724
Roading upgrades and development in Rotokauri stage 1 ^{note three}	G	12,659	9,903	(2,755)
Roading upgrades and development in Rototuna ^{note four}	G	11,899	5,974	(5,925)
Roading upgrades and development in Ruakura ^{note five}	G	8,854	6,833	(2,021)
Integrated transport initiatives	G	2,475	2,455	(20)
Ring Road ^{note six}	G	13,977	15,434	1,457
Hamilton transport model ^{note eight}	G	500	0	(500)

continued on the next page...

Capital project LOS = levels of service R = renewals G = growth	Type	2020/21 Annual Plan \$000	2020/21 Actual \$000	Variance \$000
Rotokauri rail platform ^{note seven}	G	500	6,730	6,230
Intersection safety upgrade programme ^{note twelve}	LOS	1,881	31	(1,850)
Bridge safety improvements ^{note nine}	LOS	3,764	252	(3,512)
Biking Plan implementation ^{note ten}	G	10,450	6,447	(4,003)
Mass transit ^{note thirteen}	G	5,877	80	(5,797)
Bridge resilience programme	LOS	0	0	0
Cross city connector	G	0	0	0
Northern river crossing	G	0	0	0
Intersection capacity upgrade programme	G	452	210	(242)
Transport Centre rejuvenation ^{note eleven}	LOS	1,407	149	(1,258)
Share of facilities, information services, customer services and strategic property capital expenditure	LOS/R	2,893	2,386	(507)
Total		129,274	122,201	(7,073)

Capital expenditure was lower than budgeted by \$7 million. The main reasons for the variances are:

Note one: The renewal of transportation assets was managed as a programme so staff would be responding to the needs of the network and reprioritise works to ensure the best outcomes. The overspends in the replacement of road base, road resurfacing and traffic equipment were covered by an underspends in other areas.

Note two: \$11.7 million was brought forward from future years for roading upgrades and development in Peacocke to ensure this programme of works is completed in line with the Central Government requirements. The works are still planned to be delivered within budget.

Note three: \$2.8 million of roading upgrades and development in Rotokauri were deferred to align with developer timing.

Note four: \$5.9 million underspend in the road upgrades and development in Rototuna is due to the construction of the roading associated with the Rototuna Village being deferred to align with the timing of the community assets at the Rototuna Village and issues with getting a resource consent for the Turakina Rise Extension.

Note five: \$2 million of the roading upgrades and development in Ruakura has been deferred to align with the construction timing of the Ruakura Road Urban upgrade, which has now started.

Note six: \$1.5 million was brought forward for the Ring Road to align with construction timing.

Note seven: The Rotokauri Rail Platform project has been delivered within budget, however additional expenditure as identified is offset by additional revenue from Waka Kohati NZTA as well as some reprioritised funding from Mass Transit.

Note eight: \$500,000 for the Hamilton Transport model was deferred to align with timing of the Waikato regional transport model works.

Note nine: The bridge safety improvement works were reprioritised to renewals projects to ensure the best outcomes for the network.

Note ten: \$2.5 million of the Biking Plan implementation was deferred to align with the construction timing for the Te Awa Path and \$1.5 million was deferred for Eastern Pathways.

Note eleven: \$1 million of the Transport Centre rejuvenation was deferred to 2021/22. The business case has now been approved by Waka Kotahi and we are moving into the design phase.

Note twelve: Minor improvements to the Transport Network and Intersection Safety Upgrade Programme were managed as a programme of works and reprioritised within the combined budget.

Note thirteen: \$5.8 million from the Mass Transit Programme was used to offset the Rotokauri Rail Platform and the remainder was reprogrammed in the later years of the 2021-31 Long-Term Plan to align development with the Hamilton-Auckland Metro Spatial Plan and Mass Transit Programmes.

SERVICE PERFORMANCE MEASURES

KEY: Target achieved | Target not achieved

You can expect: Predictable vehicle travel times for peak time trips.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
The percentage of extra time taken for vehicles to travel key routes in the city during peak travel times compared to non-peak.	No more than 50%	49%	38%	42%

What's behind the results

This measure indicates how effectively we manage peak hour traffic flows.

The year-end result of 49% is based on the average of assessments undertaken in November 2020 and May 2021. The 2020/21 result is above prior years due to general traffic growth increase. The population in Hamilton continues to increase and general traffic volumes were 5.9% higher between June 2020 - June 2021.

In completing the assessment, data is collected from road-side Bluetooth devices to measure vehicle travel times along selected routes. This method has been used historically by the Council to collect travel time data. For the purposes of this assessment, we measured travel time on the following routes:

- Horsham Downs Road to University Gate 1, Knighton Road.
- Knox Street carpark to University Gate 1, Knighton Road.
- Dominion Road to Radnor Street.
- Tramway Road to Mill Street.
- Mill Street to Whatawhata Road.

The peak periods surveyed vary slightly between routes but generally capture journeys that occur between 8am and 9am, with off-peak travel times between 10.30am and 11am.

The worst of the routes is Knox Street carpark to Gate 1 of The University of Waikato (via Anzac Parade), with travel times during peak hour traffic 126% higher compared to non-peak hour traffic.

This measure will be replaced in 2021/22 with a focus on predictable travel times for all vehicles at a wider range of locations during peak hours as our city grows.

You can expect: Alternative transport options for getting into the central city.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
The number of cyclists biking into the central city.	At least 1700	1235	Unable to collect data due to COVID-19	1238

What's behind the results

We are working towards providing biking routes across the city, making Hamilton a more bike-friendly city. This measure provides an indication of progress towards this goal.

The completed survey involves a manual count completed annually at 23 selected points on the perimeter of the central city. The manual counting is carried out at set times in the morning (7am - 9am) and afternoon (4.30pm - 6pm), and only people on bikes were included. The 1235 people biking into the central city daily for 2020/21 is consistent with the last survey result in 2018/19 of 1238. However, this is below our annual target of 1700.

Since the new layout for Claudelands Bridge was completed in October 2019 to encourage people on bikes and people in cars to share the road with one another, there has been minimal cycling investment in the central city. We know that to generate mode shift we need to create a cycling network that is cohesive, safe, direct, attractive and comfortable.

The survey result may have also been impacted by the counts taking place in the same week as a public holiday and changes in working habits since COVID-19, such as an increase in the number of people working from home.

Due to the timing of the survey, the results have not captured any initial change in cycling numbers that may have occurred since the installation of sharrows on Victoria Street in late March 2021, the right-hand turn for cyclists only from Victoria Street onto Claudelands Bridge, the protected cycle lanes on Ward Street as part of Hamilton Kirikiriroa Innovating Streets and the minor safety improvements for Anzac Parade (which align with the Biking and Micro-Mobility Programme).

Work has been completed to create a Biking and Micro-Mobility Programme to deliver over the next 30 years. This includes a city-wide strategic network plan that indicates a potential network within, and connecting to, the central city. In April 2021, Council approved the final draft of the Biking and Micro-Mobility Programme Business Case be submitted to Waka Kotahi to seek business case approval. Funding and timing of the projects included within the Biking and Micro-Mobility Programme will be determined and approved as part of current and future Annual and Long-Term Plan processes.

You can expect: Our transport network is safe to use.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
The change from the previous financial year in the number of fatalities and serious injury crashes on Hamilton's local road network. ¹⁴	Decrease from previous year.	2 more fatal or serious injury crashes than 2019/20.*	10 fewer fatal or serious injury crashes than in 2018/19.†	1 fewer fatal or serious injury crashes than in 2017/18.†

What's behind the results

We are working towards a safe transport network with a vision of a decreasing trend of deaths and serious injuries on Hamilton roads within 10 years. We aim to achieve this by delivering projects that improve the safety of pedestrian and biking facilities and intersections. The measure indicates the impact of safety improvements on reducing death and serious harm on Hamilton roads.

Data is collected from the Crash Analysis System (CAS) managed by Waka Kotahi from data entered by NZ Police. This data is live and being continuously updated when investigations and audits are completed. The interim total of fatal and serious injury crashes on Hamilton's local road network (including crashes at intersections with state highways where Waka Kotahi is the controlling authority) in 2020/21 is 46 (41 crashes on local roads and five crashes on state highways). The number of crashes on local Hamilton roads remained the same, however there were two more crashes on state highways, when compared to the previous financial year.

	2020/21	2019/20	2018/19	2017/18	2016/17
Fatalities	5	2	4	5	2
Serious injuries	41	42	50	50	45
Total	46 (interim)	44	54	55	47

Cyclists and pedestrians (including wheeled pedestrians) continue to account for a disproportionate share of incidents in 2020/21 when compared to mode share of total trips in Hamilton. 38% of fatal and serious injuries involved these road user groups despite comprising an estimated 12% of total trips. We continued targeting our budget towards safety improvements in high-risk locations, zones with significant traffic volumes and areas where there is a community need. This includes safer crossing facilities around schools, a new roundabout on Comries Road and improvements to cycling facilities on River Road (near Flagstaff Shops, Fairfield Bridge and Anzac Parade), and the Huntington/St James cycle path. Over time, these enhancements will have a cumulative effect when it comes to achieving Hamilton's Vision Zero target by 2028.

The results also need to be considered in the context of COVID-19, with traffic volumes under Alert Level 4 back in 2019/20 down to around 20% of a typical day.

¹⁴ Measure required by the Department of Internal Affairs

* Result confirmed at 6 September 2021. This data is collected annually by an external party and may be subject to change.

† All results and comparatives reported in the 2019/20 Annual Report did not include crashes at intersections with state highways where Waka Kotahi is the controlling authority. All results now include these crashes.

You can expect: Roads to be kept in good condition.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
The average smooth travel exposure rating across the sealed road network. ¹⁴	At least 86% smooth travel exposure.	84.2%	85.3%	86.4%
The percentage of Hamilton's sealed local road network that is resurfaced each year. ¹⁴	At least 4%	4.28%	3.6%	3.4%

What's behind the results

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

The work to keep our sealed roads in good condition is delivered through the annual reconstruction programme and regular maintenance activities. For our rural roads (speed limit <70kmph), we achieved an STE rating of 96% for 2020/21 - well above the target of 86%.

For the purposes of these measures, urban roads are separated into four categories based on the number of vehicles travelling on them per day. The highest category of 10,000 vehicles per day, representing 59% of vehicle kilometres travelled on urban roads, achieved an STE rating in 2020/21 of 86%. However, slightly worse results on less frequently travelled urban roads meant the overall result for the year end was marginally below the annual target of 86%.

The disparity in STE ratings for different urban road categories stems from rehabilitation funding being diverted in prior years to projects such as Arthur Porter Drive. In addition, cobbled roads and roads with safer speed interventions such as raised safety platforms receive a higher average roughness rating due to the thresholds for determining smoothness.

The annual target of 86% has been reduced to 80% from 2021/22 as safer speed management initiatives result in a greater variability of smoothness in road surfaces.

¹⁴ Measure required by the Department of Internal Affairs

You can expect: Footpaths to be kept in good condition.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
The percentage of footpaths that fall within the service standard for the condition of footpaths as set out in the Transport Activity Management Plan. ¹⁴	At least 97%	79%	78%	77%

What's behind the results

We aim to provide footpaths that are well maintained. Our target is at least 97% of footpaths have less than five faults identified per 100 metres. We record faults with different priority levels for action, ranging from monitoring-only (to check for further deterioration) to immediate repair. There is a high volume of faults that require monitoring only - which were identified in a 2018/19 audit. These faults are programmed into future renewal works, and earlier intervention is taken if the condition of any of the faults deteriorates.

Based on an internal condition survey for 2020/21, 79% of footpaths fall within the required service standard. When faults that are being actively monitored are excluded, the 2020/21 result shows that only 2% of our footpath network currently requires an active intervention. The footpath network audit will continue to inform our annual footpath maintenance activities and renewal programmes.

You can expect: A timely response to road and footpath service requests.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
The percentage of customer service requests relating to roads and footpaths responded to within five working days. ^{14 15}	At least 96%	98.96%	95.8%	97.6%

What's behind the results

We aim to investigate and respond to customers about requests for service relating to road and footpath issues in a timely manner.

In 2020/21 we received 6536 service requests, which represents a decrease of 393 from the previous year. Of the service requests received, we responded to 98.96% within five working days. This is above the annual target of 96% and an improvement on the 2019/20 result of 95.8%.

The improved result for 2020/21 is reflective of additional staff training and system enhancements to improve monitoring of performance. The most common service request types in 2020/21 were signs and street furniture (1074), sweeping (716), footpaths (665), and streetlights (628).

¹⁴ Measure required by the Department of Internal Affairs

¹⁵ Working days are Monday to Friday, excluding public holidays. If notification is received on the weekend or public holiday the timeframe starts from the next working day.

TRANSPORT FUNDING IMPACT STATEMENT

For year ended 30 June 2021

	10-Year Plan 2019/20	Actual 2019/20	10-Year Plan 2020/21	Actual 2020/21
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	23,387	26,112	35,175	35,453
Targeted rates	7,015	7,816	145	125
Subsidies and grants for operating purposes	6,201	9,812	6,314	6,453
Fees and charges	4,014	3,698	4,208	5,274
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	2,828	3,555	2,830	3,594
Total operating funding	43,445	50,993	48,672	50,878
Application of operating funding				
Payments to staff and suppliers	26,698	32,181	27,299	32,239
Finance costs	6,436	4,506	7,153	3,108
Internal charges and overheads applied	-	-	-	-
Other operating funding applications	-	-	-	-
Total applications of operating funding	33,134	36,687	34,452	35,347
Surplus/(deficit) of operating funding	10,311	14,306	14,220	15,531
Sources of capital funding				
Subsidies and grants for capital expenditure	61,413	38,721	37,660	64,452
Development and financial contributions	7,476	9,559	8,927	7,936
Increase/(decrease) in debt	52,298	33,026	22,891	419
Gross proceeds from sale of assets	-	309	-	636
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	121,187	81,615	69,478	73,443
Applications of capital funding				
Capital expenditure				
- to meet additional demand	109,266	64,090	57,939	96,192
- to improve the level of service	10,531	4,340	9,428	3,539
- to replace existing assets	19,443	14,809	17,114	22,476
Increase/(decrease) in reserves	(7,742)	(4,002)	(783)	(17,837)
Increase/(decrease) in investments	-	16,684	-	(15,396)
Total applications of capital funding	131,498	95,921	83,698	88,974
Surplus/(deficit) of capital funding	(10,311)	(14,306)	(14,220)	(15,531)
Funding balance	-	-	-	-

RUBBISH AND RECYCLING

Rubbish and Recycling is about protecting the health of Hamiltonians and the environment by providing a reliable kerbside rubbish and recycling collection service, and promoting waste minimisation and resource recovery. We want to encourage and support waste reduction, reuse and recycling through education programmes and the right infrastructure and services.

THIS ACTIVITY HELPS US DELIVER A CITY THAT EMBRACES GROWTH

WHAT WE DO

OUR ACTIVITIES:

- landfill site management
- refuse collection (refuse and recycling)
- waste minimisation.

We are responsible for the kerbside collection and safe management of domestic rubbish, recycling and litter.

We provide rubbish and recycling collections to residential properties in the city (excluding the city centre) on alternate weeks. As we no longer operate a landfill, all rubbish is transported to Hampton Downs landfills. We continue to monitor and manage several landfill sites that are now closed.

We own the Refuse Transfer Station (which includes a Recycling Centre) and the green waste collection facilities at the Hamilton Organic Centre. The operation of these facilities is contracted to privately owned businesses.

We work hard to minimise waste and to encourage more recycling and reuse through education programmes and promoting waste minimisation. Effective and efficient waste minimisation is a requirement of all councils under a range of legislation.

EFFECTS ON THE COMMUNITY

We provide these services to protect people's health and our environment by minimising the production of rubbish and promoting recycling and reuse. Effective rubbish and recycling activities are essential for a healthy community and thriving economy.

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

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

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

Closed landfill sites can potentially have negative effects on the

environment and public health. To mitigate these effects, we monitor gas and leachate at closed landfill sites and manage these sites within the requirements of our resource consents.

We manage collection contracts and comply with our Waste Management and Minimisation Bylaw to minimise the likelihood of these events occurring.



DELIVERING ON OUR 10-YEAR PLAN

On 31 August 2020 we implemented a new rubbish and recycling service. The new rubbish and recycling service was scheduled to start 1 July 2020, but due to impacts of COVID-19 the rollout had to be delayed. The new service provides more options for recycling with the 10-year goal to divert 150 million kilograms of waste away from landfill.

The new service includes the kerbside collection of rubbish, recycling and food waste, collection of rubbish and recycling from our facilities, operation of the Lincoln Street Refuse Transfer Station and Hamilton Organic Centre and the disposal of waste to Envirowaste's Hampton Downs Landfill.

Since the new service started, materials being sent to landfill has halved. This has seen the diversion numbers increase from an average of 27% up to 51% over the 12-month period. One of the key contributing factors to this is the reduction of waste volume households sent to landfill and the addition of the food scrap service. In the first eight months following the start of the new service, Hamilton has diverted more than 3.5 million kilograms of food scraps away from landfill. It is then taken to Hampton Downs where the contractor blends it with green waste and turns it into compost.

One expected environmental benefit of the project is we are now sending our waste to a landfill that captures 5% more landfill gas emissions than the previous one. Along with the reduction by around half the amount going to landfill, this has led to a reduction of the CO₂e emissions caused by Hamilton waste by approximately 4,453,000kg per year. The reduction in waste to landfill will also save around \$115,000 per year in levy payments.

Clean streets, the new kerbside collection service, the introduction of a bylaw that supports waste minimisation initiatives, along with award-winning gardens, vibrant murals and the stunning Waikato River has seen Hamilton named New Zealand's Most Beautiful Large City in the annual Keep New Zealand Beautiful Awards.

CAPITAL PROJECTS

The following table summarises the capital projects planned for year three (2020/21) of the 10-Year Plan and the progress made during the period.

Capital project LOS = levels of service R = renewals G = growth	Type	2020/21 Annual Plan \$000	2020/21 Actual \$000	Variance \$000
Replacement of closed landfill assets <small>note one</small>	R	1,144	19	(1,125)
Replacement of RTS & HOC assets	R	239	185	(54)
Closed landfill management	LOS	77	37	(40)
Refuse drop off points	G	43	0	(43)
Share of facilities, information services, customer services and strategic property capital expenditure	LOS/R	321	266	(55)
Total		1,824	507	(1,317)

Note 1: Capital expenditure for the replacement of closed landfill assets was unspent as the \$1.1 million budgeted for compliance requirements for Waikato Regional Council was not required. This budget will not be deferred to 2021/22.

SERVICE PERFORMANCE MEASURES

KEY: Target achieved | Target not achieved

You can expect: We will promote and encourage waste reduction, reuse and recycling.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
The percentage of waste recovered for recycling through the kerbside collection.	At least 45%	51.2%	28.1% ¹⁶	32.3%
The amount of waste received at Council-operated waste facilities that is diverted from landfill.	At least 16,000 tonnes per annum.	13,119 tonnes	13,383 tonnes. ¹⁶	16,639 tonnes. ¹⁷

What's behind the results

We promote waste reduction, reuse and recycling. This measure indicates the effectiveness of our Waste Minimisation and Education Programme.

The 45% annual target for the percentage of waste recovered through kerbside recycling was met with a year end result of 51%. This is a significant improvement on the 2019/20 result of 28%, and is reflective of the additional food scrap stream and expanded recycling options that are part of the new kerbside rubbish and recycling service that was implemented on 31 August 2020. We expect the successful results to continue to 2021/22, which will be the first full year of the new kerbside service.

Overall the delivery and implementation of the new rubbish and recycling service has been a success and over 50% of Hamilton residents are utilising the new food scraps service diverting this waste from landfill measure.

¹⁶ Result impacted by COVID-19

¹⁷ In the 2018/19 Annual Report we reported the amount of waste diverted from landfill as 18,139 tonnes. After identifying a calculation error for this result the figure was revised to 16,639 tonnes

You can expect: We will collect your rubbish and recycling.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
The number of weeks where there are more than 20 complaints about uncollected kerbside rubbish and recycling.	0 weeks	44 weeks	Unable to verify data.	0 weeks

What's behind the results

Complaints about missed collections continue to remain higher than desired. However, the 1038 missed collections reported between April and June 2021 represents the best three-month period since the start of the new kerbside service in September 2020. It is also 44% lower than the 1857 missed collections reported in the previous three-month period between January and March 2021. This is reflective of improvements made by EnviroWaste, such as providing additional vehicles being added to the food scraps collection in April 2021, to optimise the routes being taken by drivers.

Due to the challenges experienced as a result of the implementation of the new kerbside rubbish and recycling contract, the annual target for 2020/21 of zero weeks with more than 20 complaints about uncollected kerbside rubbish and recycling has not been met. For context, there are slightly under 60,000 households who receive a kerbside collection on a weekly basis with multiple collections streams per household. Based on the number of missed collections recorded since the new service started, approximately 1% of households are making a complaint about uncollected kerbside rubbish and recycling on a weekly basis. Further work is being undertaken with EnviroWaste to reduce the number of missed collections going forward.

This measure was updated as part of the 2021-31 Long-Term Plan, to the number of valid missed collections of kerbside rubbish, food scraps and recycling, with a target of zero months with greater than 110 missed collections.

You can expect: A timely response if there is a problem with rubbish and recycling.

Measure	2020/21 Targets	2020/21 Results	2019/20 Results	2018/19 Results
The percentage of customer complaints about uncollected kerbside rubbish and recycling resolved within 24 hours.	At least 95%	57%	Unable to verify data.	95.6%

What's behind the results

31 August 2020 saw the implementation of the new rubbish and recycling service with EnviroWaste. After a challenging first month of the new service, where only 20% of missed collections were resolved on time, there has been a steady improvement in response times for missed collections. During the period between April - June 2021, 92% of missed collections were resolved on time - an increase on the result of 76% achieved between January - March 2020. Both May and June saw 95% of missed collections resolved on time. This improved trend is expected to continue into 2021/22.

The service specification for the new contract requires EnviroWaste to collect any missed collections no later than the end of the next business day from the point in time at which they are notified. This enables complaints to be resolved outside the 24-hour timeframe that is specified for this measure, which was set in 2018/19 and aligned to the old kerbside service contract. This measure has been updated in the 2021-31 Long-Term Plan to the number of valid missed collections of kerbside rubbish, food scraps and recycling not resolved by the end of the business day following the initial report.

RUBBISH AND RECYCLING FUNDING IMPACT STATEMENT

For year ended 30 June 2021

	10-Year Plan 2019/20	Actual 2019/20	10-Year Plan 2020/21	Actual 2020/21
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	6,105	5,295	9,061	7,177
Targeted rates	1,827	1,568	51	11
Subsidies and grants for operating purposes	575	649	583	529
Fees and charges	459	(124)	456	(76)
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	10	444	9	532
Total operating funding	8,976	7,832	10,160	8,173
Application of operating funding				
Payments to staff and suppliers	6,259	12,431	8,491	6,796
Finance costs	1,211	214	1,177	368
Internal charges and overheads applied	-	-	-	-
Other operating funding applications	-	-	-	-
Total applications of operating funding	7,470	12,645	9,668	7,164
Surplus/(deficit) of operating funding	1,506	(4,813)	492	1,009
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase/(decrease) in debt	(9)	616	(14)	8
Gross proceeds from sale of assets	-	34	-	371
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	(9)	650	(14)	379
Applications of capital funding				
Capital expenditure				
- to meet additional demand	-	1	43	18
- to improve the level of service	85	12	34	37
- to replace existing assets	1,079	265	380	454
Increase/(decrease) in reserves	333	(4,752)	21	1,166
Increase/(decrease) in investments	-	311	-	(287)
Total applications of capital funding	1,497	(4,163)	478	1,388
Surplus/(deficit) of capital funding	(1,506)	4,813	(492)	(1,009)
Funding balance	-	-	-	-





FINANCES

TAHUA PUUTEA

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For year ended 30 June 2021	Notes	Council			Group	
		Actual 2021	Budget 2021	Actual 2020	Actual 2021	Actual 2020
		\$000	\$000	\$000	\$000	\$000
REVENUE						
Rates	3	200,275	200,066	191,728	200,275	191,728
Fees and charges	5	44,985	32,260	38,215	53,293	46,067
Subsidies and grants	4	8,920	7,227	10,963	8,920	10,963
Interest revenue	6	844	1,250	1,431	844	1,431
Other revenue	7	9,023	10,298	7,411	9,073	7,488
Development contributions	9	28,096	22,504	32,198	28,096	32,198
Capital revenue	10	72,978	58,634	42,446	72,978	42,446
Vested assets	11	33,484	32,479	49,147	33,484	49,147
Total revenue (excluding gains)		398,605	364,718	373,539	406,962	381,468
EXPENSES						
Personnel costs	12	87,880	83,802	83,359	91,031	85,877
Depreciation and amortisation expense	14	72,093	74,727	73,381	73,100	74,361
Finance costs	13	12,656	17,124	17,726	12,897	18,005
Operating and maintenance costs	15	59,629	52,928	50,895	63,550	55,075
Professional costs	15	16,286	13,820	13,322	16,339	13,385
Administration costs	15	25,298	36,367	24,698	25,471	24,871
Property costs	15	10,250	10,017	9,922	10,250	9,922
Total expenses (excluding losses)		284,092	288,785	273,303	292,638	281,496
Operating surplus/(deficit)		114,513	75,933	100,236	114,324	99,972
Gains	8	32,437	593	13,409	32,437	13,409
Losses	8	(5,198)	(10,457)	(32,689)	(5,198)	(32,699)
Share of associates' surplus/(deficit)		-	-	-	19,659	4,947
Surplus/(deficit) before tax		141,752	66,069	80,956	161,221	85,629
Income tax expense	16	-	-	-	(148)	(79)
Surplus/(deficit) after tax		141,752	66,069	80,956	161,369	85,708
Other comprehensive revenue and expense						
<i>Items that could be reclassified to surplus/(deficit)</i>						
Financial assets at fair value through other comprehensive revenue and expense	32	1,014	-	650	1,014	650
<i>Items that will not be reclassified to surplus/(deficit)</i>						
Gain on property, plant and equipment revaluations	32	229,822	178,286	4,747	230,811	4,747
Income tax on other comprehensive revenue and expense	32	-	-	-	-	-
Impairment of revalued property plant and equipment	32	(91)	-	(201)	(91)	(201)
Other revaluation reserve movements	32	-	-	-	-	-
Total other comprehensive revenue and expense		230,745	178,286	5,196	231,734	5,196
Total comprehensive revenue and expense		372,497	244,355	86,152	393,102	90,904
Surplus/(deficit) attributable to:						
Hamilton City Council		141,752	66,069	80,956	161,430	85,734
Non-controlling interest		-	-	-	(61)	(26)
Total comprehensive revenue and expense attributable to:						
Hamilton City Council		372,497	244,355	86,152	393,163	90,930
Non-controlling interest		-	-	-	(61)	(26)

The accompanying notes form part of these financial statements.

Explanations of major variances against budget are provided in individual notes.

*Surplus before gains and losses, share of associate's surplus and tax

BALANCING THE BOOKS MEASURE

For year ended 30 June 2021

	Notes	Council		
		Actual 2021	Budget 2021	Actual 2020
		\$000	\$000	\$000
Surplus/(deficit) before tax		141,752	66,069	80,956
Adjustments for balancing the books measure				
Remove capital revenue				
Vested assets	11	(33,484)	(32,479)	(49,147)
Part of development and financial contributions ¹		(20,220)	(14,628)	(23,505)
Capital subsidy (excluding subsidy on transport renewals) ²		(41,459)	(37,736)	(26,199)
Other capital contributions		(19,133)	(12,496)	(9,113)
Other items not considered everyday operating revenue ³		(1,330)	(4,217)	(754)
Remove gains/losses				
All gains/(losses)		(27,239)	9,864	19,280
Remove other expenses				
Other items not considered everyday operating expenses ⁴		6,961	21,189	126
Balancing the books surplus/(deficit)		5,847	(4,434)	(8,356)

1 Development contributions contain an element of funding for interest costs that are part of every day expenses. An adjustment is made to match the revenue with the expense.

2 Subsidy on transport renewals is adjusted to recognise that this is funding a portion of the depreciation on these renewals.

3 Adjustment for fair value calculation on the Housing Infrastructure Fund loans.

4 Adjustment for grants to other parties to invest in significant assets for the benefit of the city and fair value discount unwinding on the Housing Infrastructure Fund loans.

STATEMENT OF CHANGES IN EQUITY

For year ended 30 June 2021

	Notes	Council			Group	
		Actual 2021	Budget 2021	Actual 2020	Actual 2021	Actual 2020
		\$000	\$000	\$000	\$000	\$000
Equity balance at 1 July		4,012,459	3,964,373	3,926,307	4,070,230	3,979,326
Total comprehensive revenue and expense for the year		372,497	244,355	86,152	392,305	90,904
Equity balance at 30 June	32	4,384,956	4,208,728	4,012,459	4,462,535	4,070,230
Accumulated comprehensive revenue and expense						
Balance at beginning of year		1,902,720	1,855,419	1,825,150	1,923,276	1,840,928
Operating surplus/(deficit)		141,752	66,069	80,956	160,633	85,734
Transfers (to)/from restricted and council created reserves		(2,154)	(2,196)	(40)	(2,154)	(40)
Transfer from property revaluation reserves on disposal		7,451	-	(3,346)	7,451	(3,346)
Balance at end of year	32	2,049,769	1,919,292	1,902,720	2,089,206	1,923,276
Revaluation reserves						
Balance at beginning of year		2,069,989	2,069,204	2,061,447	2,103,031	2,094,489
Total other comprehensive revenue and expense		230,745	178,286	5,196	231,734	5,196
Transfer to accumulated comprehensive revenue and expense on disposal		(7,451)	-	3,346	(7,451)	3,346
Balance at end of year	32	2,293,283	2,247,490	2,069,989	2,327,314	2,103,031
Restricted and council created reserves						
Balance at beginning of year		39,750	39,750	39,710	39,750	39,710
Transfers (to)/from reserves		2,154	2,196	40	2,154	40
Balance at end of year	32	41,904	41,946	39,750	41,904	39,750
Non-controlling interest		-	-	-	4,112	4,173
Equity balance at 30 June	32	4,384,956	4,208,728	4,012,459	4,462,535	4,070,230

The accompanying notes form part of these financial statements.

Explanations of major variances against budget are provided in individual notes.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2021	Notes	Council			Group	
		Actual 2021	Budget 2021	Actual 2020	Actual 2021	Actual 2020
		\$000	\$000	\$000	\$000	\$000
Assets						
Current assets						
Cash and cash equivalents	17	54,036	76,000	104,207	54,262	104,382
Receivables	18	29,841	28,177	28,897	30,778	29,719
Prepayments		3,048	1,755	2,261	3,148	2,369
Inventory	19	189	160	164	218	495
Non-current assets held for sale	20	-	-	2,396	-	2,396
Other financial assets	22	1,429	432	11,414	1,429	11,414
Total current assets		88,543	106,524	149,339	89,835	150,775
Non-current assets						
Derivative financial instruments	21	629	1,191	1,084	629	1,084
Other financial assets						
- Investment in CCOs and other similar entities	22	12,238	10,445	11,230	8,238	7,230
- Other Investments	22	10,447	13,089	10,557	10,447	10,557
Total other financial assets	22	22,685	23,534	21,787	18,685	17,787
Investment in associates	23	7,430	7,430	7,430	77,118	57,207
Property, plant and equipment	24	4,861,799	4,868,181	4,438,664	4,880,570	4,458,228
Intangible assets	25	32,322	23,711	24,702	32,323	24,703
Investment property	26	39,468	30,258	29,768	39,468	29,768
Total non-current assets		4,964,333	4,954,305	4,523,435	5,048,793	4,588,777
Total assets		5,052,876	5,060,829	4,672,774	5,138,628	4,739,552
Liabilities						
Current liabilities						
Payables and deferred revenue	27	70,230	38,446	39,628	70,755	40,024
Derivative financial instruments	21	524	322	538	524	538
Employee entitlements	28	10,113	9,620	9,624	10,355	9,857
Provisions	29	4,451	2,116	2,816	4,623	2,816
Borrowings	30	73,760	22,800	73,751	74,200	73,991
Total current liabilities		159,078	73,304	126,357	160,457	127,226
Non-current liabilities						
Payables and deferred revenue	27	-	-	-	20	131
Derivative financial instruments	21	36,578	66,728	59,637	36,578	59,637
Employee entitlements	28	985	1,100	970	985	970
Provisions	29	15,220	16,948	18,644	15,220	18,816
Deferred tax liability	16	-	-	-	2,697	2,850
Borrowings	30	456,059	694,021	454,707	460,134	459,692
Total non-current liabilities		508,842	778,797	533,958	515,634	542,096
Total liabilities		667,920	852,101	660,315	676,091	669,322
Net assets		4,384,956	4,208,728	4,012,459	4,462,536	4,070,230
Equity						
Accumulated comprehensive revenue and expense	32	2,049,769	1,919,292	1,902,720	2,089,206	1,923,276
Other reserves	32	2,293,283	2,247,490	2,069,989	2,327,314	2,103,031
Restricted reserves	32	41,478	41,369	38,881	41,478	38,881
Council created reserves	32	426	577	869	426	869
Non-controlling interest	32	-	-	-	4,112	4,173
Total equity		4,384,956	4,208,728	4,012,459	4,462,536	4,070,230

The accompanying notes form part of these financial statements.

Explanations of major variances against budget are provided in individual notes.

STATEMENT OF CASH FLOWS

For year ended 30 June 2021	Notes	Council			Group	
		Actual 2021	Budget 2021	Actual 2020	Actual 2021	Actual 2020
Cash flows from operating activities		\$000	\$000	\$000	\$000	\$000
Cash was provided from:						
Rates revenue		200,930	200,066	190,949	200,910	190,949
Fees and charges		52,192	32,260	36,208	60,403	44,282
Government operating subsidies and grants		11,003	7,227	11,495	11,003	11,495
Government capital subsidies and grants		75,932	46,138	45,694	75,932	45,694
Other capital contributions		24,947	35,000	30,860	24,947	30,860
Interest received		983	1,250	1,324	983	1,324
Dividends received		66	104	406	66	406
Sundry revenue		7,627	5,977	6,251	7,677	6,328
		373,681	328,022	323,187	381,922	331,338
Cash was applied to:						
Payments to employees		87,376	83,802	81,441	90,518	83,993
Payments to suppliers		88,643	113,132	103,531	92,610	107,350
Interest paid		12,469	14,670	18,285	12,717	18,565
Tax payments		-	-	-	(148)	41
Net GST paid		5,603	-	(2,606)	5,603	(2,622)
		194,091	211,604	200,651	201,300	207,327
Net cash flow from operating activities	34	179,589	116,418	122,536	180,621	124,011
Cash flows from investing activities						
Cash was provided from:						
Proceeds from reduction in other financial assets		432	425	2,129	432	2,129
Proceeds from sale of shares		-	-	-	-	-
Proceeds from sale of investment property		2,396	2,396	387	2,396	387
Proceeds from sale of property, plant and equipment		1,453	-	987	1,453	987
		4,281	2,821	3,503	4,281	3,503
Cash was applied to:						
Acquisition of investments		(9,543)	-	14,014	(9,543)	14,014
NZLGFA borrower notes		-	2,464	1,600	980	1,600
Payments to investment in associates		-	-	-	-	997
Purchase of investment property		-	-	103	-	103
Purchase of intangible assets		11,147	-	8,634	11,147	8,634
Purchase of property, plant and equipment		234,840	302,844	177,033	234,130	177,529
		236,444	305,308	201,384	236,714	202,877
Net cash flow from investing activities		(232,163)	(302,487)	(197,881)	(232,433)	(199,374)
Cash flows from financing activities						
Cash was provided from:						
Loans raised		62,988	246,069	158,310	66,303	171,130
Finance leases raised		-	300	352	-	352
		62,988	246,369	158,662	66,303	171,482
Cash was applied to:						
Loan repayments		60,000	60,000	30,000	64,025	42,709
Finance lease repayments		586	300	599	586	599
		60,586	60,300	30,599	64,611	43,308
Net cash flow from financing activities		2,402	186,069	128,063	1,692	128,174
Net increase/(decrease) in cash held		(50,171)	-	52,718	(50,120)	52,811
Opening cash and cash equivalents balance		104,207	76,000	51,489	104,382	51,571
Closing cash and cash equivalents balance	17	54,036	76,000	104,207	54,262	104,382

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

CONTENTS

Note 1: Statement of Accounting Policies.....	125	Note 20: Non-current assets held for sale	152
Note 2: Summary Revenue and Expenditure for group of activities	128	Note 21: Derivative financial instruments	152
Note 3: Rates.....	130	Note 22: Other financial assets	154
Note 4: Subsidies and Grants	131	Note 23: Investment in associates	158
Note 5: Fees and Charges.....	132	Note 24: Property, plant and equipment.....	160
Note 6: Interest Revenue.....	133	Note 25: Intangible assets	172
Note 7: Other Revenue	134	Note 26: Investment property.....	175
Note 8: Gains/Losses	136	Note 27: Payables and deferred revenue	176
Note 9: Development Contributions.....	137	Note 28: Employee entitlements	177
Note 10: Capital Revenue	138	Note 29: Provisions	179
Note 11: Vested Assets.....	139	Note 30: Borrowings.....	181
Note 12: Personnel Costs.....	140	Note 31: Contingencies.....	184
Note 13: Finance costs	142	Note 32: Equity.....	186
Note 14: Depreciation and amortisation expense by group of activity.....	143	Note 33: Related party transactions	192
Note 15: Other expenses	144	Note 34: Reconciliation of net surplus / (deficit) after tax to net cash flow from operating activities	194
Note 16: Tax	146	Note 35: Financial instruments	195
Note 17: Cash and cash equivalents	148	Note 36: Adjustments to the comparative year financial statements.....	202
Note 18: Receivables	149	Note 37: Events after balance date	203
Note 19: Inventory.....	151		

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

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

The Group consists of the ultimate parent, Council, and its subsidiary, Waikato Innovation Growth Ltd (100% owned). The Council's 50% equity share of its associate Waikato Regional Airport Ltd is equity accounted into the Group financial statements.

The Council and Group provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return.

The Council has designated itself and the Group as public benefit entities (PBEs) for the purposes of complying with generally accepted accounting practice.

The financial statements of the Council and Group are for the year ended 30 June 2021. The financial statements were authorised for issue by Council on 13 October 2021.

BASIS OF PREPARATION

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

STATEMENT OF COMPLIANCE

The financial statements of the Council and Group have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRPR)), which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with and comply with PBE Standards.

PRESENTATION CURRENCY AND ROUNDING

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000), other than the remuneration and the severance payment disclosures in note 12, and the related party transaction disclosures in note 33. The remuneration, severance payment, and related party transaction disclosures are rounded to the nearest dollar.

CHANGES IN ACCOUNTING POLICIES

There have been no other changes in accounting policies.

STANDARDS AND AMENDMENTS ISSUED AND NOT YET EFFECTIVE AND NOT EARLY ADOPTED

• FINANCIAL INSTRUMENTS

PBE IPSAS 41 Financial Instruments replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement and PBE IFRS 9 Financial Instruments and is effective for financial years beginning on or after 1 January 2022, with earlier adoption permitted.

The main changes compared to PBE IPSAS 29 that are relevant to the Council and Group are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which might result in the earlier recognition of impairment losses.

Although the Council and Group has not assessed the effect of the new standard, it does not expect any significant changes as the requirements are similar to PBE IFRS 9 and PBE IPSAS 29.

• SERVICE PERFORMANCE REPORTING

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2021.

The Council and Group has not yet determined how application of PBE FRS 48 will affect its statement of performance.

• STATEMENT OF CASH FLOWS

An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of financial statements to evaluate

changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021, with early application permitted.

The Council and Group does not intend to early adopt the amendment.

• THREE WATERS REFORM

The Government is implementing a package of reforms to the three waters regulatory system, which are designed to:

- Improve national-level leadership, oversight, and support relating to the three waters - through the creation of Taumata Arowai, a new, dedicated Water Services Regulator from July 2021
- Significantly strengthen compliance, monitoring, and enforcement relating to drinking water regulation - through the creation of a new Water Services Bill and revised Drinking Waters Standards of New Zealand that are expected to come into effect mid 2021
- Manage risks to drinking water safety and ensure sources of drinking water are protected
- Improve the environmental performance and transparency of wastewater and stormwater networks.

We expect that the regulatory reform and the establishment of Taumata Arowai will change the way we will need to demonstrate regulatory compliance, assess risk relating to source and treated water quality and require licencing and authorisation of water supplier entities and individuals involved in providing three water services.

In addition to regulatory reform, Government has initiated a reform process for service delivery of three waters. While the Government's starting intention is for publicly-owned multi-regional models for water service delivery (with a preference for local authority ownership), final decisions on a service delivery model will be informed by discussion with the local government sector and the work of the Joint Steering Committee. As details of proposed new entities are still unknown, it is assumed that Council will continue to provide water, wastewater and stormwater services.

We have signed a Memorandum of Understanding (MoU) with Government to join the first phase of the Government's three waters reform and have received \$17.46 million in stimulus funding to support the delivery of specific three waters projects.

The MoU commits us to a collaborative process with Government to explore structural reform in the waters sector, particularly a multi-regional approach to three

waters management and delivery of better health, economic, cultural and environmental outcomes.

The \$17.46 million three waters stimulus includes \$500,000 to fund the early participation in the reform programme, to cover the engagement of additional resource to collate information, provide advice and backfilling of existing roles. Given the complexity of the three waters reform investigations and the time involved to participate and influence outcomes, it is highly likely that further funding will be required.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below.

BASIS OF CONSOLIDATION

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, expenses and cash flow of entities in the Group on a line-by-line basis. All intragroup balances, transactions, revenues and expenses are eliminated on consolidation.

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions (including those for which foreign exchange contracts are held) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

GOODS AND SERVICES TAX (GST)

Items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated as GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

BUDGET FIGURES

The budget figures are those approved by the Council in its 2020/21 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Estimating the fair value of interest rate swap yield curves - note 21.
- Estimating the fair value of land, buildings and infrastructure assets - note 24.
- Estimating the fair value of investment property - note 26.
- Estimating the retirement gratuities obligations - note 28.
- Estimating the landfill aftercare provision - note 29.
- Estimating the provision for uncollectability of receivables - note 18.

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Management has exercised the following critical judgements in applying accounting policies

- Donated or vested land and buildings with use or return conditions - note 11.
- Classification of property - note 24.
- Estimating retiring gratuities obligations - note 28.
- Assessing control and significant influence over the investment in associate - note 23.

NOTE 2: SUMMARY REVENUE AND EXPENDITURE FOR GROUP OF ACTIVITIES

ACCOUNTING POLICY

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

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

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage.

There have been no changes to the cost allocation methodology during the year.

Breakdown of summary revenue and expenditure for group of activities	Council	
	Actual 2021	Actual 2020
	\$000	\$000
Revenue		
Arts and Community	961	647
Planning and Development	12,301	11,770
Venues, Tourism and Major Events	6,947	7,062
Visitor Attractions	4,416	3,125
Safety	2,542	2,268
Democracy Services	56	210
Parks and Recreation	13,488	9,402
Rubbish and Recycling	1,019	987
Stormwater	11,734	8,587
Transport	107,097	101,920
Wastewater	24,028	24,776
Water Supply	13,852	11,508
Total activity revenue	198,441	182,262
Less internal revenue	(113)	(451)
Rates	200,276	191,728
Total revenue	398,604	373,539
Expenditure		
Arts and Community	23,214	14,587
Planning and Development	22,022	17,513
Venues, Tourism and Major Events	23,954	24,827
Visitor Attractions	17,904	17,554
Safety	8,252	7,538
Democracy Services	3,077	3,278
Parks and Recreation	38,535	35,349
Rubbish and Recycling	7,864	13,344
Stormwater	17,059	16,735
Transport	55,916	58,111
Wastewater	39,319	38,572
Water Supply	27,036	26,343
Total activity expenditure	284,152	273,751
Less internal expenditure	(59)	(448)
Total expenditure	284,093	273,303

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

Revenue classified as exchange or non-exchange transactions	Council	
	Actual 2021	Actual 2020
	\$000	\$000
Revenue from exchange transactions		
Fees and charges	44,985	38,215
Rental income	3,840	3,583
Subsidies and grants	2,659	1,106
Targeted rates for water supply	8,170	8,460
Interest revenue	844	1,431
Total revenue from exchange transactions	60,498	52,795
Revenue from non-exchange transactions		
Development contributions	28,096	32,198
Subsidies and grants	6,261	9,857
Capital revenue	72,978	42,446
Infringements and fines	1,443	1,378
Other revenue	3,740	2,450
Rates, excluding targeted rates for water supply	192,105	183,268
Vested assets	33,484	49,147
Total revenue from non-exchange transactions	338,107	320,744
Total revenue	398,605	373,539

NOTE 3: RATES

ACCOUNTING POLICY

Rates are set annually by a resolution and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised proportionately throughout the year. Rates revenue is classified as non-exchange except for metered water rates which are classed as exchange revenue.

RATES PENALTIES

Revenue from rates penalties is recognised when the penalty is imposed.

RATES REMISSIONS

Rates remissions are recognised as a reduction of rates revenue when we receive an application that satisfies our rates remission policy.

METERED WATER RATES

Revenue from metered water rates is recognised on an accrual basis based on usage. Unbilled usage as a result of unread meters at year-end is accrued on an average usage basis.

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

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
General rates				
General rates	199,887	147,714	199,887	147,714
Rates charges to Council properties	(490)	(466)	(490)	(466)
Targeted rates				
Metered water supply	8,681	8,842	8,681	8,842
Metered water charges to Council properties	(511)	(382)	(511)	(382)
Business improvement district rate	309	304	309	304
Service category rates (water, refuse and sewerage)	1,284	1,280	1,284	1,280
Hamilton Gardens	812	729	812	729
Central city	145	146	145	146
Transitional rate	-	41,023	-	41,023
Penalties and remissions				
Rates penalties	829	973	829	973
Rates remissions	-	-	-	-
- Hardship	(189)	(276)	(189)	(276)
- HCC utilities	(9,191)	(6,948)	(9,191)	(6,948)
- HCC other	(1,058)	(968)	(1,058)	(968)
- Community shop 50%	(54)	(56)	(54)	(56)
- Wastewater/Water/Refuse	(179)	(187)	(179)	(187)
Total rates	200,275	191,728	200,275	191,728

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other local authorities rate. The annual rates income of the Council for the year ended 30 June 2021 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	Council	
	2021	2020
	\$000	\$000
Rates	200,275	191,728
Total annual rates income	200,275	191,728

Explanation of significant variances against budget	Council	
	Actual 2021	Budget 2021
	\$000	\$000
Rates	200,275	200,066

Rates revenue was \$0.2 million favourable to budget. This was driven by:

- Lower than anticipated uptake of the extended COVID-19 residential rebates.
- This was offset by a decrease in rates penalties.

NOTE 4: SUBSIDIES AND GRANTS

ACCOUNTING POLICY

WAKA KOTAHI NZ TRANSPORT AGENCY SUBSIDIES

Waka Kotahi subsidies are recognised upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

OTHER GRANTS (INCLUDING GOVERNMENT GRANTS AND SUBSIDIES)

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

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
New Zealand Transport Authority roading subsidy - operating	6,261	9,857	6,261	9,987
Waste minimisation levy	529	647	529	647
Operating Grants - Water Reform Stimulus	1,578	0	1,578	0
Other grants*	552	459	552	459
Total grants, subsidies and reimbursements	8,919	10,963	8,919	10,963

* Other government grants and subsidies have been combined into Other grants

Explanation of significant variances against budget	Council	
	Actual 2021	Budget 2021
	\$000	\$000
Subsidies and grants	8,919	7,227

Subsidies and grants was \$1.7 million favourable to budget due a grant received from the Department of Internal Affairs for the Libraries Partnership Programme as well as a further operating grant of \$1.6 million received for the Water Reform Stimulus projects. Both grants were not included in the budget.

NOTE 5: FEES AND CHARGES

ACCOUNTING POLICY

Revenue from the rendering of services (e.g. building consent fees) is recognised by reference to the stage of completion of the transaction, based on the actual service provided as a percentage of the total services to be provided. Under this method, revenue is recognised in the accounting periods in which the services are provided. Within rendering of services most activities are at least partially funded by rates and therefore classified as non-exchange. The exceptions are: Parking (excluding fines), Planning and Guidance, Housing and Building Control which are 100% funded by users and classified as exchange revenue.

SALE OF GOODS

The sale of goods is classified as exchange revenue. Sale of goods is recognised when a product is sold to the customer and all risks and rewards of ownership have transferred to the customer.

BUILDING AND RESOURCE CONSENTS

Fees and charges for building and resource consent services are recognised when the building consent application process is completed.

ENTRANCE FEES

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

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Animal control charges	1,066	1,039	1,066	1,039
Building and resource consent charges	11,677	10,859	11,677	10,859
Cemetery and crematorium charges	1,576	1,482	1,576	1,482
Event facilities charges	4,255	4,474	4,255	4,474
Hamilton Gardens charges	166	121	166	121
Parking fees	1,738	1,524	1,738	1,524
Swimming pools charges	2,795	2,236	2,795	2,236
Trade waste charges	2,675	2,783	2,675	2,620
Zoo charges	2,083	1,486	2,083	1,486
Other fees and charges*	3,324	3,460	3,324	3,460
Commission received	1,087	1,364	1,087	1,364
Sale of goods	3,062	2,754	3,310	4,439
Operating contributions**	9,481	4,633	9,481	4,633
Rendering of services	-	-	8,059	6,330
Total fees and charges	44,985	38,215	44,985	46,067

* Other income has been combined into Other fees and charges

** Environment Waikato Contribution and Shared services contributions has been combined into Operating contributions

Explanation of significant variances against budget

	Council	
	Actual 2021	Budget 2021
	\$000	\$000
Fees and charges	44,985	32,260

Fees and charges were favourable to budget by \$12.7 million. This variance is largely due to better than expected event activity, increased visitor numbers across Council venues and continued high demand for consents. The favourability is prominent against a COVID-19 adjusted budget. Operating contributions were also received from the Ministry of Business, Innovation and Employment for the shovel ready project, Te Awa Cycleway.

NOTE 6: INTEREST REVENUE

ACCOUNTING POLICY

Interest revenue is exchange revenue and recognised using the effective interest rate method.

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Interest revenue				
Term deposits	612	1,290	612	1,290
Community loans (note 22)	68	59	68	59
Local authority and government bonds	164	47	164	47
Discount unwind on community loan (note 22)	-	35	-	35
Total interest revenue	844	1,431	844	1,431

Explanation of significant variances against budget

	Council	
	Actual 2021	Budget 2021
	\$000	\$000
Interest revenue	844	1,250

Interest revenue was unfavourable by \$0.4 million to budget. This was due to lower interest rates.

NOTE 7: OTHER REVENUE

ACCOUNTING POLICY

INFRINGEMENTS FEE AND FINES

Revenue from fines and penalties (e.g. traffic and parking infringements, library overdue book fines, rates penalties) is recognised when infringement notices are issued or when the fines/penalties are otherwise imposed.

DIVIDENDS

Dividends are classified as exchange revenue and are recognised when our right to receive a payment has been established.

INVESTMENT PROPERTY RENTAL REVENUE

Lease rentals (net of any incentives given) are recognised on a straight line basis over the term of the lease.

BEQUESTS AND OTHER DONATIONS

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

FAIR VALUE GAINS

Gains arising from the fair value assessment of borrowing at low or zero interest cost are recognised as Other revenue at the date of drawdown for the period of low or interest free benefit. Over the period of the benefit the fair value is adjusted down to the nominal value of the loan.

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Other revenue				
Infringements and fines*	1,443	1,378	1,443	1,378
Rental income**	3,840	3,583	3,840	3,583
Dividend revenue	66	406	66	406
Petrol tax income	1,355	1,167	1,355	1,167
Sponsorship income	-	1	-	1
Insurance claims	950	37	950	37
Donations received	35	79	35	79
Housing Infrastructure Fund - fair value benefit	1,330	754	1,330	754
Miscellaneous revenue	4	6	54	83
Total other revenue	9,023	7,411	9,073	7,488

* Infringements and fines - traffic, parking and other have all been combined into Infringements and fines.

** Rental revenue from investment properties, rents - residential and other rental income have all been combined into Rental income.

Explanation of significant variances against budget

	Council	
	Actual 2021	Budget 2021
Other revenue	\$000	\$000
	9,023	10,298

Other revenue was unfavourable to budget by \$1.3 million. This was mainly due to the fair value benefit on the Housing Infrastructure Fund not being received. This was a result of less development occurring at Peacocks than what we had budgeted for.

OPERATING LEASES AS LESSOR

Investment property is leased under operating leases.

The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Council		Group	
	2021	2020	2021	2020
Not later than one year	\$000	\$000	\$000	\$000
Later than one year and not later than five years	3,350	2,928	3,350	2,928
Later than five years	9,445	4,885	9,445	4,885
	29,762	7,984	29,762	7,984
Total non-cancellable operating leases	42,557	15,797	42,557	15,797

No contingent rents have been recognised during the period.

NOTE 8: GAINS/(LOSSES)

ACCOUNTING POLICY

DERECOGNITION

Items of property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the surplus or deficit in the year the item is derecognised.

INVESTMENT PROPERTY

Investment property is property held to earn rentals and/or for capital appreciation. All investment properties are stated at fair value, as determined annually by independent values at the balance sheet date.

Gains or losses arising from changes in the fair value of investment properties are recognised in the surplus or deficit for the period in which the gain or loss arises.

INVESTMENTS IN DEBT AND EQUITY SECURITIES

Investments in debt and equity securities are financial instruments classified as held for trading and are measured at fair value. Any changes in value, creating gains or losses are recognised in the surplus or deficit for the period.

DERIVATIVE FINANCIAL INSTRUMENTS

The Council's activities expose it primarily to the financial risks of changes in interest rates. The Council uses interest rate swap contracts to hedge these exposures.

The Council does not use derivative financial instruments for speculative purposes.

	Council		Group	
	2021	2020	2021	2020
Gains	\$000	\$000	\$000	\$000
Property, plant and equipment gain on disposal (note 24)	120	219	120	219
Investment property revaluation gain (note 26)	9,700	541	9,700	541
Investment property revaluation gain on disposal	-	51	-	51
Realised gain on other financial assets	-	-	-	-
Unrealised gain on other financial assets (note 22)	-	-	-	-
Gain on revaluation of interest rate swaps (note 21)	22,617	12,598	22,617	12,598
Total gains	32,437	13,409	32,437	13,409
Losses				
Investment property loss on disposal	-	-	-	-
Property, plant and equipment loss on disposal (note 24)	(5,186)	(6,147)	(5,186)	(6,147)
Impairment of assets	(12)	(1,686)	(12)	(1,686)
Net foreign currency exchange loss	-	-	-	(1)
Unrealised loss on other financial assets (note 22)	-	-	-	(9)
Loss on revaluation of interest rate swaps (note 21)	-	(24,856)	-	(24,856)
Total losses	(5,198)	(32,689)	(5,198)	(36,699)
Total net gains/(losses)	27,239	(19,280)	27,239	(19,290)

Explanation of significant variances against budget

	Council	
	Actual 2021	Budget 2021
	\$000	\$000
Gains/(Losses)	27,239	(9,864)

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.

NOTE 9: DEVELOPMENT CONTRIBUTIONS

ACCOUNTING POLICY

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

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Reserves	944	720	944	720
Stormwater	1,264	370	1,264	370
Transport	5,586	6,970	5,586	6,970
Wastewater	7,513	9,819	7,513	9,819
Water	4,913	5,626	4,913	5,626
Development contribution interest*	7,876	8,693	7,876	8,693
Total development contributions	28,096	32,198	28,096	32,198

* Development Contributions - interest portion of development contributions are disclosed separately.

Explanation of significant variances against budget

	Council	
	Actual 2021	Budget 2021
	\$000	\$000
Development contributions	28,096	22,504

Development contributions are above budgets due to a predicted COVID-19 downturn, not occurring.

NOTE 10: CAPITAL REVENUE

ACCOUNTING POLICY

CAPITAL CONTRIBUTIONS - GENERAL

Capital contributions are recognised as revenue upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Capital contributions - general	19,133	9,113	19,133	9,113
Capital grants - Water Reform Stimulus	3,632	0	3,632	0
Waka Kotahi NZ Transport Agency roading subsidy - capital	50,213	33,333	50,213	33,333
Total capital revenue	72,978	42,446	72,978	42,446

Explanation of significant variances against budget

	Council	
	Actual 2021	Budget 2021
	\$000	\$000
Capital contributions - general	22,765	12,496
Waka Kotahi NZ Transport Agency roading subsidy - capital	50,213	46,138
Total capital revenue	72,978	58,634

CAPITAL REVENUE

Capital Contributions were \$10.3 million favourable to budget. This was driven by:

- increase demand in wastewater, water and stormwater connections,
- funds received from the Department of Internal Affairs towards the Water Reform Stimulus projects,
- funding agreements in place for the Ruakura West Road construction and
- contributions received from Waka Kotahi towards the construction of the Ring Road.

NOTE 11: VESTED ASSETS

ACCOUNTING POLICY

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as non-exchange revenue when we have control of the asset.

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

ACCOUNTING FOR DONATED OR VESTED ASSETS WITH USE OR RETURN CONDITIONS

The Council has received assets from non-exchange transactions that contain use or return conditions. If revenue is not recognised immediately for such assets when received, there is the possibility that a liability would be recognised in perpetuity and no revenue would ever be recognised for the asset received.

The Council considers that an acceptable and more appropriate accounting treatment under PBE IPSAS 23 is to recognise revenue immediately for such transfers and a liability is not recognised until such time as it is expected that the condition will be breached.

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Land	11,947	23,234	11,947	23,234
Stormwater	6,703	5,953	6,703	5,953
Transport	7,141	12,994	7,141	12,994
Wastewater	4,134	4,784	4,134	4,784
Water supply	1,468	2,182	1,468	2,182
Parks and gardens – land and improvements	2,091	-	2,091	-
Total vested assets	33,484	49,147	33,484	49,147

Explanation of significant variances against budget

	Council	
	Actual 2021	Budget 2021
	\$000	\$000
Vested assets	33,484	32,479

Vested assets was favourable to budget by \$1 million. This was due to parks, stormwater and wastewater vesting \$2.1 million, \$1.2 million and \$0.9 million respectively more in assets due to increased subdivision activity in the city. Equally vested assets anticipated for transportation totalling \$2.7 million and water supply totalling \$0.5 million did not materialise during the period.

NOTE 12: PERSONNEL COSTS

ACCOUNTING POLICY

SUPERANNUATION SCHEMES

Defined contribution schemes

Employer contributions to KiwiSaver is accounted for as a defined contribution superannuation scheme and is expensed in the surplus or deficit as incurred.

Employee entitlements for salaries and wages, annual leave and other similar benefit are recognised as an expense and liability when they accrue to employees.

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Salaries and wages	81,079	76,195	84,169	78,665
Defined contribution plan employer contributions (include KiwiSaver)	1,434	1,441	1,495	1,489
Increase/(decrease) in employee benefit liabilities	504	1,920	504	1,920
Total salaries and wages	83,017	79,556	86,168	82,074
Other employee benefits	4,863	3,803	4,863	3,803
Total personnel costs	87,880	83,359	91,031	85,877

Refer to note 28 for the employee entitlement liability as at 30 June 2021 and 30 June 2020 and note 33 for further information on the remuneration of key management personnel and elected representatives.

Explanation of significant variances against budget

	Council	
	Actual 2021	Budget 2021
	\$000	\$000
Personnel costs	87,880	83,802

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.

CHIEF EXECUTIVE REMUNERATION

The total remuneration paid or payable for the year to the Chief Executive was \$469,040 (2020: \$469,040).

COUNCIL EMPLOYEE REMUNERATION BY BAND

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

	2021
< \$60,000	575
\$60,000 - \$79,999	284
\$80,000 - \$99,999	193
\$100,000 - \$119,999	98
\$120,000 - \$139,999	58
\$140,000 - \$159,999	28
\$160,000 - \$179,999	14
\$180,000 - \$239,999	7
\$260,000 - \$299,999	7
> \$400,000	1
Total employees	1,265

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

	2020
< \$60,000	600
\$60,000 - \$79,999	268
\$80,000 - \$99,999	180
\$100,000 - \$119,999	89
\$120,000 - \$139,999	55
\$140,000 - \$159,999	21
\$160,000 - \$179,999	9
\$180,000 - \$199,999	7
\$200,000 - \$279,999	9
> \$300,000	2
Total employees	1,240

Total remuneration includes non-financial benefits provided to employees.

At 30 June 2021 there were five or fewer employees in the individual bands \$180,000 - \$299,999. Therefore, these have been combined with the next highest band.

At 30 June 2020 there were five or fewer employees in the individual bands \$180,000 - \$299,999. Therefore, these have been combined with the next highest band.

At balance date, the Council employed 964 full-time employees (2020 934), with the balance of staff representing 137.23 full-time equivalent employees (2020 154.83). A full-time employee is determined on the basis of a 40 hour working week.

SEVERANCE PAYMENTS

For the year ended 30 June 2021, the Council made severance payments to ten employees totalling \$125,490 (2020 eight employees \$157,419). The value of each of the severance payments was \$1,000, \$5,000, \$5,125, \$5,500, \$10,000, \$11,250, \$11,527, \$17,048, \$26,539 and \$32,500. The amounts disclosed above represent any payment made in addition to the terms of the employment contract for each staff member.

NOTE 13: FINANCE COSTS

ACCOUNTING POLICY

All borrowing costs are recognised as an expense in the financial year in which they are incurred.

FAIR VALUE DISCOUNT UNWINDING

Fair value discount unwinding is recognised as a finance cost for borrowing a low or zero interest cost. The fair value benefit is recognised as other revenue.

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Interest expense				
Interest on borrowings	5,191	8,195	5,432	8,474
Interest on finance leases	24	46	24	46
Discount unwind on provisions (note 29)	314	132	314	132
Fair value discount unwinding *	311	126	311	126
Interest derivatives (presented net)				
Interest rate swaps	6,816	9,227	6,816	9,227
Total finance costs	12,656	17,726	12,897	18,005

* The fair value discount unwinding is related to the Housing Infrastructure Fund loans.

Explanation of significant variances against budget

	Council	
	Actual 2021	Budget 2021
	\$000	\$000
Finance costs	12,656	17,124

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

NOTE 14: DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY

ACCOUNTING POLICY

Depreciation is provided on a straight-line basis at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

Amortisation is provided on intangible assets and begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Directly attributable depreciation and amortisation expense by group of activity				
Arts and Community	2,773	2,767	2,773	2,767
Venues, Tourism and Major Events	5,270	5,326	5,270	5,326
Parks and Recreation	6,134	5,822	6,134	5,822
Planning and Development	-	-	-	-
Visitor Attractions	2,136	2,181	2,136	2,181
Rubbish and Recycling	553	563	553	563
Safety	81	67	81	67
Wastewater	11,971	13,043	11,971	13,043
Stormwater	9,948	9,862	9,948	9,862
Transport	19,243	19,836	19,243	19,836
Water Supply	8,384	8,557	8,384	8,557
Total directly attributable depreciation and amortisation by group of activity	66,493	68,024	66,493	68,024
Depreciation and amortisation not directly related to group of activities	5,600	5,357	6,607	6,337
Total depreciation and amortisation expense	72,093	73,381	73,100	74,361

Explanation of significant variances against budget

	Council	
	Actual 2021	Budget 2021
	\$000	\$000
Depreciation and amortisation	72,093	74,727

Depreciation was \$2.6 million favourable to budget. This was driven by:

- A favourable variance of \$1.8 million in Transportation due to project savings, deferrals, as well as a postponement of the revaluation that was due 30 June 2021; and
- A favourable variance of \$0.8 million in Wastewater due to project savings and deferrals.

NOTE 15: OTHER EXPENSES

ACCOUNTING POLICY

GRANT EXPENDITURE

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

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

OPERATING LEASES

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Professional costs:				
Fees to auditors:				
- fees to Audit New Zealand for audit of financial statements	238	233	291	282
- fees to Audit New Zealand for audit of 2021-31 Long-Term Plan	148	-	148	14
- fees to Audit New Zealand for other assurance services*	-	35	-	35
- fees to Audit New Zealand for audit of Debenture Trust Deed	8	8	8	8
- fees to Assurance CA firm for the internal audit function	121	141	121	141
- fees to Assurance firms for the accreditation, compliance and safety function	31	55	31	55
Consultants and other professional costs**	13,128	10,910	13,128	10,910
Legal Services	2,612	1,940	2,612	1,940
	16,286	13,322	16,339	13,385
Operating and maintenance costs:				
Contractors	32,581	29,070	32,581	29,070
Inventory consumption	587	522	587	522
Operating lease expense	70	133	70	156
Other operating costs	12,840	7,970	16,761	12,127
Maintenance and services	13,551	13,200	13,551	13,200
	59,629	50,895	63,550	55,075
Administration costs:				
General grants	5,488	3,474	5,488	3,474
Impairment of receivables (note 18)	369	135	369	135
Other administration costs	19,441	21,089	19,614	21,262
	25,298	24,698	25,471	24,871
Property Costs				
Insurance premiums	2,484	2,245	2,484	2,245
Other property costs	7,766	7,677	7,766	7,677
	10,250	9,922	10,250	9,922
Total other expenses	111,463	98,837	115,610	103,253

* The other assurance services paid to Audit New Zealand for the year ended 30 June 2020 was for the review of the new financial system implementation.

** Other professional costs have been combined with Consultants.

Explanation of significant variances against budget

	Council	
	Actual 2020	Budget 2020
	\$000	\$000
Operating and maintenance costs	59,629	52,928
Professional costs	16,286	13,820
Administration costs	25,298	36,367
Property costs	10,250	10,017
Other expenses	111,463	113,132

Other expenses were \$2 million under budget. This was due to:

- Administration costs coming in under budget due to a part-deferral of the Waikato Regional Theatre grant into 2021/22. In 2020/21 \$6.6 million was expensed against a budget of \$19 million.
- Operating and maintenance costs were unfavourable to budget due to increased reactive building maintenance works. Council event venues also experienced greater activity than anticipated which resulted in increased event expenses. This increase was offset by a corresponding increase in event revenue.
- Professional costs were unfavourable due higher than anticipated workloads, resulting in increased consultancy expenditure. There was also increased legal services expenditure due to work on the Judicial Review and other legal claims.

OPERATING LEASES AS LESSEE

Council leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 24 or 36 months. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Not later than one year	148	134	202	157
Later than one year and not later than five years	107	103	323	196
Later than five years	-	-	594	278
Total non-cancellable operating leases	255	237	1,119	631

The total minimum future sublease payments expected to be received under subleases at balance date is \$nil (2020: \$nil).

Leases can be renewed at Council's option, with rents set by reference to current market rates for items of equivalent age and condition. Council has the option to purchase the asset at the end of the lease term except where Council is leasing land or buildings.

There are no restrictions placed on Council by any of the leasing arrangements.

NOTE 16: TAX

ACCOUNTING POLICY

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates (and tax laws) that have been enacted or substantially enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, using tax rates that have been enacted or substantially enacted by balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Current tax and deferred tax is recognised against the surplus or deficit for the period, except when it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly in equity.

Components of tax expense	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Current tax expense	-	-	(3)	13
Deferred tax expense	-	-	(145)	(92)
Tax expense	-	-	(148)	(79)

Relationship between tax expense and accounting profit

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Surplus/(deficit) before tax	141,752	80,956	160,595	85,629
Tax at 28%	39,691	22,668	44,966	23,976
Effect of tax exempt income	(39,691)	(22,668)	(44,966)	(23,976)
Taxation loss not recognised	-	-	-	-
Equity accounted earnings of associates	-	-	-	-
Deferred tax adjustment	-	-	(148)	(79)
Tax expense	-	-	(148)	(79)

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

	Group				Total
	PPE	Investment properties	Other provisions	Tax losses	
Balance as at 1 July 2019	\$000	\$000	\$000	\$000	\$000
	(2,930)	-	(22)	10	(2,942)
Acquired balance	-	-	-	-	-
Charged to surplus or deficit	(74)	-	(9)	175	92
Charged to other comprehensive income	-	-	-	-	-
Balance at 30 June 2020	(3,004)	-	(31)	185	(2,850)
Acquired balance	-	-	-	-	-
Charged to surplus or deficit	(99)	-	(25)	269	145
Charged to other comprehensive income	-	-	-	-	-
Balance at 30 June 2021	(3,103)	-	(56)	454	(2,705)

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

UNRECOGNISED DEFERRED TAX ASSETS

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

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Tax losses - Council	144	141	144	141
Tax losses - Waikato Innovation Group Limited	-	-	448	185
	144	138	592	326

Under current income tax legislation the tax losses do not expire.

Deferred tax assets have not been recognised in respect of these items, as it is not probable that future taxable profits will be available against which the benefit of the losses can be utilised.

NOTE 17: CASH AND CASH EQUIVALENTS

ACCOUNTING POLICY

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short term highly liquid investments. The carrying value of cash at bank and short-term deposits with original maturities of less than three months approximates their fair value.

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

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Cash at bank and on hand	44,036	39,207	44,262	39,382
Term deposits with maturities of less than three months at acquisition	10,000	65,000	10,000	65,000
Total cash and cash equivalents	54,036	104,207	54,262	104,382

Explanation of significant variances against budget

	Council	
	Actual 2021	Budget 2021
	\$000	\$000
Cash and cash equivalents	54,036	76,000

The unfavourable variance to budget of \$22 million is due to more cash being used to fund capital expenditure than initially expected.

ASSETS RECOGNISED IN A NON-EXCHANGE TRANSACTION THAT ARE SUBJECT TO RESTRICTIONS

The Council holds unspent funds, included in cash at bank and investments, of \$41.9 million (2020 \$39.9 million) that are subject to restrictions. These unspent funds relate to reserves (see note 32) received with restrictions where the spending of the funds is separately monitored. The restrictions generally specify how the funds are required to be spent.

Council has a bank overdraft facility of \$500,000 on the daily trading account that is secured by way of debenture trust deed over general rates. At 30 June 2021 the interest rate on the overdraft facility was 6% per annum (2020 6% per annum). The credit interest rate on this account was 0.05% per annum (2020 0.75% per annum). The bank overdraft facility on the daily trading account was undrawn at 30 June 2021.

Council has a bank overdraft facility of \$10,000 on the direct fees account that is also secured by way of debenture trust deed over general rates. At 30 June 2021 the interest rate was 6% per annum (2020 6% per annum). The bank overdraft facility on the direct fees account was undrawn at 30 June 2021.

NOTE 18: RECEIVABLES

ACCOUNTING POLICY

Short-term receivables are recorded at the amount due less any provision for uncollectability.

A receivable is considered to be uncollectable when there is evidence the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Rates receivables	3,970	4,113	3,970	4,113
New Zealand Transport Agency	7,941	8,986	7,941	8,986
Water by meter	2,156	2,470	2,156	2,470
GST refund due	6,254	3,017	6,254	3,017
Income tax receivable	-	-	14	10
Sundry debtors	11,968	12,567	12,891	13,379
Gross debtors and other receivables	32,289	31,153	33,226	31,975
Less: provision for uncollectability	(2,448)	(2,256)	(2,448)	(2,256)
Total receivables	29,841	28,897	30,778	29,719

	Council		Group	
	2021	2020	2021	2020
Total receivables comprise:	\$000	\$000	\$000	\$000
Receivables from non-exchange transactions include outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates.	17,879	17,974	17,893	17,984
Receivables from exchange transactions include outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates.	11,962	10,923	12,885	11,735
	29,841	28,897	30,778	29,719

FAIR VALUE

Receivables are generally short-term and non-interest bearing. Therefore, the carrying value of debtors and other receivables approximates their fair value.

ASSESSMENT FOR UNCOLLECTABILITY

Council does provide for impairment on overdue rates on Maaori freehold land. It has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow Council to commence legal proceedings to cover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgement, then Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plan options in special circumstances.

The Chief Executive approved the write-off of rates receivables during the year under the LG(R) Act 2002 as follows:

- Section 90A: \$64,437

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

	2021			2020		
	Gross	Impairment	Net	Gross	Impairment	Net
	\$000	\$000	\$000	\$000	\$000	\$000
Council						
Not past due	25,472	-	25,472	22,277	-	22,277
Past due 1-60 days	3,129	-	3,129	2,635	-	2,635
Past due 61-120 days	582	-	582	574	-	574
Past due > 120 days	3,105	(2,448)	657	5,667	(2,256)	3,411
Total	32,288	(2,448)	29,840	31,153	(2,256)	28,897
Group						
Not past due	26,409	-	26,409	23,099	-	23,099
Past due 1-60 days	3,129	-	3,129	2,635	-	2,635
Past due 61-120 days	582	-	582	574	-	574
Past due > 120 days	3,105	(2,448)	657	5,667	(2,256)	3,411
Total	33,225	(2,448)	30,777	31,975	(2,256)	29,719

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

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

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Individual provision for uncollectability	77	99	77	99
Collective provision for uncollectability	2,371	2,157	2,371	2,157
Total provision for uncollectability	2,448	2,256	2,448	2,256

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor. An analysis of these individually impaired debtors is as follows:

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Past due 1-60 days	-	-	-	-
Past due 61-120 days	1	-	1	-
Past due > 120 days	76	99	76	99
Total individual provision for impairment	77	99	77	99

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

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Balance at 1 July	2,256	2,462	2,256	2,462
Additional provisions made during the year	36	56	36	56
Provisions reversed during the year	157	(246)	157	(246)
Receivables written off during the year	(1)	(16)	(1)	(16)
Balance at 30 June	2,448	2,256	2,448	2,256

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

Explanation of significant variances against budget

	Council	
	Actual 2021	Budget 2021
	\$000	\$000
Receivables	29,841	28,177

There was a unfavourable variance to budget by \$1.6 million. This was mainly driven by:

- the GST refunds for May 2021 and June 2021 were not recieved until after year end
- Sundry debtors was higher than expected at year end due to higher receivables in Planning Guidance, Parks and Open Spaces, City Transportation, City Waters and Trade waste, and
- the 2021 Waka Kotahi year end accrual was lower than budgeted.

NOTE 19: INVENTORY

ACCOUNTING POLICY

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

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

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus/deficit in the period of the write-down.

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Held for distribution inventory:				
Nursery	132	99	132	99
Retail	57	65	57	65
Raw materials	-	-	29	331
Total inventory	189	164	218	495

The write-down of inventory during the year was \$nil (2020 \$nil). There have been no reversals of write-downs (2020 \$nil).

No inventory is pledged as security for liabilities (2020 \$nil). However, some inventory is subject to retention of title clauses.

NOTE 20: NON-CURRENT ASSETS HELD FOR SALE

ACCOUNTING POLICY

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Non-current assets held for sale are:				
Land and buildings	-	2,396	-	2,396
Total Non-current assets held for sale	-	2,396	-	2,396

NOTE 21: DERIVATIVE FINANCIAL INSTRUMENTS

ACCOUNTING POLICY

Derivative financial instruments are used to manage exposure to interest rate risks arising from Council's financing activities.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date. The Council has elected not to hedge account for these derivative financial instruments.

The associated gains or losses on derivatives that are not hedge accounted are recognised in the surplus or deficit.

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Non-current asset portion				
Interest rate swaps	629	1,084	629	1,084
Total non-current asset portion	629	1,084	629	1,084
Total derivative financial instrument assets	629	1,084	629	1,084
Current liability portion				
Interest rate swaps	524	538	524	538
Total current liability portion	524	538	524	538
Non-current liability portion				
Interest rate swaps	36,578	59,637	36,578	59,637
Total non-current liability portion	36,578	59,637	36,578	59,637
Total derivative financial instrument liabilities	37,102	60,175	37,102	60,175

INFORMATION ABOUT INTEREST RATE SWAPS

The notional principal amounts of the outstanding interest rate swap contracts for the Council and Group was \$325.5 million (2020 \$318 million). This includes \$132.5 million (2020 \$132.5 million) of forward start swaps, leaving \$193 million (2020 \$185.5 million) in actual committed swaps at 30 June 2021. At 30 June 2021 the fixed interest rates of fair value interest rate swaps ranged from 1.1% to 5.1% (2020 1.4% to 5.48%).

The Council and Group currently have no fair value hedges.

INFORMATION ABOUT FORWARD FOREIGN EXCHANGE CONTRACTS

The Council and Group currently have no foreign currency forward exchange contracts (2020 nil).

FAIR VALUE

Interest rate swaps

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

Sensitivity analysis in relation to the swaps has been completed, and is included at note 35.

Explanation of significant variances against budget

	Council	
	Actual 2021	Budget 2021
	\$000	\$000
Derivative financial instrument assets	629	1,191
Derivative financial instrument liabilities (current and non-current)	37,102	67,050

There was an unfavourable variance to budget of \$0.6 million for derivative financial instrument assets and 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%).

NOTE 22: OTHER FINANCIAL ASSETS

ACCOUNTING POLICY

Financial assets (other than shares in subsidiaries) are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

TERM DEPOSITS AND COMMUNITY LOANS (LOANS AND RECEIVABLES)

For loans to community organisations, the difference between the loan amount and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as an interest expense.

After initial recognition, term deposits and loans to community organisations are measured at amortised cost using the effective interest method. Where applicable, interest accrued is added to the investment balance.

At year-end, the assets are assessed for indicators of impairment. Impairment is established when there is evidence we will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments are indicators that the asset is impaired. If assets are impaired, the amount not expected to be collected is recognised in the surplus or deficit.

SHARES IN SUBSIDIARIES

The investment in subsidiaries is carried at cost.

UNLISTED SHARES

Shares (other than shares in subsidiaries) and listed bonds (other than those designated as held to maturity) are designated at fair value through other comprehensive revenue and expense.

After initial recognition, the shares are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

For shares, a significant or prolonged decline in the fair value of the shares below its cost is considered to be objective evidence of impairment.

IMPAIRMENT

Impairment in term deposits, local authority stock, government stock bonds, general and community loans are recognised directly against the instruments' carrying amount.

If impairment evidence exists, the cumulative loss recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Current portion				
Loans and receivables				
Term deposits with original maturities greater than 3 months and remaining maturities less than 12 months	960	10,800	960	10,800
- Interest accrual	36	189	36	189
Community loans	433	425	433	425
- Interest accrual	-	-	-	-
Total current portion	1,429	11,414	1,429	11,414
Non-current portion				
Investment in CCOs and similar entities				
Shares in subsidiaries	4,000	4,000	-	-
Waikato Local Authority Shared Services Ltd (WLASS)	353	291	353	291
NZ Local Government Funding Agency Ltd (NZLGFA)	7,885	6,939	7,885	6,939
	12,238	11,230	8,238	7,230
Other Investments				
Term deposits with maturities greater than 1 year	7,170	6,880	7,170	6,880
- Interest accrual	325	299	325	299
Community Loans	2,757	3,189	2,757	3,189
Civic Financial Services Ltd (Civic)	195	189	195	189
	10,447	10,557	10,447	10,557
Total non-current portion	22,685	21,787	18,685	17,787
Total other financial assets	24,114	33,201	20,114	29,201

Explanation of significant variances against budget

	Council	
	Actual 2021	Budget 2021
	\$000	\$000
Other financial assets (current and non-current)	24,114	23,966

Other financial assets was favourable to budget by \$0.1 million. This was due to the revaluation of investment in CCOs.

FAIR VALUE

TERM DEPOSITS

The carrying amount of term deposits approximates their fair value.

COMMUNITY LOANS

The fair value of community loans is \$3.2 million (2020: \$3.6 million) which is made up of the loan to Melody Dairies Limited Partnership.

The carrying value approximates fair value as the loan provided is at a market related interest rate.

SHARES IN SUBSIDIARIES

Council has 100% shareholding in Waikato Innovation Growth Ltd (WIGL). WIGL Group financial results have been consolidated.

OTHER INVESTMENTS

Civic Financial Services Ltd reported a surplus for the year ended 31 December 2020 of \$0.3 million (31 December 2019 surplus \$2 million). Council has made an adjustment through surplus/(deficit) to reflect its share of the increase in net equity of the company resulting from the surplus for the year.

UNLISTED SHARES

WIGL has a 70% shareholding in New Zealand Food Innovation (Waikato) Ltd (NZFIW).

Investments in unlisted shares are initially recognised at cost and subsequently measured at fair value with any movements in fair value recognised directly in other comprehensive income.

The carrying amount of other financial assets approximates their fair value.

IMPAIRMENT/GAIN

A gain of \$946,449 (2020: \$784,184 gain) was made to Council's investment in NZ Local Government Funding Agency Ltd (NZLGFA) to reflect Council's share of the increase in NZLGFA's equity resulting from an operating surplus for the year ended 30 June 2021. A gain of \$62,458 (2020: \$0) was made to Council's investment in Waikato Local Authority Shared Services Ltd (WLASS) to reflect Council's share of the increase in WLASS's equity for the year ended 30 June 2021. A gain of \$6,214 (2020: \$134,189 loss) was made to Council's investment in Civic Financial Services Ltd to reflect Council's share of the increase in Civic's equity resulting from an operating surplus for the year ended 31 December 2020.

We have completed impairment assessments for all our other financial assets to assess for the impacts of COVID-19 and have determined that no impairment is required.

COMMUNITY LOANS

Movements in the carrying value of community loans are as follows:

	Council		Group	
	2021	2020	2021	2020
At 1 July	\$000	\$000	\$000	\$000
Amount of new loans during the year	3,614	2,098	3,614	2,098
Fair value adjustment on initial recognition	-	4,249	-	4,249
Loans repaid during the year (principal and interest)	-	-	-	-
Impairment loss recognised during the year	(556)	(2,828)	(556)	(2,828)
Unwind of discount and interest charged	-	-	-	-
Unwind of discount and interest charged	131	95	131	95
At 30 June	3,189	3,614	3,189	3,614

The Council's community loan scheme is designed to help not-for-profit organisations in the Hamilton community to develop or improve new or existing facilities and other major projects. Only organisations with the ability to repay are granted loans.

The fair value of loans at initial recognition has been determined using cash flows discounted at a rate based on the loan recipient's assessed financial risk factors.

SHARES IN SUBSIDIARIES

Breakdown of shares in subsidiaries and further information is as follows:

	Council		Group	
	2021	2020	2021	2020
Waikato Innovation Growth Ltd (WIGL)	\$000	\$000	\$000	\$000
Waikato Innovation Growth Ltd (WIGL)	4,000	4,000	-	-
Total investments in subsidiaries	4,000	4,000	-	-

PRINCIPAL ACTIVITY

The purpose of Waikato Innovation Growth Ltd is to provide business and innovation advisory services for small and medium-sized enterprises (SMEs) and High Value Manufacturing and Services (HVMS) businesses in the Waikato Region and to promote innovation in the food industry.

NOTE 23: INVESTMENT IN ASSOCIATES

ACCOUNTING POLICY

An associate is an entity over which we have significant influence and that is neither a subsidiary nor an interest in a joint venture.

The investment in an associate is initially recognised at cost and the carrying amount in the group financial statements is increased or decreased to recognise the group's share of the surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment in the group financial statements.

If the share of deficits of an associate equals or exceeds its interest in the associate, the group discontinues recognising its share of further deficits. After the group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where the group transacts with an associate, surpluses or deficits are eliminated to the extent of the group's interest in the associate.

The investment in the associate is carried at cost in the Council's parent entity financial statements.

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Council's main objective in the ownership of Waikato Regional Airport Limited is to support and provide economic growth to our community which can benefit from opportunities an Airport provides. The Council has concluded that it has significant influence but does not control the Airport for financial reporting purposes. Council does not have power over the entity and is not able to use its power to affect the nature or amount of the variable benefits to which the Council is exposed as a result of its involvement with the entity.

Breakdown of investment in associate and further information

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Waikato Regional Airport Limited	7,430	7,430	73,832	53,597
Melody Dairies Limited Partnership	-	-	3,387	3,610
Total	7,430	7,430	77,219	57,207

We have considered the impacts of COVID-19 on our investment in associates and have determined that no impairment was required.

Summarised financial information of associate presented on a gross basis

	Group	
	2021	2020
	\$000	\$000
Waikato Regional Airport Limited		
Assets	171,781	132,580
Liabilities	24,117	25,386
Revenue	61,623	24,396
Surplus/(deficit) after tax	39,952	10,209
Group's interest	50%	50%
Melody Dairies Limited Partnership		
Assets	60,319	57,389
Liabilities	27,993	23,092
Revenue	5,262	-
Surplus/(deficit)	(1,971)	(106)
Group's interest	10%	10%

Details of any contingent liabilities arising from the group's involvement in an associate are disclosed separately in note 31.

Melody Dairies Limited Partnership (MDLP) is 10% owned by NZFIW D2 LP Limited. Significant judgement and assumptions have been used to determine that New Zealand Food Innovation (Waikato) Limited Group (NZFIW Group) has significant influence over MDLP. NZFIW Group has a representation on the board of directors of MDLP. Due to the existing Management Agreement between NZFIW Group and MDLP, NZFIW Group is considered providing essential technical information to MDLP. As a result, it has been determined that NZFIW Group has significant influence over MDLP and therefore should account for it as an associate under NZ IAS 28 Investments in Associates and Joint Ventures. Melody Dairies Limited Partnership's principle place of business is 12 Melody Lane, Hamilton.

ACCOUNTING POLICY

Property, plant and equipment include:

• OPERATIONAL ASSETS

These are land, buildings (including cultural assets and leisure facilities), improvements, non-restricted parks and gardens, plant and equipment, leased assets, vehicles, zoo animals and library books.

Land, Buildings, parks and gardens improvements are measured at fair value. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Zoo animals are held primarily for social and recreational purposes. The capital cost is the actual expense incurred in acquiring the zoo animal.

• RESTRICTED ASSETS

These are parks and reserves owned by the Council that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Land is measured at fair value.

• HERITAGE ASSETS

These are museum collections and library collections (New Zealand Room) and are measured at fair value.

• INFRASTRUCTURE ASSETS

These are the fixed utility systems owned by the Council. Each asset type includes all items that are required for the network to function.

Land (except land under roads) is measured at fair value. Infrastructure assets (except land) are measured at fair value less accumulated depreciation.

REVALUATION

Land, buildings and improvements, heritage assets, and infrastructure assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every five years.

The carrying value of revalued assets are assessed annually to make sure they do not differ materially from the assets' fair values. If there is a material difference then the off-cycle asset classes are revalued.

Revaluation movements are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

ADDITIONS

The cost of an item of property plant and equipment, and costs incurred subsequent to initial acquisition, is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or a nominal cost, it is recognised at fair value at the date of acquisition.

The costs of servicing property, plant and equipment are recognised in the surplus or deficit as they are incurred.

DISPOSALS

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

DEPRECIATION

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land and heritage assets, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

ASSET CLASS	YEARS	DEPRECIATION RATE
Buildings	2 - 200	0.5% - 50%
Vehicles	3 - 15	6.7% - 33.3%
Plant and equipment	5 - 50	2% - 20%
Library books	3 - 14	7.1% - 33.3%
Zoo animals	10	10%
Improvements - parks and gardens	2 - 150	0.7% - 50%
Roads and traffic network		
Top surface (seal)	5 - 20	5% - 20%
Pavement (basecourse)	50 - 140	0.7% - 2%
Concrete Roads	60	1.7%
Drainage	60 - 70	1.4% - 1.7%
Car parks	6 - 110	0.9% - 17%
Footpaths and cycleways	5 - 75	1.3% - 20%
Kerbs and traffic islands	20 - 60	1.7% - 5%
Signs	15	6.7%
Street lights	5 - 50	2% - 20%
Bridges and culverts	40 - 150	0.7% - 2.5%
Underpasses	80	1.3%
Traffic signals	15	6.7%
Guarding and railing	20 - 25	4% - 5%
Bus shelters and fences	20	5%
Retaining walls	50 - 100	1% - 2%
Wastewater reticulation		
Pipes	30 - 100	1% - 3.3%
Manholes	100	1%
Treatment plant	5 - 100	1% - 20%
Valves	40 - 75	1.3% - 2.5%
Pump stations	15 - 100	1% - 6.7%
Stormwater system		
Pipes	30 - 100	1% - 3.3%
Manholes, inlets and outlets	100	1%
Soakage trench	50	2%
Fish Pass	50	2%
Channels	70-90	1.1% - 1.4%
Erosion control	50-100	1% - 2%
Water reticulation		
Bulk main chambers	100	1%
Backflow devices	40	2.5%
Pipes	40 - 100	1% - 2.5%
Valves	40 - 75	1.3% - 2.5%
Treatment plant	5 - 100	1% - 20%
Meters	15	6.7%
Hydrants	50 - 75	1.3% - 2%
Cathodic Protection Device	15-100	1% - 6.7%
Reservoirs	15 - 100	1% - 6.7%
Refuse - rubbish and recycling	5 - 100	1% - 20%

The residual value and useful life of an asset is reviewed and adjusted if applicable.

DEPRECIATION IS NOT PROVIDED IN THESE STATEMENTS ON THE FOLLOWING ASSETS:

- land
- formation costs associated with roading
- investment properties
- non-current assets held for resale
- work in progress and assets under construction
- heritage assets
- refuse land.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

VALUE IN USE FOR NON-CASH-GENERATING ASSETS

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

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

VALUE IN USE CASH-GENERATING ASSETS

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

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

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Management has exercised critical judgement in applying accounting policies to the classification of property.

The Council owns some rental properties, which are not held for generating a profit from renting. The receipt of market-based rental from these properties is incidental. These properties are held for service delivery objectives and are therefore accounted for as property, plant and equipment rather than as investment property.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

ESTIMATING THE FAIR VALUE OF LAND, BUILDINGS AND INFRASTRUCTURE

The most recent valuation of land was performed by independent registered valuers QV Asset & Advisory, Personnel Involved Mairi MacDonald, Ian Sutherland, Ashley Pont & Maria McHugh in conjunction with Hamilton City Council staff. The valuation is effective as at 30 June 2021.

The most recent valuation of Buildings was performed by independent registered valuers QV Asset & Advisory, Personnel Involved, Ian Sutherland & Maria McHugh, in conjunction with Hamilton City Council staff. Staff are experienced in the management of these types of assets and have sought outside assistance where required for items such as values or lives on specialised equipment. The valuation is effective at 30 June 2021.

LAND (OPERATIONAL, RESTRICTED, INFRASTRUCTURE AND PARKS AND GARDENS)

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values.

Where there is a designation against the land or the use of the land is restricted because of reserve or endowment status, the valuation approach reflects the restriction in use.

Restrictions on the Council's ability to sell land would normally not impair the value of the land because the Council has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership.

BUILDINGS

Depreciated replacement cost is determined using several significant assumptions. Significant assumptions used in the 30 June 2021 valuation include:

- The assessment of unit rates is based on the asset component being replaced with the least cost alternative modern equivalent asset providing the same service potential
- Base lives vary by component and are based on the NAMS Building Component guidelines, NAMS valuation manual or on staff experience.
- Depreciation was applied to depreciable assets on a straight-line basis over the assessed total economic life of the asset.

The properties in this revaluation can be broken into groups:

- Properties that could be sold and have been valued using Market Value by QV. These are mostly houses.
- Properties that have no value on the open market and have been valued using Depreciated Replacement Cost method. This is the majority of the properties in the Council portfolio.

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Non-specialised buildings (for example, office buildings) are valued at fair value using market-based evidence.

HERITAGE ASSETS

Library Heritage collection (Central Library Reference Collection) is valued at fair value. Major collection items have been valued separately or by formulae based on quantity measurements and determined by details provided by a random cross section sampling methodology.

The most recent valuation for the Library Reference Collection was performed by Ben Ashley, Principal Appraiser and Antonia Milsom, Senior Appraiser, both of Ashley & Associates Limited. The revaluations were effective as at 30 June 2021.

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

- a) Reference to observable prices in an active market. Where that market exists for the same or similar asset the market prices are deemed to be fair value. The values ascribed are primarily based on observable prices in both the primary retail market and the secondary auction market.
- b) If there is no active market, fair value is determined by other market based evidence adjudged by the valuers

as active and knowledgeable participants in the market.

When ascribing values, consideration was given to the following:

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

The most recent valuation for the Museum Heritage Collection was performed by Hamish Cooney, Principal Appraiser of Hamish Cooney Valuation Services. The last revaluation was effective as at 30 June 2021.

PARKS AND GARDENS IMPROVEMENTS

Parks and gardens improvements are valued at fair value using depreciated replacement cost.

The most recent valuation was performed by Sarah Ward (Strategic Asset Specialist) and Justin Lu (Business and Asset Analyst) and independently reviewed by Brian Smith BCom, CA of Brian Smith Advisory Services Ltd. The valuation was effective as at 1 July 2019.

This Valuation covers parks type assets for the Parks and Open Spaces, Hamilton Gardens, Cemeteries and Crematorium and Hamilton Zoo activities. It excludes parks types Assets for Venue, Tourism & Major Events (VTME).

A desktop revaluation has been carried out for the VTME park type assets.

Replacement unit rates have been reviewed and adjusted according to:

- project leader knowledge and pricing from recent renewal contracts
- the statistics nz capital goods price index.

The existing Useful Lives were reviewed to ensure they were appropriate. 2021 revised useful lives did not vary largely from those recommended in the New Zealand Infrastructure Asset Valuation and Depreciation Guidelines developed in 2006.

INFRASTRUCTURE ASSETS

Infrastructure assets are valued at fair value using the depreciated replacement cost method.

The most recent valuation for water reticulation, wastewater reticulation and pump stations, stormwater and solid waste sites was performed by Orapai Woon, Neville Blackett and Darren Teulon of Hamilton City Council and independently reviewed by CH2M Beca Limited. The valuation was effective as at 1 July 2018.

The most recent valuation for water and wastewater treatment plants, and water reservoirs was performed CH2M Beca Limited. The valuation was effective as at 1 July 2018.

The most recent valuation for transport assets (excluding land) was performed by Kevin Dunn, Senior Associate - Asset Management, of Beca Limited. The valuation was effective as at 30 June 2021.

There are several estimates and assumptions exercised when valuing infrastructure assets using the depreciated replacement cost method. These include:

- Estimating the replacement cost of the asset. The replacement cost is based on recent construction contracts in the region for modern equivalent assets, from which unit rates are determined.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns, soil types and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or under estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, infrastructure asset lives have been determined with reference to the NAMS guidelines published by the National Asset Management Steering Group and have been adjusted for local conditions based on staff experience. Asset inspections, deterioration and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

- For the small number of assets that had no recorded construction date a default construction date of half the life or a date relative to the other dates for like assets, has been assigned.
- When valuing the top surface (the surface treatment currently on the top of the road pavement) the following key assumptions have been made:
 - o Treatment lengths carrying >10,000 vehicle per day were assumed to be resurfaced with AC at the end of their theoretical life;
 - o 1st coats have been valued with a zero rate as the cost is included in the pavement renewal treatment included in the basecourse valuation.
- When valuing the carparks, replacement costs for flexible pavement layers are assumed to match the similar layers for treatment lengths with life cycles aligning to pavement use 3 category roads due to traffic inflow and outflow, commodity parking restriction and turnaround times. It is also assumed concrete car parks are 200mm deep with steel mesh reinforcement.

IMPACTS OF COVID-19 ON THE FAIR VALUE OF ASSETS

The fair value of all assets at 30 June 2021 have been re-assessed in light of COVID-19. We are satisfied that carrying value of assets represent the fair value.

UNINSURED ASSETS

Since 1 July 2013 Council has insurance cover for material damage for the underground pipe networks, bridges and reservoirs. This is cover in the event of a major incident or disaster. The road network assets remain uninsured.

NOTE 24: PROPERTY, PLANT AND EQUIPMENT

COUNCIL 2021

	Cost/ valuation	Accumulated depreciation & impairment	Carrying amount	Cost transfers / reclassifications	Accumulated depreciation transfers / reclassifications	Gain/(loss) on revaluations	Current year additions (constructed)	Current year additions (vested)	Change in Work in Progress
	1-Jul-20	1-Jul-20	1-Jul-20						
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets									
Land	87,252	-	87,252	-	-	11,177	-	-	-
Buildings	278,008	(9,782)	268,226	5	18,773	(1,234)	9,999	-	2,444
Land - parks and gardens	650,919	-	650,919	-	-	113,103	-	1,662	3
Improvements - parks and gardens	105,486	(3,762)	101,724	791	(791)	-	10,900	719	12,534
Plant and equipment	50,839	(30,689)	20,150	-	6	-	4,975	-	1,127
Leased assets	3,304	(2,198)	1,106	-	(6)	-	135	-	(120)
Vehicles	12,347	(4,098)	8,249	(5)	0	-	1,377	-	(160)
Library books	16,959	(10,457)	6,502	-	-	-	1,027	-	239
Zoo animals	776	(639)	137	-	-	-	40	-	4
Leasehold improvements	-	-	-	-	-	-	-	-	-
Total operational assets	1,205,891	(61,625)	1,144,266	791	17,982	123,046	28,453	2,381	16,070
Restricted assets									
Land	34,670	-	34,670	-	-	5,246	9	-	-
Heritage assets									
Museum and library	35,688	-	35,688	-	-	5,218	25	-	56
Infrastructure assets									
Land	42,455	-	42,455	-	-	4,050	-	3,443	58
Refuse	51,529	(882)	50,647	-	-	-	-	-	110
Roads and traffic network	965,253	(69,268)	895,985	-	87,379	(13,290)	15,327	10,716	96,566
Land under roads	741,251	-	741,251	-	-	-	359	8,503	4,549
Stormwater system	619,441	(18,971)	600,470	-	-	-	3,454	2,838	4,547
Wastewater system	433,573	(16,095)	417,478	-	-	-	14,731	4,131	19,710
Wastewater treatment plant	115,141	(8,104)	107,037	-	-	-	2,608	-	11,319
Water system	293,590	(10,966)	282,624	-	-	-	5,474	1,470	8,208
Water treatment station	91,381	(5,288)	86,093	-	-	-	(908)	-	3,324
Total infrastructure assets	3,353,614	(129,574)	3,224,040	-	87,379	(9,239)	41,045	31,102	148,391
Total property, plant and equipment	4,629,863	(191,199)	4,438,664	791	105,361	124,270	69,532	33,484	164,517

COUNCIL 2021						GROUP 2021				
Current year disposals at cost	Current year impairment charges or write offs ¹	Current year depreciation	Accumulated depreciation reversed on disposal	Other adjustments	Cost / revaluation	Accumulated depreciation & impairment charges	Carrying amount	Cost / revaluation ²	Accumulated depreciation & impairment charges ³	Carrying amount
					30-Jun-21	30-Jun-21	30-Jun-21	30-Jun-21	30-Jun-21	30-Jun-21
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
(600)	-	-	-	172	98,001	-	98,001	98,001	-	98,001
(2,236)	(0)	(9,355)	293	(7)	286,979	(71)	286,908	290,689	(225)	290,464
-	-	-	-	-	765,687	-	765,687	765,687	-	765,687
(1,042)	(48)	(4,856)	234	-	129,339	(9,175)	120,165	129,339	(9,175)	120,165
(551)	(10)	(3,038)	511	(2)	56,378	(33,210)	23,168	72,446	(34,063)	38,383
(685)	-	(582)	685	-	2,634	(2,101)	533	2,634	(2,101)	533
(695)	-	(1,491)	499	(145)	12,719	(5,090)	7,629	12,719	(5,090)	7,629
-	-	(1,516)	-	-	18,225	(11,973)	6,252	18,225	(11,973)	6,252
-	-	(26)	-	-	820	(665)	155	820	(665)	155
-	-	-	-	-	-	-	-	-	-	-
(5,809)	(58)	(20,864)	2,222	18	1,370,782	(62,284)	1,308,498	1,390,560	(63,291)	1,327,269
-	-	-	-	-	39,924	-	39,924	39,924	-	39,924
-	-	-	-	-	40,987	-	40,987	40,987	-	40,987
-	-	-	-	-	50,007	-	50,007	50,007	-	50,007
(605)	-	(440)	111	(300)	50,735	(1,211)	49,523	50,735	(1,211)	49,523
-	13	(18,418)	-	647	1,075,232	(308)	1,074,924	1,075,232	(308)	1,074,924
(605)	-	-	-	-	754,057	-	754,057	754,057	-	754,057
(814)	(0)	(9,319)	39	-	629,466	(28,252)	601,214	629,466	(28,252)	601,214
(537)	(43)	(7,376)	130	-	471,566	(23,341)	448,226	471,566	(23,341)	448,226
-	-	(4,122)	-	-	129,068	(12,226)	116,842	129,068	(12,226)	116,842
(710)	-	(5,509)	93	-	308,033	(16,383)	291,650	308,033	(16,383)	291,650
-	-	(2,562)	-	-	93,796	(7,850)	85,946	93,796	(7,850)	85,946
(3,270)	(30)	(47,747)	373	347	3,561,960	(89,570)	3,472,390	3,561,960	(89,570)	3,472,390
(9,080)	(88)	(68,612)	2,595	366	5,013,654	(151,855)	4,861,799	5,033,432	(152,862)	4,880,570

Explanation of significant variances against budget

	Council	
	Actual 2021	Budget 2021
	\$000	\$000
Plant, property and equipment	4,861,799	4,868,181

Plant, property and equipment was favourable to budget by \$6.3 million mainly due to less capital spend and deferral of projects during the year. The revaluation gain was \$52 million higher than budget due to the Transportation and Heritage assets being evaluated this year.

NOTE 24: PROPERTY, PLANT AND EQUIPMENT

COUNCIL 2020

	Cost/ valuation	Accumulated depreciation & impairment	Carrying amount	Cost transfers / reclassifications	Accumulated depreciation transfers / reclassifications	Gain/(loss) on revaluations	Current year additions (constructed)	Current year additions (vested)	Change in Work in Progress
	1-Jul-19	1-Jul-19	1-Jul-19						
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operational assets									
Land	84,550	-	84,550	-	-	-	-	2,577	-
Buildings	266,482	(46)	266,436	-	-	(104)	14,848	-	(1,097)
Land - parks and gardens	650,544	-	650,544	-	-	-	2,379	346	(2,350)
Improvements - parks and gardens	96,399	(9,354)	87,045	(106)	10	4,851	17,119	-	(2,470)
Plant and equipment	45,382	(28,440)	16,942	-	-	-	4,010	-	1,949
Leased assets	2,902	(1,577)	1,325	-	-	-	350	-	52
Vehicles	11,112	(3,955)	7,157	-	-	-	2,776	-	(171)
Library books	16,103	(9,034)	7,069	-	-	-	851	-	5
Zoo animals	777	(614)	163	-	-	-	11	-	(12)
Leasehold improvements	158	(138)	20	-	-	-	-	-	-
Total operational assets	1,174,409	(53,158)	1,121,251	(106)	10	4,747	42,344	2,923	(4,094)
Restricted assets									
Land	35,197	-	35,197	-	-	-	93	(610)	(10)
Heritage assets									
Museum and library	35,522	-	35,522	-	-	-	76	-	90
Infrastructure assets									
Land	36,184	-	36,184	-	-	-	5,608	1,116	(453)
Refuse	51,254	(438)	50,816	-	-	-	(28)	-	303
Roads and traffic network	883,010	(51,502)	831,508	-	-	-	32,972	17,351	37,280
Land under roads	718,644	-	718,644	-	-	-	6,888	20,011	(4,292)
Stormwater system	612,235	(9,366)	602,869	-	-	-	1,799	1,863	3,814
Wastewater system	406,925	(7,573)	399,352	106	(10)	-	8,485	4,813	13,778
Wastewater treatment plant	98,916	(3,994)	94,922	-	-	-	-	-	16,225
Water system	274,450	(5,354)	269,096	-	-	-	18,826	1,680	(625)
Water treatment station	88,236	(2,728)	85,508	-	-	-	1,321	-	1,824
Total infrastructure assets	3,169,854	(80,955)	3,088,899	106	(10)	-	75,871	46,834	67,854
Total property, plant and equipment	4,414,982	(134,113)	4,280,869	-	-	4,747	118,384	49,147	63,840

(1) Impairment of \$1.7M (2019 \$3M) has been recognised due to buildings that are planned to be demolished, have been impaired, as part of Peacockes development.

(2) The Group cost figures includes \$19.6M for Waikato Innovation Growth Ltd (Group) - \$3.7M of buildings and \$15.9M of plant and equipment

(3) The Group accumulated depreciation figures include \$0.1M for buildings and \$0.8M for plant and equipment.

COUNCIL 2020

GROUP 2020

Current year disposals at cost	Current year impairment charges or write offs ¹	Current year depreciation	Accumulated depreciation reversed on disposal	Other adjustments	COUNCIL 2020			GROUP 2020		
					Cost / revaluation	Accumulated depreciation & impairment charges	Carrying amount	Cost / revaluation ²	Accumulated depreciation & impairment charges ³	Carrying amount
					30-Jun-20	30-Jun-20	30-Jun-20	30-Jun-20	30-Jun-20	30-Jun-20
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
-	-	-	-	125	87,252	-	87,252	87,252	-	87,252
(360)	(1,754)	(9,742)	6	(7)	278,008	(9,782)	268,226	281,814	(9,926)	271,888
-	-	-	-	-	650,919	-	650,919	650,919	-	650,919
(961)	-	(4,595)	831	-	105,486	(3,762)	101,724	105,486	(3,762)	101,724
(502)	-	(2,667)	418	-	50,839	(30,689)	20,150	67,577	(31,525)	36,052
-	-	(621)	-	-	3,304	(2,198)	1,106	3,304	(2,198)	1,106
(1,313)	-	(1,093)	950	(57)	12,347	(4,098)	8,249	12,347	(4,098)	8,249
-	-	(1,423)	-	-	16,959	(10,457)	6,502	16,959	(10,457)	6,502
-	-	(25)	-	-	776	(639)	137	776	(639)	137
(158)	-	(7)	145	-	-	-	-	-	-	-
(3,293)	(1,754)	(20,173)	2,350	61	1,205,891	(61,625)	1,144,266	1,226,434	(62,605)	1,163,829
-	-	-	-	-	34,670	-	34,670	34,670	-	34,670
-	-	-	-	-	35,688	-	35,688	35,688	-	35,688
-	-	-	-	-	42,455	-	42,455	42,455	-	42,455
-	-	(444)	-	-	51,529	(882)	50,647	51,529	(882)	50,647
(5,775)	-	(19,001)	1,235	413	965,251	(69,268)	895,983	965,253	(69,268)	895,985
-	-	-	-	-	741,251	-	741,251	741,251	-	741,251
(270)	-	(9,608)	3	-	619,441	(18,971)	600,470	619,441	(18,971)	600,470
(534)	-	(8,547)	35	-	433,573	(16,095)	417,478	433,573	(16,095)	417,478
-	-	(4,111)	-	-	115,141	(8,104)	107,037	115,141	(8,104)	107,037
(741)	-	(5,642)	30	-	293,590	(10,966)	282,624	293,590	(10,966)	282,624
-	-	(2,586)	26	-	91,381	(5,288)	86,093	91,381	(5,288)	86,093
(7,319)	-	(49,939)	1,329	413	3,353,613	(129,574)	3,224,039	3,353,614	(129,574)	3,224,040
(10,613)	(1,754)	(70,112)	3,679	474	4,629,861	(191,199)	4,438,662	4,650,406	(192,179)	4,458,227

Explanation of significant variances against budget

	Council	
	Actual 2020	Budget 2020
	\$000	\$000
Plant, property and equipment	4,438,662	4,632,252

Plant, property and equipment was unfavourable to budget by \$193.6M mainly due to less capital spend and deferral of projects during the year. The revaluation gain was also \$80.3M lower than budget due to the transportation and heritage assets revaluations being deferred until the 2021 financial year.

NOTE 24: PROPERTY, PLANT AND EQUIPMENT

WORK IN PROGRESS

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

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Operational assets				
Land	-	-	-	-
Buildings	9,452	7,008	9,452	7,008
Land - parks and gardens	32	29	32	29
Improvements - parks and gardens	20,866	8,332	20,866	8,332
Plant and equipment	3,339	2,212	3,339	2,222
Finance Leases	47	167	57	167
Vehicles	241	400	241	400
Library books	239	-	239	-
Zoo animals	4	-	4	-
Leasehold improvements	-	-	-	-
Restricted assets				
Land	-	-	-	-
Heritage assets				
Museum and library	76	20	76	20
Infrastructure assets				
Land	321	263	321	263
Refuse	701	590	701	590
Roads and traffic network	185,065	88,489	185,065	88,489
Land under roads	7,570	3,020	7,570	3,020
Stormwater system	18,382	13,835	18,382	13,835
Wastewater system	42,895	23,185	42,895	23,185
Wastewater treatment plant	42,543	31,223	42,543	31,223
Water system	26,694	18,501	26,694	18,501
Water treatment plant	9,299	5,975	9,299	5,975
Total work in progress	367,766	203,249	367,776	203,259

CAPITAL COMMITMENTS

The amount of contractual commitments for acquisition of property, plant and equipment is:

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Capital commitments by asset class				
Land	-	-	-	-
Buildings	1,756	2,728	1,756	2,728
Improvements - parks and gardens	1,450	5,526	1,450	5,526
Plant and equipment	75	75	91	91
Leasehold improvements	-	-	-	-
Museum and library	-	176	-	176
Infrastructure land	-	-	-	-
Refuse	-	-	-	-
Roads and traffic network	200,904	105,658	200,904	105,658
Stormwater system	2,213	778	2,213	778
Wastewater system	27,753	25,387	27,753	25,387
Wastewater treatment plant	246	10,054	246	10,054
Water system	26,626	12,235	26,626	12,235
Water treatment station	-	475	-	475
Total capital commitments	261,023	163,092	261,039	163,108

NOTE 25: INTANGIBLE ASSETS

ACCOUNTING POLICY

Intangible assets are defined as identifiable non-monetary assets without physical form. Amortisation is the systematic allocation of the depreciable amount of an intangible asset over its useful life.

SOFTWARE ACQUISITION AND DEVELOPMENT

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

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

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

AMORTISATION

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life.

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

Computer Software	3-20 years	Consents and designations	10-35 years
Licenses	3-10 years	Models	5-30 years

	Council					Group	
	Infrastructural modelling	Licenses	Computer software	Consents & designations	Total	Intangibles	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cost							
Balance as at 1 July 2020	10,619	428	24,037	13,825	48,909	1	48,910
Additions	2,833		2,491	216	5,540	-	5,540
Disposals			(1,008)		(1,008)	-	(1,008)
Work in Progress (WIP)					-	-	-
- Opening WIP	8,093	19	1,010	672	9,794	-	9,794
- Closing WIP	9,602	37	4,393	1,369	15,401	-	15,401
Change in WIP	1,509	18	3,383	697	5,607	-	5,607
Balance as at 30 June 2021	14,961	446	28,903	14,738	59,048	1	59,049
Balance as at 1 July 2019	3,109	399	21,414	15,351	40,273	1	40,274
Additions			3,720		3,720	-	3,720
Disposals					-	-	-
Work in Progress (WIP)					-	-	-
- Opening WIP	583	(10)	2,107	2,198	4,878	-	4,878
- Closing WIP	8,093	19	1,010	672	9,794	-	9,794
Change in WIP	7,510	29	(1,097)	(1,526)	4,916	-	4,916
Balance as at 30 June 2020	10,619	428	24,037	13,825	48,909	1	48,910
Accumulated amortisation and impairment							
Balance as at 1 July 2020	(798)	(73)	(17,499)	(5,837)	(24,207)	-	(24,207)
Amortisation charge			(1,731)	(1,750)	(3,481)	-	(3,481)
Impairment					-	-	-
Amortisation reversed on disposal			962		962	-	962
Balance as at 30 June 2021	(798)	(73)	(18,268)	(7,587)	(26,726)	-	(26,726)
Balance as at 1 July 2019	(645)	(73)	(15,535)	(4,683)	(20,936)	-	(20,936)
Amortisation charge	(153)	-	(1,964)	(1,154)	(3,271)	-	(3,271)
Impairment					-	-	-
Amortisation reversed on disposal					-	-	-
Balance as at 30 June 2020	(798)	(73)	(17,499)	(5,837)	(24,207)	-	(24,207)
Carrying amounts							
Balance as at 1 July 2019	2,464	326	5,879	10,668	19,337	1	19,338
Balance as at 30 June and 1 July 2020	9,821	355	6,538	7,988	24,702	1	24,703
Balance as at 30 June 2021	14,163	373	10,635	7,151	32,322	1	32,323

RESTRICTIONS OVER TITLE

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

IMPAIRMENT

No intangible assets have been impaired (2020 \$nil).

CAPITAL COMMITMENTS

Intangible asset commitments include \$7.4 million (2020 \$1.7 million).

Explanation of significant variances against budget

	Council	
	Actual 2021	Budget 2021
	\$000	\$000
Intangible assets	32,322	23,711

Intangible assets are unfavourable to budget as a result of increased spend related to various software and system improvements and the investment in a zoo master plan and water and wastewater modelling projects.

NOTE 26: INVESTMENT PROPERTY

ACCOUNTING POLICY

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation. These assets consist of investment properties owned by the Council, funded either from Corporate Funds, the Domain Endowment Fund or the Municipal Endowment Fund.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, all investment property is measured at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Balance at 1 July	29,768	31,989	29,768	31,989
Additions from acquisitions	-	-	-	-
Transfers		(2,530)	-	(2,530)
Work in progress		103		103
Disposals		(335)	-	(335)
Fair value gains/(losses) on valuation (note 8)	9,700	541	9,700	541
Balance at 30 June	39,468	29,768	39,468	29,768

The valuation of Council's investment property was performed by R A Smithers an independent valuer from Telfer Young (Waikato) Limited. Telfer Young (Waikato) Limited are experienced valuers with extensive market knowledge in the types and locations of investment properties owned by the Council. The valuation was effective 30 June 2021.

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

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

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Rental revenue	1,699	2,228	1,699	2,228
Direct operating expenses from investment property generating revenue	607	727	607	727

Explanation of significant variances against budget

	Council	
	Actual 2021	Budget 2021
	\$000	\$000
Investment property	39,468	30,258

Investment property was \$9.2 million favourable to budget. This was due to the large gain on revaluation of investment property.

NOTE 27: PAYABLES AND DEFERRED REVENUE

ACCOUNTING POLICY

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

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Current portion				
<i>Payables and deferred revenue under exchange transactions</i>				
Trade payables and accrued expenses	55,194	31,995	55,719	32,391
Income in advance	6,965	3,586	6,965	3,586
Amounts due to related parties	-	-	-	-
Amounts due to customers for contract work	1,168	996	1,168	996
Total	63,327	36,577	63,327	36,973
<i>Payables and deferred revenue under non-exchange transactions</i>				
Trade payables and accrued expenses	350	185	350	185
Income in advance – Water Reform Stimulus	3,521	-	3,521	-
Income in advance	3,013	2,854	3,013	2,854
Other taxes payable	19	12	19	12
Total	6,903	3,051	6,903	3,051
Total current	70,230	39,628	70,755	40,024
Non-current portion				
<i>Payables and deferred revenue under exchange transactions</i>				
Income in advance	-	-	20	131
Total	-	-	20	131
Total non-current	-	-	20	131
Total payables and deferred revenue	70,230	39,628	70,775	40,155

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

Explanation of significant variances against budget

	Council	
	Actual 2021	Budget 2021
	\$000	\$000
Payables and deferred revenue	70,230	38,446

Payables and deferred revenue is \$31.8 million unfavourable to budget due to a higher level than anticipated 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 for transportation renewals and maintenance. 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.

NOTE 28: EMPLOYEE ENTITLEMENTS

ACCOUNTING POLICY

SHORT-TERM EMPLOYEE ENTITLEMENTS

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent it will be used by staff to cover those future absences.

The provision for retirement gratuities has been calculated on an actuarial basis bringing to account what is likely to be payable in the future in respect of service that employees have accumulated up until twelve months after balance date.

LONG-TERM EMPLOYEE ENTITLEMENTS

Employee benefits that are due to be settled beyond 12 months after the end of the year in which the employee provides the related service, such as retiring gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

PRESENTATION OF EMPLOYEE ENTITLEMENTS

Sick leave and annual leave are classified as a current liability. Retiring gratuities expected to be settled within 12 months of balance date are also classified as a current liability. All other employee entitlements are classified as a non-current liability.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

ESTIMATING RETIRING GRATUITIES OBLIGATIONS

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

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns. A weighted average discount rate of 1.77% (2020: 0.94%) and an inflation factor of 2.7% (2020: 2.2%) were used.

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Current portion				
Accrued pay	2,399	2,234	2,399	2,289
Annual leave	7,046	6,613	7,288	6,791
Sick leave	213	188	213	188
Retiring gratuities	455	589	455	589
Total current portion	10,113	9,624	10,355	9,857
Non-current portion				
Retiring gratuities	985	970	985	970
Total non-current portion	985	970	985	970
Total employee entitlements	11,098	10,594	11,340	10,827

Explanation of significant variances against budget

	Council	
	Actual 2020	Budget 2020
	\$000	\$000
Employee Entitlements (current and non-current)	11,098	10,720

Employee entitlements are \$0.4 million unfavourable to budget. This was due to higher annual leave balances than budgeted and an extra pay run in June 2021 (that was not budgeted for).

NOTE 29: PROVISIONS

ACCOUNTING POLICY

A provision is recognised for future expenditure of uncertain amount or timing when: there is a present obligation (either legal or constructive) as a result of a past event; it is probable that an outflow of future economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost in surplus or deficit (see note 13).

SIGNIFICANT JUDGEMENTS AND ESTIMATES

The present value of these cash flows is calculated using the Treasury's published risk free rates as discount rates.

The present value of these cash flows is calculated using an inflation rate of 2% (2020: 2.0%)

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Current portion				
Strategic realignment (Restructuring provision)	250	-	250	-
Weathertight homes resolution services claims	1,757	1,078	1,757	1,078
Building Defects	500	-	500	-
Landfill aftercare	1,196	1,254	1,196	1,254
Other	748	484	920	484
Total	4,451	2,816	4,623	2,816
Non-current portion				
Weathertight homes resolution services claims	750	948	750	948
Landfill aftercare	14,470	17,696	14,470	17,696
Loan repayment provision	-	-	-	172
Total	15,220	18,644	15,220	18,816
Total provisions	19,671	21,460	19,843	21,632

WEATHERTIGHT BUILDING CLAIMS PROVISION

These claims relate to weathertight building defects where weathertightness is the primary defect alleged and Council is named as a party to the claim.

There are currently four claims lodged with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2021 (2020 five claims). One claim was withdrawn during 2020/21 (2020 one claim settled).

Three claims (2020 six claims) lodged via the court system are outstanding with an estimated liability of \$1.9 million (2020 \$0.6 million).

Total estimated exposure is \$2.5 million (2020 \$1.5 million). This represents an overall increase of \$1 million for the year.

BUILDING DEFECTS PROVISION

These claims relate to building defects (e.g., Structural, Fire etc) where weathertightness isn't the primary defect alleged and Council is named a party to the claim.

Two claims (2020 two claims) lodged via the court system are outstanding with an estimated liability of \$0.5 million (2020 \$0.5 million).

LANDFILL AFTERCARE COSTS

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

Council's aftercare responsibilities include ongoing maintenance and monitoring such as the following:

- treatment and monitoring of leachate
- groundwater and surface monitoring
- gas monitoring and recovery
- implementation of remedial measures such as need for cover and control systems
- ongoing site maintenance for drainage systems, final cover and control

The cash outflows for the landfills are expected to occur until 2049. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred.

OTHER

The other provision category is made up of two provisions for legal proceedings and the Holidays Act Compliance provision.

Explanation of significant variances against budget

	Council	
	Actual 2021	Budget 2021
	\$000	\$000
Provisions (current and non-current)	19,671	19,064

Provision were unfavourable to budget due to additional provision included for Weathertight Homes and general Building defects.

	Council						Group	
	Strategic realignment	Building Defects	Weathertightness claims	Landfill	Other	Total	Loan repayment	Total
	\$000		\$000	\$000	\$000	\$000	\$000	\$000
2020								
Balance at 1 July 2019	395		1,629	14,402	-	16,426	168	16,594
Additional provisions made	-		397	5,310	484	6,191	4	6,195
Amounts used	(300)		-	(894)	-	(1,194)	-	(1,194)
Reversal of previously recognised provisions	(95)		-	-	-	(95)	-	(95)
Aftercare provision	-		-	132	-	132	-	132
Balance at 30 June 2020	-	-	2,026	18,950	484	21,460	172	21,632
2021								
Balance at 1 July 2020	-	-	2,026	18,950	484	21,460	172	21,632
Additional provisions made	250	500	481	(2,688)	264	(1,193)	-	(1,193)
Amounts used				(910)		(910)		(910)
Reversal of previously recognised provisions								
Aftercare provision				314		314		314
Balance at 30 June 2021	250	500	2,507	15,666	748	19,671	172	19,843

NOTE 30: BORROWINGS

ACCOUNTING POLICY

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance.

Borrowings are classified as current liabilities unless we have an unconditional right to defer settlement of the liability for at least 12 months after balance date.

HOUSING INFRASTRUCTURE FUND LOAN

The Housing Infrastructure Fund Loan (HIF) is interest-free for 10 years from the date of each drawdown.

The fair value of the loan recognises the interest-free benefit and is recognised as other revenue. Ten years after each drawdown the loan will be recognised at its nominal value with the unwinding of the fair value gains being recognised annually as a finance cost.

FINANCE LEASES

A finance lease transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item and the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty as to whether we will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Current				
Secured loans	72,500	72,500	72,940	72,740
- Interest accrual	1,088	1,110	1,088	1,110
Lease liabilities	172	141	172	141
Total current borrowings	73,760	73,751	74,200	73,991
Non-current				
Secured loans	435,000	445,000	439,075	449,985
- Interest accrual	-	-	-	-
- Housing Infrastructure Fund	20,724	8,755	20,724	8,755
Lease liabilities	335	952	335	952
Total non-current borrowings	456,059	454,707	460,134	459,692
Total borrowings	529,819	528,458	534,334	533,683

Explanation of significant variances against budget

	Council	
	Actual 2021	Budget 2021
	\$000	\$000
Borrowings (current and non-current)	529,819	716,821

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 Development Contributions than what was budgeted.

TOTAL NET DEBT

Total net debt is Council's debt performance measure that was put in place for the 2018-2028 10-Year Plan. At the 11 November 2020 Economic Development Committee meeting, it was resolved that the value of the Municipal Endowment Fund, not currently invested in property, and offset against debt, is treated as cash backed for the purposes of financial strategy measures. This is an increase to total debt.

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
External debt	529,819	528,458	534,334	533,683
Municipal Endowment Fund	31,570	-	31,570	-
less: cash held and cash investments	(62,527)	(122,375)	(62,753)	(122,550)
Total net debt	498,862	406,083	503,151	411,133

INTEREST TERMS FOR SECURED LOANS

Council has \$22.5 million of its total debt of \$528.2 million issued at fixed rates of interest (2020 \$22.5 million of \$526.2 million). The remainder of Council's secured loans are issued at floating rates of interest. For floating rate debt, the interest rate is reset quarterly based on the 90-day bank bill rate plus a margin for credit risk.

HOUSING INFRASTRUCTURE FUND (HIF)

In September 2016 the Housing Infrastructure Fund (HIF) was established by the New Zealand Government as a one off contestable fund. The fund is for accelerating short and medium term supply of new housing in high growth urban areas. This will provide financial capacity for growth councils to deliver the infrastructure needed to sustain their growth.

High urban growth areas are defined as those where Statistics New Zealand projects population growth to be or exceeding 1% per year for the next ten years. Hamilton has been identified as a high growth urban area.

Hamilton City Council submitted its proposal and was successful in getting funding for the Peacocke growth area. The approved funding agreement is for \$180.3 million.

The HIF funding is providing essential bulk infrastructure, including a bridge crossing at Hamilton Gardens, arterial roads and wastewater pump station and pressure main. The Peacocke growth area is expected to provide 3,750 homes over the next 10 years and approximately 8,400 over the next 30 years. This growth area is essential to meeting the overall growth needs of Hamilton of 12,500 homes over the next 10 years.

During the 2021 financial year \$12.99 million (2020 \$8.31 million) of the HIF interest free loan was drawn down. The undrawn amount is \$157.77 million (2020 \$170.76 million).

SECURITY

Council's secured loans have been issued in accordance with the Local Government Act 2002.

The loans are secured through the debenture trust deed over all rates, with the exception of \$12.5 million (2020: \$12.5 million) of Commercial Paper that has a maturity of three months or less.

Finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

FAIR VALUES

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

Due to interest rates on debt resetting to the market rate every three months, the carrying amounts of the majority of secured loans approximates their fair value. There is a \$10 million secured loan that has been issued at a fixed rate and has greater than 12 months to maturity. The fair value of this loan is \$10.8 million (2020 \$11.1 million). Fair value has been determined using contractual cash flows discounted using a rate based on market borrowing rates at balance date of 1.88% (2020 0.74%).

Analysis of lease liabilities

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Total minimum finance lease payments payable:				
Not later than one year	174	143	174	143
Later than one and not later than five years	345	985	345	985
Later than five years		-	-	-
Total minimum finance lease payments	519	1,128	519	1,128
Future finance charges	(12)	(35)	(12)	(35)
Present value of minimum finance lease payments	507	1,093	507	1,093
Present value of minimum finance lease payments payable:				
Not later than one year	172	141	172	141
Later than one and not later than five years	335	952	335	952
Later than five years		-	-	-
Total minimum finance lease payments	507	1,093	507	1,093
Current portion	172	141	172	141
Non-current portion	335	952	335	952
Total finance lease liability	507	1,093	507	1,093

INTEREST RATE

The interest rates applying to lease liabilities for 2021 range from 2.17% to 3.06% (2020 range from 2.17% to 6.68%).

DESCRIPTION OF MATERIAL LEASING ARRANGEMENTS

Council has entered into finance leases for various plant and equipment. The net carrying amount of leased items within each class of property, plant and equipment is included in the numbers disclosed in Note 24.

The finance leases can be renewed at Council's option, with rents set by reference to current market rates for items of equivalent age and condition. Council does have the option to purchase the asset at the end of the lease term.

There are no restrictions placed on Council by any of the finance leasing arrangements.

INTERNAL BORROWINGS

Internal borrowings apply to Council created reserves that are not supported by cash. There are currently no internal borrowings (2020: nil).

NOTE 31: CONTINGENCIES

CONTINGENT LIABILITIES

WEATHERTIGHT HOMES RESOLUTION SERVICES AND COURT CLAIMS

A provision for potential liability for four claims (2020 five claims) that are outstanding with the Weathertight Homes Resolution Service, and three claims (2020 six claims) lodged via the court system have been made per note 29. There may be further claims in future but these are unable to be quantified at this point in time.

UNQUANTIFIED CLAIMS

Enviro Waste Services Limited

Enviro Waste Services Limited has recently raised a dispute, which they have said they will take to arbitration under its Fixed Term Rubbish, Recycling and Disposal Services Agreement with the Council. Enviro Waste claims that it is entitled to charge a higher fee for collecting rubbish from standard bins in "difficult to access" areas while Council has a different interpretation of the non-standard charge. The difference in price if Enviro Waste were right could be significant. At present, there is still insufficient information to conclude on potential liability and claim quantum, if any.

Development Contribution Policy Judicial review

Judicial review proceedings challenging the Council's Development Contribution policy was heard in the Hamilton High Court on 19-21 April 2021. The applicants are a group of Hamilton's largest property developers. The claim comprised 17 separate claims identifying aspects of the DC regime which are said to be unlawful. Council are awaiting the judicial decision and will be reported to Council following its delivery. At present, there is still insufficient information to conclude on potential liability and claim quantum, if any.

General

Hamilton City Council is involved in ongoing investigations related to staff matters that may result in a liability.

FINANCIAL GUARANTEES

Council is at times requested to act as guarantor to loans raised by community organisations and sports clubs to construct facilities on Council reserve land. These structures form part of the reserve but are not included in the fixed asset figures. No provision has been made because Council do not consider it likely that these loans will require settlement. Council's potential liability under the guarantees is as follows:

	Council		Group	
	2021	2020	2021	2020
Financial guarantees (Bank of New Zealand)	\$000	\$000	\$000	\$000
Legal proceedings	-	170	-	170
- various legal proceedings	100	250	100	250
Total contingent liabilities	100	420	100	420

UNCALLED CAPITAL

Council has contingent liabilities in respect of uncalled capital for the entities as follows:

	Council		Group	
	2021	2020	2021	2020
New Zealand Local Government Funding Agency Ltd	\$000	\$000	\$000	\$000
	1,866	1,866	1,866	1,866
Total uncalled capital	1,866	1,866	1,866	1,866

WAIKATO INNOVATION GROWTH LTD

Waikato Innovation Growth Ltd does not have any contingent liabilities as at 30 June 2021 (2020 \$nil).

NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LTD

Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New

Zealand. NZLGFA has a current local currency rating from Fitch ratings Standard and Poor's of AA+ and a foreign currency rating of AA.

Council is one of 31 local authority shareholders and 15 local authority guarantors of the NZLGFA. The NZLGFA has uncalled capital of \$20 million of which Council's share is \$1.9 million as at 30 June 2021 (2020 \$1.9 million). At 30 June 2021, NZLGFA had total borrowings of \$13.6 billion (2020 \$12.4 billion) for which Council is a guarantor along with other shareholders and guarantors.

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

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

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

INVOLVEMENT IN ASSOCIATES

There are no quantifiable contingent liabilities arising from Council's involvement in its associates for 2021 (2020 \$nil).

CONTINGENT ASSETS

WEL ENERGY TRUST

Council is a 63 per cent capital beneficiary of the WEL Energy Trust. The life of the Trust ends in 2073 unless terminated earlier if its purpose is completed. Given the uncertainties surrounding the life of the Trust, Council is unable to accurately establish the appropriate value of its 63% share.

ACCOUNTING POLICY

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into accumulated funds, restricted and Council created reserves, revaluation reserves and fair value through other comprehensive revenue and expense reserve.

RESTRICTED RESERVES AND COUNCIL CREATED RESERVES

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned.

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

Also included in restricted reserves are reserves we restrict by resolution. We may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at our discretion.

Council created reserves are restricted in their application by our resolution.

REVALUATION RESERVES

This reserve relates to the revaluation of property, plant and equipment to fair value.

FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE RESERVE

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

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Accumulated comprehensive revenue and expenses				
Balance 1 July	1,902,720	1,825,150	1,923,276	1,840,928
Surplus/(deficit) for the year	141,752	80,956	160,633	85,734
Non-controlling interest prior year		-	-	-
Transfer from property revaluation reserves on disposal	7,451	(3,346)	7,451	(3,346)
Transfers from restricted and Council created reserves	2,260	2,370	2,260	2,370
Transfers to restricted and Council created reserves	(4,414)	(2,410)	(4,414)	(2,410)
Balance at 30 June	2,049,769	1,902,720	2,089,206	1,923,276
Restricted reserves				
Balance at 1 July	38,881	38,395	38,881	38,395
Transfers from accumulated comprehensive revenue and expense	2,640	512	2,640	512
Transfers to accumulated comprehensive revenue and expense	(43)	(26)	(43)	(26)
Balance at 30 June	41,478	38,881	41,478	38,881
Council created reserves				
Balance at 1 July	869	1,315	869	1,315
Transfers from accumulated comprehensive revenue and expense	1,774	1,898	1,774	1,898
Transfers to accumulated comprehensive revenue and expense	(2,217)	(2,344)	(2,217)	(2,344)
Balance at 30 June	426	869	426	869
Revaluation reserve*				
Balance at 1 July	2,069,989	2,061,447	2,103,031	2,094,489
Transfer to accumulated comprehensive revenue and expense on disposal of assets	(7,451)	3,346	(7,451)	3,346
Impairment	(91)	(201)	(91)	(201)
Revaluation gains/(losses) - property, plant and equipment	229,822	4,747	230,811	4,747
Revaluation gains/(losses) - shareholdings	1,014	650	1,014	650
Other movements	-	-	-	-
Balance at 30 June	2,293,283	2,069,989	2,327,314	2,103,031

* The Revaluation reserve includes the property revaluation reserve and the fair value through other comprehensive revenue and expense reserve.

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Property revaluation reserves for each class consist of:				
Operational assets				
Buildings	140,740	124,829	143,030	128,845
Plant and equipment	-	-	4,491	4,391
Land	72,126	61,976	89,482	79,332
Parks and gardens improvement	32,709	33,066	32,709	33,066
Parks and gardens land	610,772	497,669	610,772	497,669
Heritage assets				
Museum and library	16,615	11,396	16,615	11,396
Restricted assets				
Land	19,822	14,576	19,822	14,576
Infrastructure assets				
Land	27,385	23,335	27,385	23,335
Refuse	35,011	34,958	35,011	34,958
Roads and traffic network	424,807	354,292	424,807	354,292
Stormwater	456,788	457,485	456,788	457,485
Wastewater system	262,710	263,232	262,710	263,232
Wastewater treatment plant	36,818	36,818	36,818	36,818
Water treatment station	12,586	12,586	12,586	12,586
Water system	138,293	138,685	138,293	138,685
Airport infrastructure	-	-	9,894	7,279
Total	2,287,183	2,064,903	2,321,213	2,097,945
Fair value through other comprehensive revenue and expense reserve				
Balance at 1 July	5,086	4,436	5,086	4,436
Transfer to property revaluation reserve	-	-	-	-
Net change in fair value	1,014	650	1,014	650
Balance at 30 June	6,100	5,086	6,100	5,086
Non controlling interest				
Balance at 1 July	-	-	4,173	4,199
Share of surplus/(deficit)	-	-	(61)	(26)
Share of other comprehensive revenue and expense	-	-	-	-
Share transactions with non-controlling interest	-	-	-	-
Balance at 30 June	-	-	4,112	4,173
Total equity	4,384,956	3,926,307	4,462,535	4,070,230

Reserve	Activities to which the reserve relates	Council			
		Balance 1 July	Transfers into fund	Transfers out of fund	Balance 30 June
		\$000	\$000	\$000	\$000
2021					
Cemetery plot maintenance in perpetuity reserve	Cemeteries and Crematorium	1,733	42	(43)	1,732
Domain Endowment Fund	Parks and Recreation and Stormwater	8,118	47	-	8,165
Municipal Endowment Fund	Strategic property investment	29,019	2,550	-	31,569
Waikato Art Gallery Endowment reserve	Visitor Attractions	11	1	-	12
Total restricted reserves - 2021		38,881	2,640	(43)	41,478
Bus shelter reserve	Transport	26	-	(26)	-
Project Watershed operating reserve	Parks and Recreation and Stormwater	305	2	(98)	209
Hamilton Gardens reserve	Parks and Recreation	-	1,241	(1,241)	-
Waste minimisation reserve	Rubbish and Recycling	538	531	(852)	217
Total Council created reserves - 2021		869	1,774	(2,217)	426
Total restricted and Council created reserves - 2021		39,750	4,414	(2,260)	41,904

Reserve	Activities to which the reserve relates	Group			
		Balance 1 July	Transfers into fund	Transfers out of fund	Balance 30 June
		\$000	\$000	\$000	\$000
2020					
Cemetery plot maintenance in perpetuity reserve	Cemeteries and Crematorium	1,733	26	(26)	1,733
Domain Endowment Fund	Parks and Green Spaces and Stormwater	8,013	105	-	8,118
Municipal Endowment Fund	Strategic property investment	28,639	380	-	29,019
Waikato Art Gallery Endowment reserve	Arts promotion	10	1	-	11
Total restricted reserves - 2020		38,395	512	(26)	38,881
Bus shelter reserve	Travel demand management	365	381	(720)	26
Project Watershed operating reserve	Parks and Green Spaces and Stormwater	322	5	(22)	305
Hamilton Gardens reserve	Parks and Green Spaces	125	856	(981)	-
Waste minimisation reserve	Waste minimisation	503	656	(621)	538
Total Council created reserves - 2020		1,315	1,898	(2,344)	869
Total restricted and Council created reserves - 2020		39,710	2,410	(2,370)	39,750

PURPOSE OF EACH RESERVE FUND:

RESTRICTED RESERVES

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

Domain endowment fund reserve - Established by the Hamilton Domain Endowment Act 1979 to provide a capital endowment fund for domain land for investment in property. Rental income and interest earned from domain endowment land is used to fund parks and reserves operating costs.

Municipal Endowment Fund - To provide a capital fund for Crown endowment land vested in the council for investment in property. Rental income and interest earned from the land and property may be used for council purposes to offset rates.

Waikato Art Gallery Endowment reserve - To provide funds for the acquisition of works of art for the Waikato Museum of Art and History.

COUNCIL CREATED RESERVES

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

Project Watershed operating reserve - To fund works relating to river flood protection and erosion control (Project Watershed). Waikato Regional Council is the funding agency and Hamilton City Council carries out agreed works within the city boundary.

Hamilton Gardens reserve - To provide funds for the development of Hamilton Gardens.

Reserves contribution fund - This fund receives contributions from Council policy on levying sub-dividers and developers for provision of reserves. Payment may be in kind (land) or a pro rata levy on the value of the development. The balance of the fund is used for the purchase of land for reserves (or the development of same). Reserve contributions were levied on sub-divisions approved prior to the advent of development contributions for reserves which came into effect on 1 July 2006.

Waste minimisation reserve - To encourage a reduction in the amount of waste generated and disposed of in New Zealand, and to lessen the environmental harm of waste. The reserve was created in 2009 as a result of the Waste Minimisation Act 2008. Funding is distributed to local authorities by the Ministry of Environment and expenditure includes grants to others, waste minimisation initiative operating expenses and recycling contract.

CAPITAL MANAGEMENT

The Council's capital is its equity (or ratepayers' funds), which comprises accumulated funds and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the cost of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long-Term Plan (LTP) and its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's 10-Year Plan.

Hamilton City Council has the following Council created reserves:

- reserves for different areas of benefit, and
- other reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Deductions are made where funds have been used for the purpose they were donated.

Other reserves are created to set aside funding from general rates for future expenditure on specific projects or activities as approved by Council.

Council uses funds from reserves to reduce external borrowing requirements and reduce financing costs. An internal interest rate is paid to all reserves and provision for the repayment of internal borrowing is covered via committed external bank funding facilities.

NOTE 33: RELATED PARTY TRANSACTIONS

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

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

KEY MANAGEMENT PERSONNEL COMPENSATION

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with Council (such as payment of rates, use of Council facilities, etc).

	Council		Group	
	2021	2020	2021	2020
<i>Councillors and Directors</i>	\$000	\$000	\$000	\$000
Remuneration (\$000)	1,344	1,275	1,517	1,448
Full-time equivalent members	13	13	13	17
<i>Senior Management Team including the Chief Executive</i>				
Remuneration (\$000)	2,844	2,590	3,284	3,038
Full-time equivalent members	11	9	11	12
Total key management personnel remuneration (\$000)	4,188	3,865	4,801	4,486
Total full-time equivalent personnel	24	22	24	29

Due to the difficulty in determining the full-time equivalent for Councillors and Directors, the full-time equivalent figure is taken as the number of Councillors and Directors.

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

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

ELECTED REPRESENTATIVES' REMUNERATION

Elected members received the following remuneration:

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Mayor				
Paula Southgate	166,559	116,798	166,559	116,798
Andrew King	-	51,319	-	51,319
Councillors				
Geoff Taylor	112,497	101,487	112,497	101,487
Ryan Hamilton	101,275	92,925	101,275	92,925
Martin Gallagher	101,625	97,755	101,625	97,755
Dave Macpherson	101,435	95,340	101,435	95,340
Angela O'Leary	101,275	95,340	101,275	95,340
Rob Pascoe	101,700	92,925	101,700	92,925
Mark Bunting	101,275	90,511	101,275	90,511
Margaret Forsyth	86,054	66,364	86,054	66,364
Ewan Wilson	92,748	60,879	92,748	60,879
Kesh Naidoo-Rauf	92,500	60,879	92,500	60,879
Maxine van Oosten	92,500	60,879	92,500	60,879
Sarah Thomson	92,500	60,879	92,500	60,879
Garry Mallett	-	28,976	-	28,976
Paula Southgate	-	27,165	-	27,165
Leo Tooman	-	26,561	-	26,561
James Casson	-	24,147	-	24,147
Siggi Henry	-	24,147	-	24,147
Total elected representatives' remuneration	1,343,943	1,275,273	1,343,943	1,275,273

NOTE 34: RECONCILIATION OF NET SURPLUS / (DEFICIT) AFTER TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Net surplus/(deficit) after tax	141,751	80,956	161,369	85,708
Add/(less) non-cash items:				
Depreciation and amortisation	72,093	73,381	73,100	74,361
(Gains)/losses in fair value of bank borrowings	-	-	-	-
(Gains)/losses in fair value of interest rate swaps	(22,617)	12,258	(22,617)	12,258
(Gains)/losses in fair value of investment properties	(9,700)	(541)	(9,700)	(541)
(Gains)/losses unrealised loss on other financial assets	-	-	-	9
Other income	-	-	-	-
Share of associates (surplus)/deficit	-	-	(19,659)	(4,947)
Discount unwind and interest on community loans	-	(35)	-	(35)
(Gains)/losses in fair value of Housing Infrastructure Fund	(1,019)	(628)	(1,019)	(628)
Reclassification of WIP to operating expenditure	397	153	397	153
Vested assets	(33,484)	(49,147)	(33,484)	(49,147)
Total non-cash items	5,670	35,441	(12,982)	31,483
Add/(less) items classified as investing or financing activities:				
(Gains)/losses on disposal of property, plant and equipment	5,066	5,928	5,066	5,929
(Gains)/losses on disposal of investment property	-	(51)	-	(51)
Impairment of assets	12	1,686	12	1,686
Total items classified as investing or financing activities	5,078	7,563	5,078	7,564
Add/(less) movements in working capital:				
Trade debtors and other receivables	(944)	(1,016)	(1,059)	(922)
Inventory	(26)	4	277	1,156
Prepayments	(787)	(47)	(779)	(53)
Trade creditors and other payables	30,131	(7,318)	29,993	(7,847)
Employee entitlements	504	1,919	513	1,884
Provisions	(1,789)	5,034	(1,789)	5,038
Total movements in working capital	27,089	(1,424)	27,155	(744)
Net cash inflow from operating activities	179,589	122,536	180,621	124,011

NOTE 35: FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENT CATEGORIES

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
FINANCIAL ASSETS				
Fair value through surplus or deficit				
Equity securities	-	-	-	-
Fixed interest instruments	-	-	-	-
Derivative financial instrument assets (note 21)	629	1,084	629	1,084
Total fair value through surplus or deficit	629	1,084	629	1,084
Loans and receivables				
Cash and cash equivalents (note 17)	54,036	104,207	54,262	104,382
Receivables (note 18)	29,841	28,897	30,778	29,719
Other financial assets (note 22):				
- community loans	3,190	3,614	3,190	3,614
- term deposits	8,130	17,680	8,130	17,680
Total loans and receivables	95,197	154,398	96,360	155,395
Fair value through other comprehensive revenue and expense				
Other financial assets (note 22):				
- Unlisted shares	8,433	7,419	8,433	7,419
Total fair value through other comprehensive revenue and expense	8,433	7,419	8,433	7,419
FINANCIAL LIABILITIES				
Fair value through surplus or deficit				
Derivative financial instrument liabilities (note 21)	37,102	60,175	37,102	60,175
Total fair value through surplus or deficit	37,102	60,175	37,102	60,175
Financial liabilities at amortised cost				
Creditors and other payables (note 27)	56,731	33,188	57,256	33,584
Borrowings: (note 30)				
- bank overdraft	-	-	-	-
- secured loans	507,500	517,500	512,015	522,725
Total financial liabilities at amortised cost	564,231	550,688	569,271	556,309

FAIR VALUE HIERARCHY

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) - Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

	Valuation technique			
	Total	Quoted market price	Observable inputs	Significant non-observable
	\$000	\$000	\$000	\$000

30 June 2021 - Council

Financial assets

Shares (note 22)	8,433	-	-	8,433
Derivative financial instrument assets (note 21)	629	-	629	-

Financial liabilities

Derivative financial instrument liabilities (note 21)	37,102	-	37,102	-
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30 June 2020 - Council

Financial assets

Shares (note 22)	7,419	-	-	7,419
Derivative financial instrument assets (note 21)	1,084	-	1,084	-

Financial liabilities

Derivative financial instrument liabilities (note 21)	60,175	-	60,175	-
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	Valuation technique			
	Total	Quoted market price	Observable inputs	Significant non-observable
	\$000	\$000	\$000	\$000

30 June 2021 - Group

Financial assets

Shares (note 22)	8,433	-	-	8,433
Derivative financial instrument assets (note 21)	629	-	629	-

Financial liabilities

Derivative financial instrument liabilities (note 21)	37,102	-	37,102	-
---	--------	---	--------	---

30 June 2020- Group

Financial assets

Shares (note 22)	7,419	-	-	7,419
Derivative financial instrument assets (note 21)	1,084	-	1,084	-

Financial liabilities

Derivative financial instrument liabilities (note 21)	60,175	-	60,175	-
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There were no transfers between the different levels of the fair value hierarchy.

VALUATION TECHNIQUES WITH SIGNIFICANT NON-OBSERVABLE INPUTS (LEVEL 3)

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Balance at 1 July	7,419	6,768	7,419	6,768
Gain and (losses) recognised in the surplus or deficit	-	-	-	-
Gain and (losses) recognised in other comprehensive revenue and expense	1,014	650	1,014	650
Purchases	-	-	-	-
Sales	-	1	-	1
Transfers into level 3	-	-	-	-
Transfers out of level 3	-	-	-	-
Balance at 30 June	8,433	7,419	8,433	7,419

Changing a valuation assumption to a reasonably possible assumption would not significantly change fair value.

FINANCIAL INSTRUMENT RISKS

The Council's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Council and group has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from its treasury activities. The Council has established Council approved Investment and Liability Management policies. These policies do not allow any transactions that are speculative in nature to be entered into.

MARKET RISK

PRICE RISK

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Equity securities price risk arises on listed share investments, which relate to Vibrant Hamilton Trust and are classified as financial assets held at fair value through surplus/deficit. This price risk arises due to market movements in listed shares.

CURRENCY RISK

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Council uses foreign currency forward exchange contracts to manage foreign currency exposure. Council's policy is that foreign currency exposure of amounts greater than \$25,000 are to be covered by way of forward exchange contracts. Council is no longer exposed to foreign currency movements.

INTEREST RATE RISK

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates expose Council to fair value interest rate risk. Council's Investment and Liability Management policy outlines the level of borrowing that is to be secured using fixed interest rate instruments.

CASH FLOW INTEREST RATE RISK

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowing and Investments issued at variable interest rates expose Council to cash flow interest rate risk.

Council manages its cash flow interest rate risk on borrowings by using floating-to-fixed interest rate swaps. Such interest rate swaps have the effect of converting borrowings at floating rates and swaps them into fixed rates

that are known and therefore assist with forecasting future interest costs. Under the interest rate swaps, Council agrees with other parties to exchange, at specific intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

CREDIT RISK

The council is exposed to credit risk as a guarantor of all of LGFA's borrowings. Information about this exposure is explained in note 30.

Credit risk is the risk that a third party will default on its obligation to Council, causing Council to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits, which gives rise to credit risk. The Council also provides a financial guarantee, which gives rise to credit risk.

Council has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local Government (Rating) Act 2002 to recover debt from ratepayers.

The Council's Investment and Liability Management policy limits the amount of credit exposure to any one financial institution or organisation.

MAXIMUM EXPOSURE TO CREDIT RISK

Council's maximum exposure to credit risk for each class of financial instrument is as follows:

	Council		Group	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Cash and cash equivalents	54,036	104,207	54,262	104,382
Debtors and other receivables	29,841	28,897	30,778	29,719
Community and related party loans	3,190	3,614	3,190	3,614
Term deposits	8,130	17,680	8,130	17,680
Financial guarantees	-	170	-	170
Total credit risk	95,197	154,568	96,360	155,565

CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to credit ratings (if available) or to historical information about counterparty default rates:

	Rating	Council		Group	
		2021	2020	2021	2020
Counterparties with credit ratings		\$000	\$000	\$000	\$000
Cash and cash equivalents	AA	-	-	-	-
	AA-	54,036	104,207	54,262	104,382
Total cash and cash equivalents		54,036	104,207	54,262	104,382
Term deposits	AA+	8,130	17,680	8,130	17,680
Total term deposits		8,130	17,680	8,130	17,680

	Council		Group	
	2021	2020	2021	2020
Counterparties without credit ratings	\$000	\$000	\$000	\$000
Fixed interest instruments				
- existing counterparty with no defaults in the past	-	-	-	-
Community and related party loans and mortgages				
- existing counterparty with no defaults in the past	3,190	3,614	3,190	3,614
Total community and related party loans and mortgages	3,190	3,614	3,190	3,614

Receivables mainly arise from the group and council's statutory functions, as such there are no procedures in place to monitor or report the credit quality of receivable with reference to internal and external credit ratings.

LIQUIDITY RISK

MANAGEMENT OF LIQUIDITY RISK

Council has a maximum amount that can be drawn down against its overdraft facility of \$500,000 (2020 \$500,000). There are no restrictions on the use of this facility. Council also has \$555 million (2020 \$565 million) of committed borrowing facilities, with available headroom of \$33 million (2020 \$121 million) at balance date.

The Council is exposed to liquidity risk as a guarantor of all of NZLGFA's borrowings. This guarantee becomes callable in the event of the NZLGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 30.

CONTRACTUAL MATURITY ANALYSIS OF FINANCIAL LIABILITIES, EXCLUDING FINANCIAL DERIVATIVES

The table below analyses Council's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Council 2021	\$000	\$000	\$000	\$000	\$000
Creditors and other payables	56,731	56,731	56,731	-	-
Secured loans	507,500	533,743	78,088	259,894	195,761
Housing Infrastructure Fund	20,724	22,522	-	22,522	-
Finance leases	495	507	173	334	-
Financial guarantees	-	-	-	-	-
Total	585,450	613,503	134,992	282,750	195,761

Council 2020

Creditors and other payables	33,188	33,188	33,188	-	-
Secured loans	517,500	547,211	78,521	266,802	201,888
Housing Infrastructure Fund	8,755	9,534	-	9,534	-
Finance leases	1,058	1,093	141	952	-
Financial guarantees	170	170	170	-	-
Total	560,671	591,196	112,020	277,288	201,888

	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Group 2021	\$000	\$000	\$000	\$000	\$000
Creditors and other payables	57,256	57,256	57,256	-	-
Secured loans	512,015	538,258	78,528	263,969	195,761
Housing Infrastructure Fund	20,724	22,522	-	22,522	-
Finance leases	495	507	173	334	-
Financial guarantees	-	-	-	-	-
Total	590,490	618,543	135,957	286,825	195,761

Group 2020

Creditors and other payables	33,584	33,584	33,584	-	-
Secured loans	522,725	552,436	78,761	271,787	403,776
Housing Infrastructure Fund	8,755	9,534	-	9,534	-
Finance leases	1,058	1,093	141	952	-
Financial guarantees	170	170	170	-	-
Total	566,292	596,817	112,656	282,273	403,776

CONTRACTUAL MATURITY ANALYSIS OF DERIVATIVE FINANCIAL INSTRUMENT LIABILITIES

The table below analyses the Council and Group's derivative financial instrument liabilities into those that are settled on a net basis and those that will be settled on a gross basis into their relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Council and group 2021	\$000	\$000	\$000	\$000	\$000
Net settled derivatives	36,473	66,497	6,476	36,601	23,421
Total	36,473	66,497	6,476	36,601	23,421

Council and group 2020

Net settled derivatives	59,091	66,497	6,476	36,601	23,421
Total	59,091	66,497	6,476	36,601	23,421

CONTRACTUAL MATURITY ANALYSIS OF FINANCIAL ASSETS

The table below analyses Council's financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Council 2021	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	54,036	54,036	54,036	-	-
Receivables	29,841	29,841	29,841	-	-
Community and related party loans	3,190	3,189	432	2,318	439
Other financial assets:					
- Term deposits	8,130	18,168	10,989	3,941	3,238
Total	95,197	105,234	95,298	6,259	3,677

Council 2020

Cash and cash equivalents	104,207	104,207	104,207	-	-
Receivables	28,897	28,897	28,897	-	-
Community and related party loans	3,614	3,871	484	1,936	1,451
Other financial assets:					
- Term deposits	17,680	18,168	10,989	3,941	3,238
Total	154,398	155,143	144,577	5,877	4,689

	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Group 2021	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	54,262	54,262	54,262	-	-
Debtors and other receivables	30,778	30,778	30,778	-	-
Community and related party loans	3,190	3,189	432	2,318	439
Other financial assets:					
- Term deposits	8,130	18,168	10,989	3,941	3,238
Total	96,360	106,397	96,461	6,259	3,677
Group 2020					
Cash and cash equivalents	104,382	104,382	104,382	-	-
Debtors and other receivables	29,719	29,719	29,719	-	-
Community and related party loans	3,614	3,871	484	1,936	1,451
Other financial assets:					
- Term deposits	17,680	18,168	10,989	3,941	3,238
Total	155,395	156,140	145,574	5,877	4,689

SENSITIVITY ANALYSIS

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on Council's financial instrument exposures at balance date.

Council	2021				2020			
	-100bps		+100bps		-100bps		+100bps	
	Surplus	Equity	Surplus	Equity	Surplus	Equity	Surplus	Equity
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Interest rate risk								
Financial assets								
Cash and cash equivalents	(540)	-	540	-	(1,042)	-	1,042	-
Financial liabilities								
Borrowings - secured loans	3,345	-	(3,345)	-	3,520	-	(3,520)	-
Derivative financial instruments	(18,006)	-	16,646	-	(19,563)	-	17,850	-
Total sensitivity	(15,201)	-	13,841	-	(17,085)	-	15,373	-

Group	2021				2020			
	-100bps		+100bps		-100bps		+100bps	
	Surplus	Equity	Surplus	Equity	Surplus	Equity	Surplus	Equity
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Interest rate risk								
Financial assets								
Cash and cash equivalents	(540)	-	540	-	(1,044)	-	1,044	-
Financial liabilities								
Borrowings - secured loans	3,345	-	(3,345)	-	3,572	-	(3,572)	-
Derivative financial instruments	(18,006)	-	16,646	-	(19,563)	-	17,851	-
Total sensitivity	(15,201)	-	13,841	-	(17,035)	-	15,323	-

EXPLANATION OF INTEREST RATE RISK SENSITIVITY

The interest rate sensitivity is based on a reasonably possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease of 100bps is equivalent to a decrease in interest rates of 1%. The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on a parallel shift in interest rates of +/- 100bps.

NOTE 36: ADJUSTMENTS TO THE COMPARATIVE YEAR FINANCIAL STATEMENTS

The Council and group has adjusted the comparative year financial statements for the year ended 30 June 2020 due to reclassification adjustments. The adjustments are shown in the table below:

	Budget 2021			
	Note	Before adjustments	Reclassification adjustments	After adjustments
		\$000	\$000	\$000
Council Expenses				
Personnel costs		83,802	-	83,802
Operating and maintenance costs	a.	47,775	5,153	52,928
Professional costs		13,820	-	13,820
Administration costs	a.	41,520	(5,153)	36,367
Property costs		10,017	-	10,017
Total expenses		196,934	-	196,934

RECLASSIFICATION ADJUSTMENTS

- a. Information Services Management fees have been reclassified from administration costs to operating and maintenance costs to more closely align to where the costs have been incurred.

NOTE 37: 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.

LOCAL GOVERNMENT DISCLOSURES

RATING BASE INFORMATION

The Council's rating base information relating to preceding financial years is:

	30 June 2020	30 June 2019
The number of rating units	60,937	59,901
The total capital value of rating units	\$44,753,605,500	\$44,083,647,500
The total land value of rating units	\$23,456,709,000	\$23,193,558,000

INSURANCE OF ASSETS

The following information relates to the insurance of Council assets as at 30 June.

	Council	
	2021	2020
	\$000	\$000
The values listed are the declared values Council has provided to its insurance broker.		
Material Damage	1,198,283	1,127,600
Council's Material Damage cover is based on a Maximum Probable Loss model (MPL) which means that its assets are insured for the value of the largest probable loss that could result from a disaster in Hamilton. Council has insured up to \$300 million consisting of two layers; a \$150 million primary layer which is shared between the Regional collective and an additional \$150 million excess layer which is shared with Waikato Regional Council due to geographic accumulation. A separate policy is in place which is shared by the Regional collective which provides cover of up to \$120 million for damage that is caused by fire, or fire following a natural disaster.		
The following categories are in addition to the Material Damage and each is covered with a separate policy.		
Fine Arts	43,126	37,652
This cover is for the declared values of art, artefacts and declared outdoor sculptures owned by Council.		
Commercial Motor Vehicles	16,271	20,000
Motor insurance up to the declared value of each individual vehicle.		
Infrastructure	2,219,558	2,216,345
Based on risk engineering and loss modelling for the Waikato hazardscape, a \$100 million shared loss limit is in place with the Regional Collective. Insurance is to the level of 40% in anticipation of 60% contribution from Central Government in a disaster.		
Boiler Explosion	1,515	1,105
Policy covers the damage caused by failure of large boilers.		
In addition to the material damage cover Council has two policies that relate to contract works and business interruption.		
Contract Works	8,000	8,000
This policy allows Council to perform small projects relating to new builds, works to existing structures, renovations, maintenance and repair with cover up to \$2 million for any one contract.		
Business Interruption	77,887	77,618
\$37.3 million of cover provided for loss of rent revenue and receivable. A further \$40 million for the increased cost of working at the water treatment plants.		

WHOLE OF COUNCIL FUNDING IMPACT STATEMENT

WHOLE OF COUNCIL FUNDING IMPACT STATEMENT

For year ended 30 June 2021

	Annual Plan 2019/20	Actual 2019/20	Annual Plan 2020/21	Actual 2020/21
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	140,314	139,786	189,531	189,556
Targeted rates	51,343	51,942	10,535	10,720
Subsidies and grants for operating purposes	6,907	10,963	7,227	8,920
Fees and charges	42,108	38,215	32,260	44,985
Interest and dividends from investments	1,754	1,837	1,354	910
Local authorities fuel tax, fines, infringement fees and other receipts	2,581	6,251	5,977	7,627
Total operating funding	245,007	248,994	246,884	262,717
Application of operating funding				
Payments to staff and suppliers	173,457	182,197	196,934	199,344
Finance costs	23,702	17,600	14,935	12,345
Other operating funding applications	-	-	-	-
Total applications of operating funding	197,159	199,797	211,869	211,689
Surplus/(deficit) of operating funding	47,848	49,197	35,015	51,028
Sources of capital funding				
Subsidies and grants for capital expenditure	69,690	42,446	58,634	72,978
Development and financial contributions	25,387	32,198	22,504	28,095
Increase/(decrease) in debt	176,038	128,063	186,069	1,623
Gross proceeds from sale of assets	2,125	1,374	2,396	3,128
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	273,240	204,081	269,603	105,824
Applications of capital funding				
Capital expenditure				
- to meet additional demand	225,275	128,661	199,508	162,036
- to improve the level of service	35,956	16,960	34,691	18,793
- to replace existing assets	62,373	45,225	68,645	64,483
Increase/(decrease) in reserves	(2,516)	(2,286)	(690)	(28,739)
Increase/(decrease) in investments	-	64,718	2,464	(59,721)
Total applications of capital funding	321,088	253,278	304,618	156,852
Surplus/(deficit) of capital funding	(47,848)	(49,197)	(35,015)	(51,028)
Funding balance	-	-	-	-

DISCLOSURE STATEMENT

ANNUAL REPORT DISCLOSURE STATEMENT FOR YEAR ENDED 30 JUNE 2021

WHAT IS THE PURPOSE OF THIS STATEMENT?

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

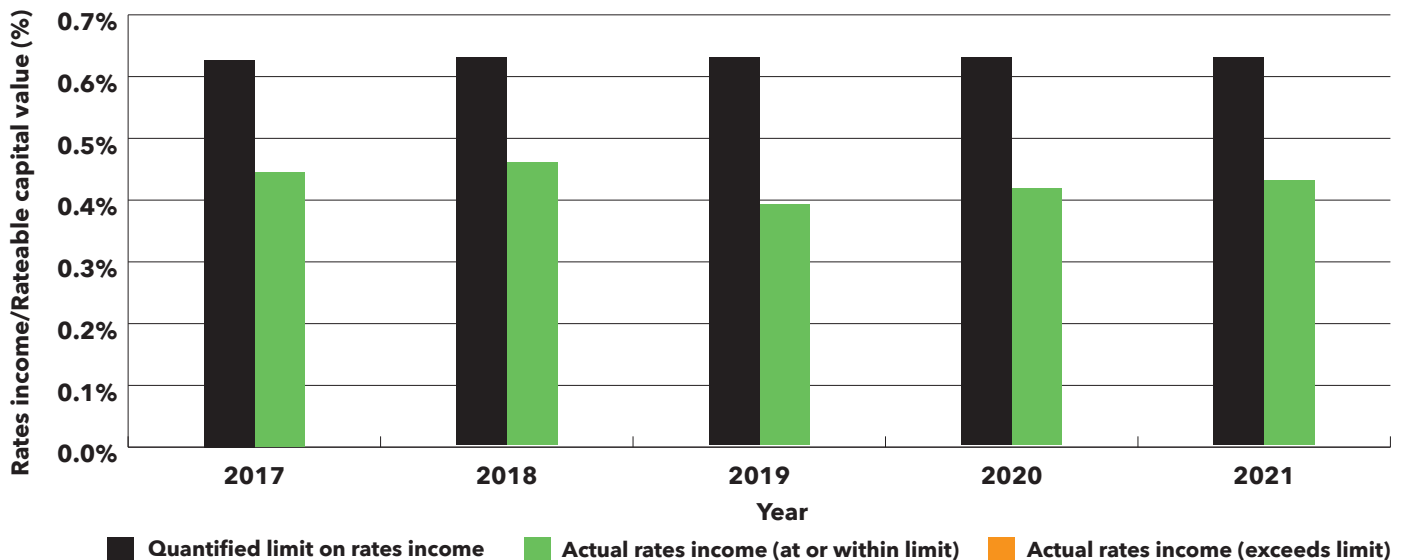
RATES AFFORDABILITY BENCHMARK

The Council meets the rates affordability benchmark if:

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

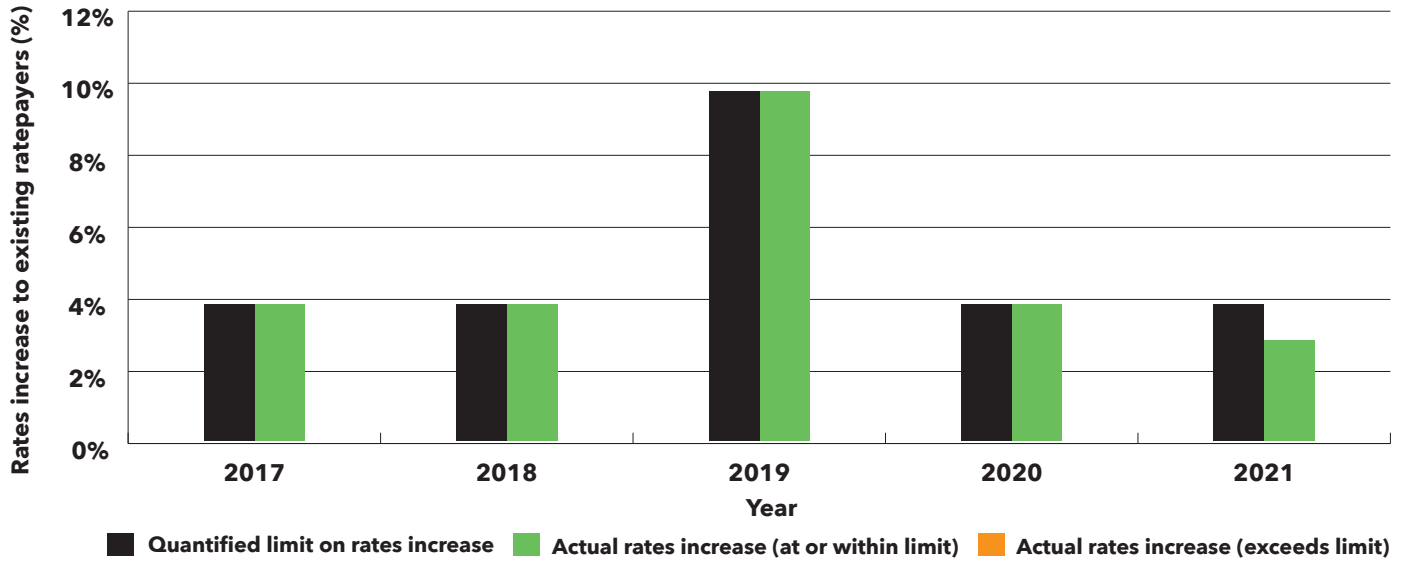
RATES (INCOME) AFFORDABILITY

The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is that rates will not exceed 0.627% of the city's rateable capital value.



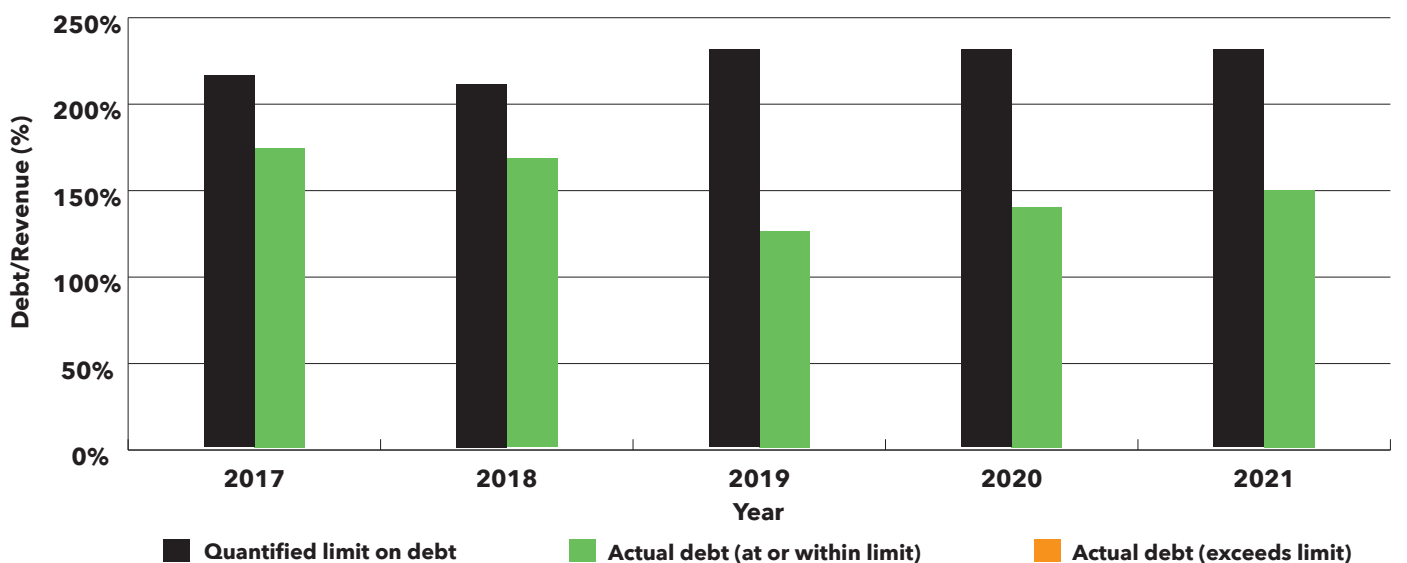
RATES (INCREASES) AFFORDABILITY

The following graph compares the Council’s actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council’s long-term plan. The quantified limit is that rates average rate increases to existing ratepayers will not exceed 9.7% in 2018-19 or 3.8% thereafter. The quantified limit prior to 2018 - 2019 was that rates average rate increases to existing ratepayers will not exceed 3.8%.



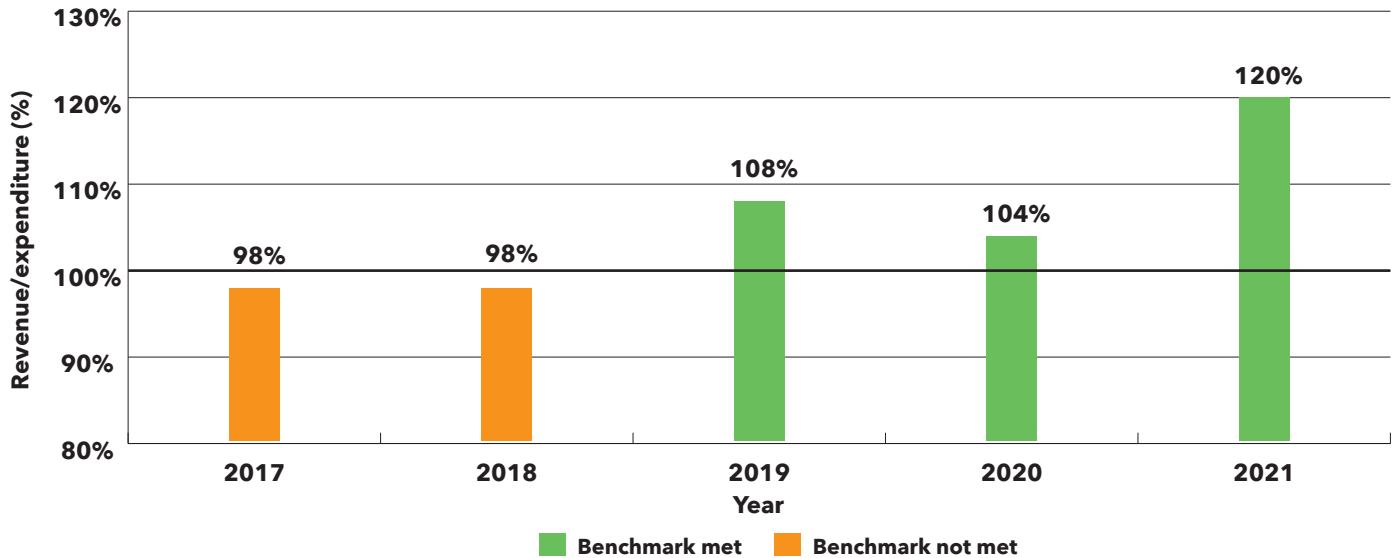
DEBT AFFORDABILITY BENCHMARK

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is that the debt to revenue ratio will remain below 230%. The total debt and total revenue calculations have changed in 2018-19 to align with the 2018-28 10-Year Plan. The quantified limit prior to 2018-19 was to reduce to under 200% by 2020 and thereafter will remain below 200%.



BALANCED BUDGET BENCHMARK

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

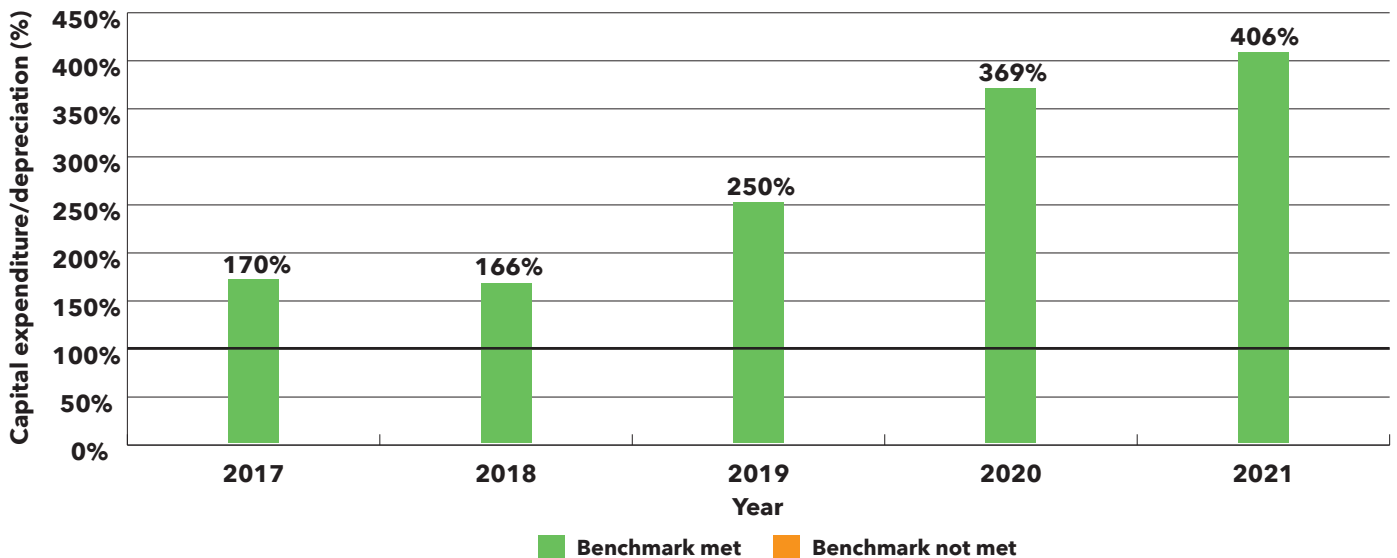


This benchmark is similar to Council's own "Balancing the books" measure that was introduced prior to the Local Government (Financial Reporting) Regulations. Council does meet its own measure that it believes is more relevant to a growing city. There are four main differences between the measures:

- The above balanced budget includes all capital subsidies.
- The above balanced budget includes gains and losses from disposals of assets, investment property, and associates.
- The above balanced budget includes gains and losses from investment property revaluations.
- The above balanced budget excludes all development contributions.

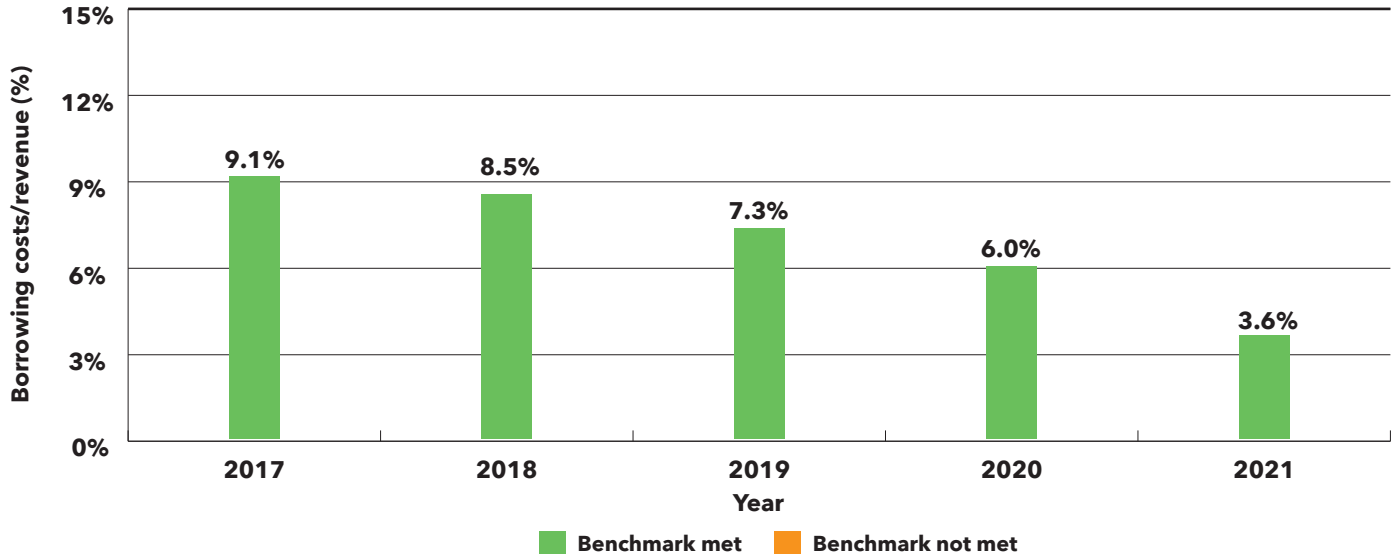
ESSENTIAL SERVICES BENCHMARK

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



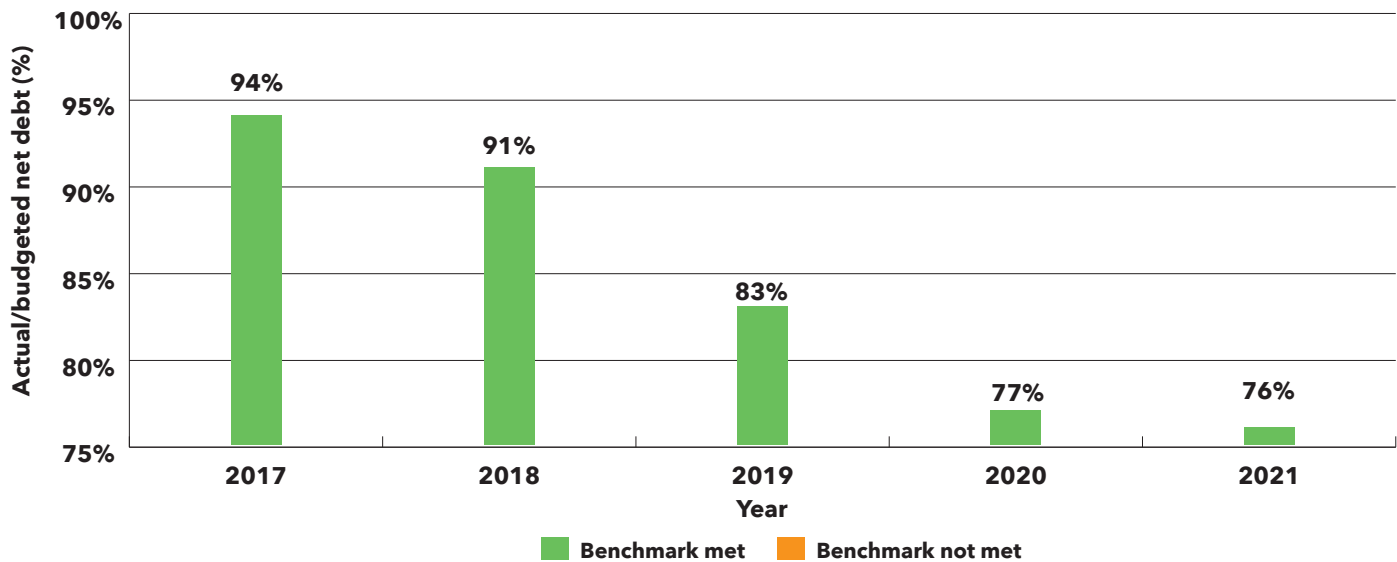
DEBT SERVICING BENCHMARK

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



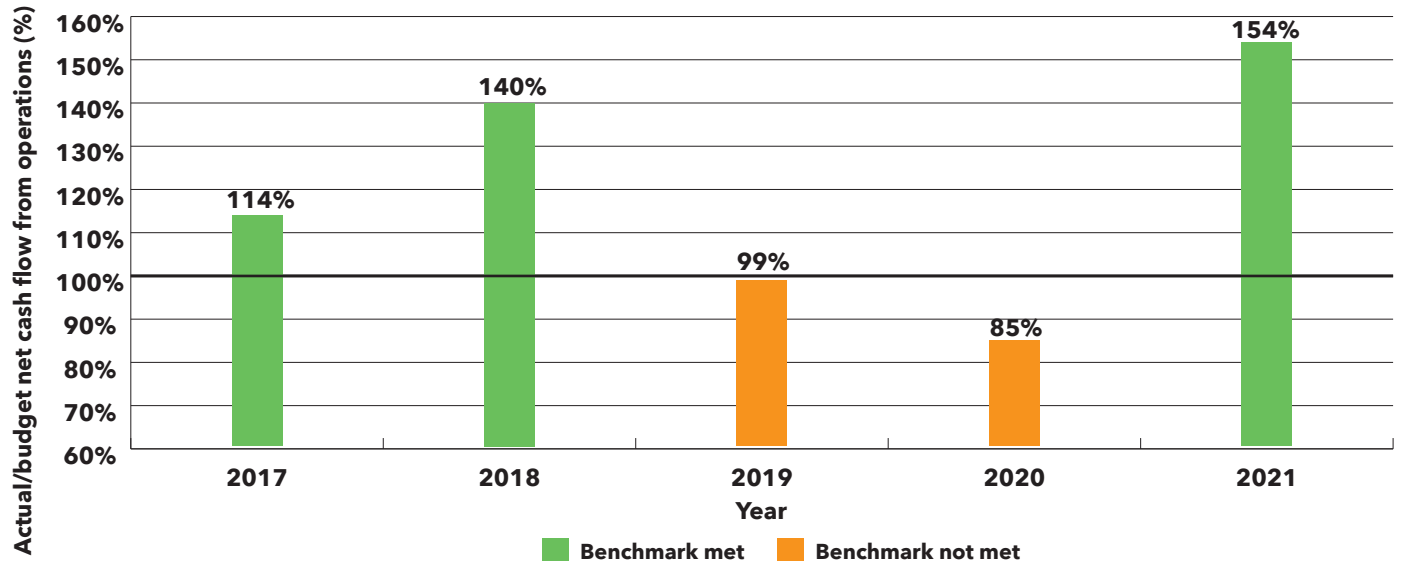
DEBT CONTROL BENCHMARK

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



OPERATIONS CONTROL BENCHMARK

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



Council achieved the operational control benchmark in 2021 as more cash was received from fees and charges and capital subsidies than planned.

INFORMATION ON COUNCIL CONTROLLED ORGANISATIONS

We are involved with and represented in a number of organisations to support the realisation of our vision for Hamilton City. Council Controlled Organisations (CCOs) are any organisation in which one or more local authorities control 50% or more of the voting rights or appoint 50% or more of the directors.

We have an interest in the following CCOs:

- Waikato Local Authority Shared Services Ltd,
- New Zealand Local Government Funding Agency Ltd,
- Waikato Regional Airport Limited and its subsidiaries, Hamilton & Waikato Tourism Ltd, Titanium Park Ltd and Waikato Regional Airport Hotel Ltd, and
- Waikato Innovation Growth Ltd and its subsidiary, New Zealand Food Innovation (Waikato) Limited.

The following tables explain what these organisations do, our objectives in regard to ownership, nature and scope of activities, key performance targets and outcomes for 2020/21 year. We also have interests in Council Organisations details of which are available on our website.

We manage and monitor our investment in CCO's by reviewing statement of intents, six month and annual reports at our Finance Committee.

The actual results for 2020/21 are based on draft results available at the time of preparation of the 2020/21 Annual Report.

WAIKATO LOCAL AUTHORITY SHARED SERVICES LTD (WLASS)

Ownership	13.72% SDVS shares, 37.5% WRTM Service shares and 17.8% WRAPS shares equating to 19.6% of the total weighted value of issues shares. The balance of shares is owned by other Local Authorities in the Waikato Region. Council has only one voting right out the 12 voting Local Authorities.
Representation (total members)	1(6) - WLASS has six Directors, with five Directors each representing a shareholder Council, as well as an Independent Chair.
Significant policies and objectives	To make a regional leadership contribution and seek opportunities to operate more efficiently by participating with the region's local authorities on shared services, particularly in respect of information collection and management, with the aim of reducing the cost of those activities to the community at large.
Nature and scope of activities	<ul style="list-style-type: none"> • Shared Valuation Data Service • Regional Asset Technical Accord • Waikato Regional Transportation Model • Waikato Building Consent Group • Future Proof • Energy Management • Joint Procurement Initiatives • Light Detection and Ranging Technology • Waikato Regional Aerial Photography Service • Aligned Resource Consent Planning • Regional Infrastructure Technical Specifications • Local Government Contractor Health & Safety Pre-qualification Scheme

KEY PERFORMANCE TARGETS

Performance targets are specified in the WLASS Statement of Intent for 2020/21 and are summarised with the actual results below:

Financial performance measures:	2020/21 targets	2020/21 results	2020/21 outcome
Consolidated company forecast:			
Earnings before interest, taxation & depreciation (EBITDA)	(\$0.2M)	\$0.5M	Achieved
Net operating cash flow	\$0.1M	\$0.7M	Achieved
Total assets	\$1.2M	\$3.8M	Achieved
Total capital funds	\$0.8M	\$1.4M	Achieved

NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LTD (NZLGFA)

Ownership	8.3%
Representation (total members)	1(31) - There are currently 31 shareholders comprising of the New Zealand Government at 20% and 30 local councils at 80%
Significant policies and objectives	Council's main objective for ownership in LGFA is to access shared funding at better rates and for more flexible terms.
Nature and scope of activities	LGFA will raise debt funding either domestically and/or offshore in either NZ dollars or foreign currency and provide debt funding to New Zealand Local Authorities and CCOs, and may undertake any other activities considered by the Board to be reasonably related or incidental to, or in connection with, that business. The LGFA will only lend to local authorities that enter into all the relevant arrangements with it (Participating Local Authorities) and comply with the LGFA's lending policies.

KEY PERFORMANCE TARGETS

Performance targets are specified in the LGFA Statement of Intent for 2020/21 and are summarised with the actual results below:

Financial performance measures:	2020/21 targets	2020/21 results	2020/21 outcome
Comprehensive income			
Interest income	\$162.7M	\$377.2M	Achieved
Interest expense	\$143.9M	\$357.7M	Not achieved
Net interest income	\$18.8M	\$19.5M	Achieved
Issuance and on-lending costs	\$2.7M	\$2.6M	Achieved
Approved Issuer Levy	\$1.2M	\$1.1M	Achieved
Operating expenses	\$4.1M	\$4.0M	Achieved
Issuance and operating expenses	\$8.0M	\$7.7M	Achieved
P & L	\$10.9M	\$11.8M	Achieved
Financial position			
Capital	\$25.0M	\$25.0M	Achieved
Retained earnings	\$69.9M	\$69.7M	Almost achieved
Total equity	\$94.9M	\$94.7M	Almost achieved
Total assets (nominal)	\$12,728.1M	\$14,485.2M	Achieved
Total LG loans - short term (nominal)	\$400.0M	\$287.6M	Not achieved
Total LG loans (nominal)	\$11,264.1M	\$11,751.7M	Achieved
Total bills (nominal)	\$400.0M	\$610.0M	Achieved
Total bonds (nominal) ex treasury stock	\$11,941.0M	\$12,810.0M	Achieved
Total borrower notes (nominal)	\$199.5M	\$106.9M	Not achieved

2020/21 performance targets	2020/21 result	2020/21 outcome
LGFA net interest income for the period to June 2021 will be greater than \$18.8 million.	\$19.5M	Achieved
Annual issuance and operating expenses (excluding AIL) will be less than \$6.8 million.	\$6.7M	Achieved
Total nominal lending (short and long term) to participating councils to be at least \$11.7 billion.	\$12.0B	Achieved
Conduct an annual survey of councils who borrow from LGFA and achieve at least an 85% satisfaction score as to the value added by LGFA to the council borrowing activities.	98.8%	Achieved
Meet all lending requests from Participating Local Authorities.	100%	Achieved
Achieve 85% market share of all council borrowing in New Zealand.	79%	Not achieved
Review each Participating Local Authority's financial position, its headroom under LGFA policies and arrange to meet each Participating Local Authority at least annually.	All councils visited	Achieved
No breaches of Treasury Policy, any regulatory or legislative requirements including the Health and Safety at Work Act 2015.	No breaches	Achieved
Successfully refinance of existing loans to councils and LGFA bond maturities as they fall due.	100%	Achieved
Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating agency.	'AA+/AAA'	Achieved

WAIKATO REGIONAL AIRPORT LTD (WRAL) AND ITS SUBSIDIARIES, HAMILTON & WAIKATO TOURISM LTD, TITANIUM PARK LTD AND WAIKATO REGIONAL AIRPORT HOTEL LTD

Ownership	50%
Representation (total members)	0 (4)
Significant policies and objectives	Council's main objective in the ownership of WRAL (and its subsidiaries) is to support and provide economic growth to our community which can benefit from the opportunities WRAL provides.
Nature and scope of activities	<ul style="list-style-type: none"> • Operate an efficient and compliant airport. • Enhance the traveller experience. • Maintain a viable aero nautical business. • Maximise revenue diversification through non-aeronautical business opportunities.

KEY PERFORMANCE TARGETS

Performance targets are specified in the WRAL Statement of Intent for 2019/20 and are summarised with the actual results below:

Financial performance measures:	2020/21 targets	2020/21 results	2020/21 outcome
Consolidated company forecast:			
Earnings before interest, taxation & depreciation (EBITDA) but excluding land sales of at least	(\$0.5M)	\$6.9M	Achieved
EBITDA including land sales of at least	\$0.3M	\$10M	Achieved
Net operating cash flow (excluding land sales)	(\$1.5M)	\$10.4M	Achieved
Net profit after tax to total shareholders funds	1.0%	5.7%	Achieved
Net profit after tax to total assets	1.3%	4.6%	Achieved
Land sales of at least	\$4M	\$8.6M	Achieved
Percentage of non- landing charges revenue	60%	77%	Achieved
Interest cover	(4.0)	4.6	Achieved

Non-financial performance measures:

2020/21 performance targets	2020/21 result	2020/21 outcome
Health and safety: Facilitate Health & Safety meetings every 2 months with representatives from each company department.	Health & Safety committee meetings are undertaken monthly.	Achieved
Zero Work Safe notifiable accidents/ injuries.	There were no notifiable incidents in either 2021 or 2020.	Achieved
Independently review and audit the Health and Safety system each year.	An independent audit of the Group's health and safety framework was undertaken, and all recommendations were implemented.	Achieved
Operational compliance: To achieve the Airport Certification Standards as required by the Civil Aviation Authority and as evidenced by the Civil Aviation Authority audit reports.	The airport continues to meet all relevant CAA certification standards.	Achieved
Ensure airport is operationally available for all scheduled passenger services (except for uncontrollable events).	There have been no incidences of scheduled flights being operationally impacted by controllable events.	Achieved
Facilitate noise management meetings each four months in accordance with the Noise Management Plan.	Regular meetings have been facilitated every 4 months.	Achieved
Property (Titanium Park Limited) Finalise subdivision plans for the 4th Stage of Titanium Park's Central Precinct.	Plans were finalised and construction commenced during the year.	Achieved
Complete construction of the 4th Stage of Titanium Park's Central Precinct and 2nd Stage of Southern Precinct.	Construction of both precinct developments was completed and land sales settled.	Achieved
Develop a masterplan for Titanium Park's Northern Precinct and prepare a private plan change submission to Waipa District Council.	The masterplan was completed however the project was halted due to the Group's financial constraints arising from COVID-19 and resumed during 2021.	Not achieved
Tourism (Hamilton & Waikato Tourism Limited) Achieve 5% growth in visitor nights and visitor expenditure (as measured by key MBIE Tourism statistics)	Growth in these metrics was on track for the 2020 year until the travel restrictions imposed due to COVID-19 effectively halted Tourism.	Not achieved
Hotel Operation Complete a refurbishment program (both internally and externally) that will allow the hotel to be accredited to a Qualmark 4 Star standard.	Extensive refurbishment work was undertaken, and the property gained Qualmark 4 Star and Silver Enviro accreditations.	Achieved
Implement a recovery plan to enable a steady return to pre-COVID-19 key metrics such as occupancy, room rates and customer satisfaction in line with the expectation underlying the achievement of a Qualmark 4 Star rating.	The hotel's contract to operate as a Managed Isolation Facility was continued throughout the financial year so it did not resume operations as a regular trading hotel.	Not achieved

WAIKATO INNOVATION GROWTH LIMITED (WIGL) AND ITS SUBSIDIARY, NEW ZEALAND FOOD INNOVATION (WAIKATO) LIMITED (NZFIW)

Ownership	Council has 100% shareholding in WIGL and holds a 70% shareholding in NZFIW (its subsidiary).
Representation (total members)	0(5) - There are two boards. WIGL and NZFIW. The WIGL board consists of all NZFIW board members except one.
Significant policies and objectives	Our ownership in WIGL & NZFIW is to promote and provide support to business development and innovation in our community.
Nature and scope of activities	<p>WIGL</p> <ul style="list-style-type: none"> • To provide business and innovation advisory services for customers such as small and medium-sized enterprises (SMEs) and High Value Manufacturing and Services (HVMS) business in the Waikato Region. <p>NZFIW</p> <ul style="list-style-type: none"> • To provide facilities on an open access basis in which food processing companies and those entering new markets can develop new or improved food ingredient products • To provide open access basis a small-scale production plant capable of producing samples for market development which is to be self-sustaining in the medium to long term • To participate in and promote a national network of similarly focussed food innovation organisations as a shareholder in a food innovation network • To provide an independent and secure facility to ensure the intellectual property and know-how of the Company and its customers are protected • To provide a centre of learning for food technology, catering primarily to the pastoral product value chain, in cooperation with tertiary education intuitions • To provide one of several tangible centres and organisations throughout New Zealand around which networks of food processors and exporters, food equipment manufacturers and other partners can develop.

KEY PERFORMANCE TARGETS

Performance targets are specified in the WIGL Group Statement of Intent for 2019/20 and are summarised with the actual results below:

Financial performance measures:

	2020/21 targets	2020/21 results	2020/21 outcome
NZFIW EBITDA (earnings before interest, tax, dep & amortisation)	\$1.932M	\$1.261M	Not achieved
NZFIW Cash from operating activities	\$1.442M	\$1.035M	Not achieved
Capital expenditure	\$0.560M	\$0.216M	Not achieved

Non-financial performance measures:

2019/20 performance targets	2020/21 result	2019/20 outcome
NZFIW 275 days of product development production via the spray dryer contributing exceeding \$60M to the regional economy.	252 days, contributing \$30.4M of exports.	Not achieved
The Melody Limited Partnership plant will have been completed and in full operation.	Commercial production commenced July 2020.	Achieved
An 11% minority interest in new spray dryer will increase open access space for the sheep industry customers.	332 tonnes of sheep milk was achieved.	Achieved
Assist with the development of new valued added sheep milk industry products and the international launch of one substantial new product.	Spring Sheep Dairy wins Best Infant Nutrition category with its Gentle Sheep brand at World Dairy Innovation Awards.	Achieved
Income receiving from managing Melody Dairies expects to amount to a gross of \$1.1M.	\$1.1M GST excl. received.	Achieved

STATEMENT OF COMPLIANCE

COMPLIANCE

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

RESPONSIBILITY

Council and management of Hamilton City Council accept responsibility for the preparation of the financial statements and statement of service performance in accordance with generally accepted accounting practice and New Zealand equivalents to International Financial Reporting Standards.

Council and management of Hamilton City Council considers that the financial statements and statement of service performance have been prepared using appropriate accounting policies, which have been consistently applied and adequately disclosed and supported by reasonable judgements and estimates, and that all relevant financial reporting and accounting standards have been followed.

Council and management of Hamilton City Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non financial reporting.

In the opinion of Council and management of Hamilton City Council, the financial statements fairly reflect the financial position of Council and the Group as at 30 June 2021, and the results of its operations and cash flows and the service performance achievements for the year ended on that date.



Paula Southgate
Hamilton Mayor
13 October 2021



Richard Briggs
Chief Executive
13 October 2021

INDEPENDENT AUDITOR'S REPORT

To the readers of Hamilton City Council's annual report for the year ended 30 June 2021

The Auditor-General is the auditor of Hamilton City Council (the City Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to report on the information in the's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the City Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the City Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 13 October 2021. This is the date on which we give our report.

Opinion

In our opinion:

- the financial statements on pages 121 to 203:
 - present fairly, in all material respects:
 - the City Council and Group's financial position as at 30 June 2021;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 206, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's annual plan;
- the statement of service performance on pages 26 to 118:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2021, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and

- the statement about capital expenditure for each group of activities on pages 34 to 114, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council’s annual plan; and
- the funding impact statement for each group of activities on pages 35 to 118, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council Long-term plan.

Report on the disclosure requirements

We report that the City Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 207 to 211, which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council’s audited information and, where applicable, the City Council’s long-term plan and annual plans.

Basis for our opinion on the audited information

We carried out our audit 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. We describe our responsibilities under those standards further in the “Responsibilities of the auditor for the audited information” section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General’s Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council’s responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the City Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the City Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service performance, as a reasonable basis for assessing the levels of service achieved and reported by the City Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the City Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the City Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 25 and 119 to 120; and the “balancing the books measure” on page 122, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the City Council and Group in accordance with the independence requirements of the Auditor-General’s Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit and our report on the disclosure requirements, 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





FURTHER INFORMATION

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