



# 2021-22 Annual Report Summary

Koorero Whakaraapopoto



**Hamilton  
City Council**  
Te kaunihera o Kirikiriroa



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# Introduction

Koorero whakataki

# From the Mayor and Chief Executive

This financial year Council managed to deliver on a significant number of Long-Term Plan commitments addressing both the city's growth and maintenance of assets amid many challenges and unexpected changes.

COVID-19 disruptions continued, but what we didn't anticipate was the curveball of inflation, the war on Ukraine by Russia, and the increased cost of goods and labour that followed in the latter part of the year. We had to balance community wellbeing and affordability alongside aspirational city plans.

Council ended the financial year with a net debt balance of \$593 million versus the Long Term-Plan projection of \$731 million. Net debt is defined as money we owe the lender, less cash.

There was a balancing the books deficit of \$5.2 million, compared

to the forecast deficit of \$2.9 million. This is due to movement in revenue and expenditure listed on page 23 of the full Annual Report.

Council met 41 out of the 58 set Performance Measures and did not achieve 16 of the year-end targets. 11 measures were not met due to COVID-19 impacts, including staff shortages. One measure relating to voter participation is not reported on due to no local government elections during the 2021-22 year.

## Growth

The city's population is expected to be more than 260,000 by 2050, an increase of over 50% since the 2018 census.

To support this growth, there was significant progress in opening up the Peakcocke area with Council's largest ever programme of transport and wastewater investment.

The three-year citywide property rating values were released in April 2022. Hamilton City Council's new property rating valuations show the city is now worth \$71.4 billion as of September 2021.

## Environment

We now have a Climate Change action plan and strategy to help us rethink how we live, work, and play in our city now and in the future.

In its first year, the Nature in the City programme hit several milestones and launched with the restoration of Donny Park/Kukutaaruhe Gully in May 2022.

## Highlights

Council has delivered unprecedented levels of service and activity across the city. A record \$252 million worth of capital projects was delivered.

Some of the work included about \$4 million of walking and cycle improvements, the completion of the Hamilton Ring Road project, FMG Stadium Waikato's East Stand was reopened after seismic strengthening and Mahoe Park playground was finished.

The Ancient Egyptian Garden and Palm Court at the Hamilton Gardens were opened in May 2022.

The completion of the new Hamilton Zoo and Waiwhakareke Arrival Centre, launch of Everyday Cafe and enhanced retail and ticketing and saw record visitation in April 2022 holidays.

Waikato Museum provided a range of exciting exhibitions including the Moon exhibition attracting over 30,000 visits.

Council was accepted into the Welcoming Communities

Te Waharoa ki ngaa Hapori programme in late 2021 to see the city become more inclusive and supportive for new migrants.

In January 2022, Te Huia restarted its service after regional lockdowns lifted, connecting the heart of Hamilton to new stations including The Strand in central Auckland.

Seddon Park hosted seven ICC Women's Cricket World Cup 2022 matches.

## Recognition

Council's Transport Data Analytics Platform (TDAP) won the 'Outstanding Smart City Project' award within the category of Transportation - Connected and Autonomous Vehicles, Public Transit, Ride-Hailing/Ride-Sharing.

Claudeland's Oval was named Best Venue 2021 by the New Zealand Events Association (NZEa). This comes after Claudeland's Oval had an impressive debut as a concert

venue in February 2021 when it hosted a 25,000-strong crowd for Six60 Saturdays.

## Employee wellbeing

Safety is first in all we do. As part of Council's commitment to providing a healthy and supportive workplace for our people, we introduced several initiatives last year.

This included a refreshed Safety Management System, to provide a consistent approach to managing health and safety across Council. New software was implemented to improve work related event and hazard reporting as it happens, along with better contractor management procedures.

## Council decision making

Partnering with iwi and continuing to honour the principles in The Treaty of Waitangi continues to be important to us. Part of this is working to foster opportunities for Maaori to be involved in decision-making and in 2021 Council resolved to establish

a Maaori Ward for the 2022 elections.

The two citywide Maaori Ward seats have been included in Hamilton City Council's local 2022 elections.

Our commitment to He Pou Manawa Ora - Pou (Pillars) of Wellbeing - has welcomed the increase of te reo Maaori, art, stories and celebration, such as Matariki, into the development of our city.

Council created the Safest City Taskforce, co-chaired by the Mayor and Police Area Commander. This initiative involves the two organisations working closely with the University of Waikato and Waikato Tainui to bring together partners and stakeholders with a role and interest in keeping our city safe.

In September 2021, Lance Vervoort moved into the position of Chief Executive, having been Council's General Manager - Community for the past decade.

Everything achieved within this financial year has been driven by what the community have told us what they want in Hamilton Kirikiriroa to make it a great place live, work and play. It wouldn't have been possible without the huge effort of 1300 Council staff who keep our city running and deliver on our purpose of improving the wellbeing of Hamiltonians every day. We thank each and every staff member for their dedication and commitment to their city.

Paula Southgate  
Mayor

Lance Vervoort  
Chief Executive

# He kupu naa te Koromatua me te Tumu Whakahaere

I tenei tau putea i aahei te Kaunihera te whakatutuki i eetahi herenga maha tonu o te Mahere Waa-Roa e paa ana ki te tipu o te taaone me te tiaki i ngaa rawa i roto i ngaa wero nunui me eetahi panoni kaaore i manakohia.

I haere tonu ngaa raruraru KOWHEORI-19, engari i puta ohorere ki a taatou te pupuhitanga utunga rawa (te hekenga o te kaha o te moni), te whakaekenga a Ruuhia ki Ukaraina, me te piki o ngaa utu taonga, utu mahi i whai mai i te waa toomuri o te tau. Me whaarite i a maatou te oranga o te haporu me ngaa utu ka taea ki te taha o ngaa kaupapa o te taaone wawata.

I mutu te tau puutea o te Kaunihera me te tapeke toenga nama o te \$593 miriona whakataurite ki te matapae Mahere-Waa Roa o te \$731 miriona. Ko te toenga nama ko ngaa moni e nama ai taatou ki te kaituku moni, tangohia ai te moni uka.

Teeraa he nama hemihemi \$5.2 miriona i te whaaritenga o nga pukapuka, whakataurite ki te nama matapae \$2.9 miriona. He peenei naa te whiwhinga puutea nui ake noo ngaa utu me ngaa utu kaiwhakamahi, hua mai ai ko ngaa utu puutea me ngaa utu huamoni iti ake i te mea me taurewa e taatou he iti ake.

I tutuki i te Kaunihera e 41 o te 58 Paearu Mahinga, kaaore ia

i tutuki te 16 o ngaa whaainga moo te mutunga o te tau. Kaaore i tutuki eetahi paearu naa ngaa paanga KOWHEORI-19 tae ki te korenga o ngaa kaimahi.

## Tiputanga

E kiia ana, tae ki te tau 2050 ka hipa te taupori o te taaone i te 260,000, he piki neke atu i te 50% o te tatauranga 2018.

Hei tautoko i teenei tiputanga, he neke whakamua nui tonu te tuwheratanga o te takiwaa o Peacocke me te haumitanga nui rawa a te Kaunihera ki te kaupapa o te ikiiki me te wai para.

I whakaputaina i Paengawhaawhaa 2022 ngaa

waariu reeti toru-tau o ngaa whare o te taaone whaanui. E ai ki aa te Kaunihera o Kirikiriroa waariu reeti hoou o ngaa whare, ko \$71.4 piriona te uara o te taaone mai o Mahuru 2021.

## Taiao

He mahere mahi me te rautaki Huringa Aahuarangi taa taatou inaaiane ki whaiwhakaaro anoo e taatou me pehea te ora, te mahi, te taakaro i too taatou taaone aaiane, aapoopoo hoki.

I toona tau tuatahi, i tutuki i te kaupapa Te Aoturoa i te Taaone (Nature in the City) etahi tohu nui, i whakarewa hoki me te whakahokinga mai o Donny Park/Kukutaaruhe Gully i Haratua/Mei 2022.



## Ngaa Mea Nui

Kua whakarato te Kaunihera i ngaa taumata o ngaa ratonga me ngaa mahi puta noa i te taaone kaaore i kitea i mua. He reekoata \$252 miriona te nui o ngaa kaupapa whakapaipai kapewhiti i tutuki.

I roto i ngaa mahi ko te \$4 miriona pea o ngaa whakapaipai moo te hiikoi me te eke paihikara, i oti te Ara Tawhio Kirikiriroa, i whakatuwhera anoo too FMG Stadium Waikato East Stand i muri i te whakakahatanga moo te ruu, i oti hoki te papa taakaro o Mahoe Park.

I te marama o Haratua/Mei 2022 i whakatuwheratia ngaa te Kaari o Ihpa me te Marae Nikau i Ngaa Kaari o Kirikiriroa.

I oti too Kirikiriroa Rawhi Kararehe hoo me te Pokapuu Whakatauranga o Waiwhakareke, te uakinga o Everyday Cafe, otiraa ngaa whakapai hokohoko me te tukunga tiikiti, aa i kitea he reekoata haerenga mai i ngaa

hararei o Paengawhaawhaa/Aaperira 2022.

I te Whare Tongarewa o Waikato eetahi whakaaturanga whakahiamo whaanui tae ki te teeraa moo te Marama i 30,000 neke atu ngaa kaitoro.

I whakaaetia te kaunihera ki te hootaka Welcoming Communities Te Waharoa ki ngaa Hapori i te mutunga o 2021 kia kitea te wairua maioha o te taone, te tautoko moo ngaa manene hoo.

I Kohitaatea/Haanuere 2022, i tiimatatia ano e Te Huia taana ratonga i muri i te hikinga o ngaa kati-iho aa-rohe, hono ana te puu o Kirikiriroa ki ngaa teihana hoo tae ki The Strand i waengapuu o Tamaki Makaurau.

I taurimatia e Seddon Park etahi whakataetae o te ICC Women's Cricket World Cup 2022.

## Te Aahukahuka

I riro i taa te Kaunihera Puuhara Taataringa Raraunga Ikiiki/

Transport Data Analytics Platform (TDAP) te tohu 'Kaupapa Taaone Atamai Koohure' i roto i te kaawai Ikiiki - Ngaa Waka Honohono me ngaa Waka Takitahi, Waka Aa-lwi, Waka-Karanga/Waka-Tiri.

I tapaina e te New Zealand Events Association (NZEa) ko Claudelands Oval te Papa Taakaro Pai Rawa o 2021. Noo muri teenei i te tiimata whakamiiharo a Claudelands Oval hei takiwaa koonohete i Huitanguru/Peepuere o teeraa tau i taana taurima i te whakaminenga 25,000 moo ngaa Raahoroi Six60.

## Hauora Kaimahi

Manawa titikaha te hauora o te kaimahi ki a maatou te kaunihera. He maha ngaa kaupapa hauora hou kua puta I teeraa tau hei whakatinanana I te oati he waahi mahi haapai, tautoko hoki I te hauora o aa maatou kaimahi. Anoo ia te Whakahaeretanga Punaha Haumarua hou kia rata te whakahaeretanga haoura me te haumarua puta noa I te kaunihera.

Kua whakauu teetehi taupanga hou hei wahakamaamaahia, whakatere hoki te ripoatatanga o ngaa whara me ngaa aitua mahi, taapiri atu te whakatika anoo I ngaa taunga whakahaere o ngaa kaikirimana.

## Te whakatakoto whakatau a te Kaunihera

He nui tonu ki a maatou te mahi tahi me ngaa iwi me te whakahoonore tonu i ngaa maataapono o Te Tiriti o Waitangi. Ko teetahi waahi o teeei ko te atawhai i ngaa ara e whai waahi ai te Maaori ki te whakatakotoranga whakatau, otiraa i te tau 2021 i whakatau te Kaunihera kia whakatuuria he Tuuru Maaori mo te pootitanga 2022.

Kua whakaurua ngaa Tuuru Maaori e rua o te taaone whaanui ki ngaa pootitanga 2022 aa-rohe o te Kaunihera o Kirikiriroa.

Naa too maatou uukanga ki He Pou Manawa Ora - Pillars of Wellbeing - kua maiohatia



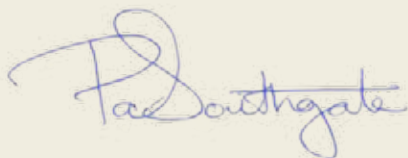
te pikitanga o te reo Maaori,  
te toi, ngaa koorero me ngaa  
whakanuinga, peeraa i a  
Matariki, ki te whanaketanga o  
too taatou taaone.

I hangaa e te Kaunihera te  
Kapatuumahi Taaone Tino  
Haumarū, ko te Koromatua me  
te Kaihautuu Pirihimana Aa-Rohe  
ngaa heamana. Moo teenei  
kaupapa kei te mahi ngaatahi  
ngaa umanga e rua me Te  
Whare Waananga o Waikato me  
Waikato Tainui ki te whakamine  
i ngaa hoa paatui me nga  
kaiwhaiwaahi whai tuuranga,  
whai hiahia kia haumarū ai too  
taatou taaone.

I te marama o Mahuru/  
Hepetema 2021, i neke a Lance  
Vervoort ki te tuuranga o Tumu  
Whakarae, kua noho raa hei  
Kaiwhakahaere Matua moo te  
Kaunihera – Hapori moo ngaa  
tau ngahuru kua hipa.

Ko ngaa mea katoa i tutuki i  
teenei tau puutea he mea akiaki  
naa ngaa koorero a te hapori  
ki a maatou moo a raatou  
hiahia moo Kirikiriroa Hamilton

kia pai ai hei noho, hei mahi,  
hei taakaro. Kua kore e taea  
ki te kaahore te kaha o ngaa  
kaimahi 1300 a te Kaunihera naa  
raatou i whakahaere too taatou  
taaone, i whakatutuki i too  
taatou kaupapa kia whakapai  
i te oranga o ngaa taangata o  
Kirikiriroa i ia raa. E whakawhetai  
ana maatou ki teenaa, ki teenaa  
kaimahi moo toona ngaakau nui  
me toona uukanga ki too raatou  
taaone.



Paula Southgate  
Koromatua



Lance Vervoort  
Tumu Whakarae

# What is the Annual Report?

## He aha te Puurongo-aa-Tau?

The Annual Report is a key document in Council's planning and reporting process, with its contents directed by the Local Government Act 2002.

Our planning cycle starts with an extensive and deliberate community engagement process developed alongside the people of Hamilton Kirikiriroa to understand the aspirations that Hamiltonians have for their city. These are captured in our vision and five priorities and provide the focus for what Council will work on for the next decade.

Then Council prepares a Long-Term Plan. This sets out the work programmes, budgets and rates needed to deliver the vision and priorities. Each Long-Term Plan covers the next decade, with a focus on the first three years.

Our current plan is the 2021-31 Long-Term Plan.

When we aren't producing a Long-Term Plan, we produce an Annual Plan. The Annual Plan gives Council the chance to review the work programme set out in the Long-Term Plan and consider where any changes are necessary. Council's current Annual Plan is the 2022-23 Annual Plan, which identifies any differences between what we said we would do in 2022-23 in the Long-Term Plan, and what we are doing.

The Annual Report is produced to review our performance and tell you, the community, how well we did on delivering to the Long-Term Plan.

This 2021-22 Annual Report is provided to compare Hamilton City Council's actual performance for the 2021-22 year against what was forecast in the 2021-31 Long-Term Plan.

The Report considers, against the Long-Term Plan:

- did we deliver the level of service we said we would?
- did we deliver on the capital projects we said we would?
- did we deliver to the operating budget we set?

### Audit

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 staff and the Strategic Risk and Assurance Committee.

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

### Intended audience

This Report is intended to provide this important information to a range of stakeholders including local businesses, Council partners, government departments and agencies, non-government organisations, and the community of Hamilton Kirikiriroa. It is also an opportunity for our teams to look back on and celebrate the successes of the year and to highlight the amazing work delivered to the community of Hamilton Kirikiriroa.

## Piecing it all together:

**1 July 2021:**  
Council's 2021-31  
Long-Term Plan is set

**1 July 2022:**  
Council's 2022-23 Annual  
Plan (we are here)

**By 31 October 2022\*:**  
Council's Annual Report (reporting on  
the 2021-22 financial year) is adopted

**1 July 2023:**  
Council's 2023-24  
Annual Plan

**By 31 October 2023:**  
Council's Annual Report (reporting on  
the 2022-23 financial year) is adopted

**1 July 2024:**  
Council's 2024-34  
Long-Term Plan is set

**By 31 October 2024:**  
Council's Annual Report (reporting on  
the 2023-24 financial year) is adopted



\*pursuant to section 98(7)(b) of the Local Government Act 2002, this Annual Report must be completed and adopted no later than the close of 31 December 2022, an extension of two months due to the ongoing impacts of COVID-19.



# Our vision for Hamilton

## Kirikiroa ka hua. Ka puaawai. Ka ora

**Everything we do is aimed at improving the wellbeing of Hamiltonians.**

### Our priorities

Our priorities\* describe what we aim to achieve for our community and what you can expect us to work towards. These outcomes were used to shape the development of the 2021-31 Long-Term Plan. All our activities contribute to the overall achievement of our priorities and reflect our purpose and mission – to improve the wellbeing of Hamiltonians and to help build a more vibrant, attractive, and more prosperous city.

During the development of the 2021-31 Long-Term Plan, we used your feedback to create five long-term priorities for Hamilton Kirikiroa over the next decade. These priorities reflect what you said is important to you, your family, and your neighbourhood.

The five priorities for our city are:

- A city that's easy to live in | He taaone e ngaawari noa iho ana te noho
- A city where our people thrive | He taaone e tipu matomato ai te tangata
- A central city where people love to be | He pokapuu taaone e ngaakautia ana e te marea
- A fun city with lots to do | He taaone kua kikii ki ngaa tini kaupapa
- A green city | He taaone tiaki taiao

All the activities we carry out contribute to the achievement of our community outcomes. If we achieve all the expectations that we have set for our service delivery, we will be making progress on achieving all five priorities.

\* These priorities are our Community Outcomes as defined under the Local Government Act 2002

# Maaori contribution to the decision-making process

## Te Waahi o te Maaori ki te Whakatakotoranga Whakataau

We are committed to meeting our Treaty and legislative responsibilities.

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

### **He Pou Manawa Ora - Pillars of Wellbeing**

This strategy, adopted in August 2021, outlines Council's vision for a city that celebrates its whole history, including its unique Maaori heritage, and ensure everyone has a voice in developing its future.

### **Maaori Wards**

Hamilton Kirikiriroa will have a Maaori Ward for local government elections from 2022, with two Maaori seats as representative of the Maaori Electoral Population of Hamilton Kirikiriroa.

### **Maangai Maaori**

Maangai Maaori, meaning the voice of Maaori, were first appointed to Council committees with full voting rights in 2018.

### **Council Kaumatua**

Hamilton City Council's Kaumatua is appointed by the Office of the Maaori King to give support and advice to Hamilton's Mayor and its elected members. The kaumatua gives spiritual guidance to council in line with Tainui tikanga and protocols.

### **Amorangi Maaori**

Amorangi means to lead, or to provide leadership. Amorangi Maaori provides leadership and advice across Hamilton City Council on matters related to Maaori.

# Climate change reporting

## Te Puurongo i te Huringa o te Aahuarangi

We have an important role in responding to climate change here in Hamilton Kirikiriroa. Without action, climate change could impact on the wellbeing of our community. With oversight from the Environment Committee, we have implemented our Climate Change Action Plan, approved a Climate Change Policy, and developed our draft climate change strategy, Our Climate Future: Te Pae Tawhiti o Kirikiriroa.

Our Climate Change Action Plan for 2021-2022 set 45 priority actions for delivery, focussing on developing our long-term

climate change response, reducing Council's operational emissions, and transitioning to a low carbon and resilient city. With transport making up 64% of Hamilton's emissions<sup>1</sup> the action plan included many actions that focused on improving public transport, cycling, and walking.

Council's greenhouse gas emissions were 10,482 tonnes. We saw a reduction in emissions as we moved away from natural gas use and reduced our travel. We also set a new target for our fleet emissions: we are aiming for a 44% reduction by 2030.

In June 2022, we approved the Climate Change Policy, which will ensure climate change is part of the decision-making process across Council. It provides the framework for considering the operational and embodied emissions associated with projects and decisions, and the potential climate change risks.

Over 2021-22 we have been developing Our Climate Future: Te Pae Tawhiti o Kirikiriroa, our strategy to respond to climate change. We ran social media campaigns seeking community views on low emissions travel, water sustainability, improving

biodiversity and low carbon growth. We also ran workshops with the Voice of Hamilton Kirikiriroa panel, community groups and businesses.

We met with iwi and key stakeholders like the University of Waikato and Waikato Regional Council, to ensure their views were reflected in the strategy. All this feedback helped to shape the strategy and will guide our future action on climate change.

It is important that we have a strong voice on climate change and that we advocate strongly to central government on things

<sup>1</sup> In 2018-19



within their control. We submitted on both the Emissions Reduction Plan and the National Adaptation Plan, seeking strong action that is supported by funding. We have been actively involved in the climate change work led by the Waikato Plan, which included providing funding for the first Climathon in the Waikato. It was held here in Hamilton Kirikiriroa and had more than 60 attendees who worked to develop solutions for local climate change challenges.



# Our Financial Strategy

## Too Maatou Rautaki Puutea

Our 2021-31 Long-Term Plan includes a financial strategy that aims to enable us to respond sustainably to growth in a way that is cost effective for existing ratepayers. The Financial Strategy's guiding principles are:

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

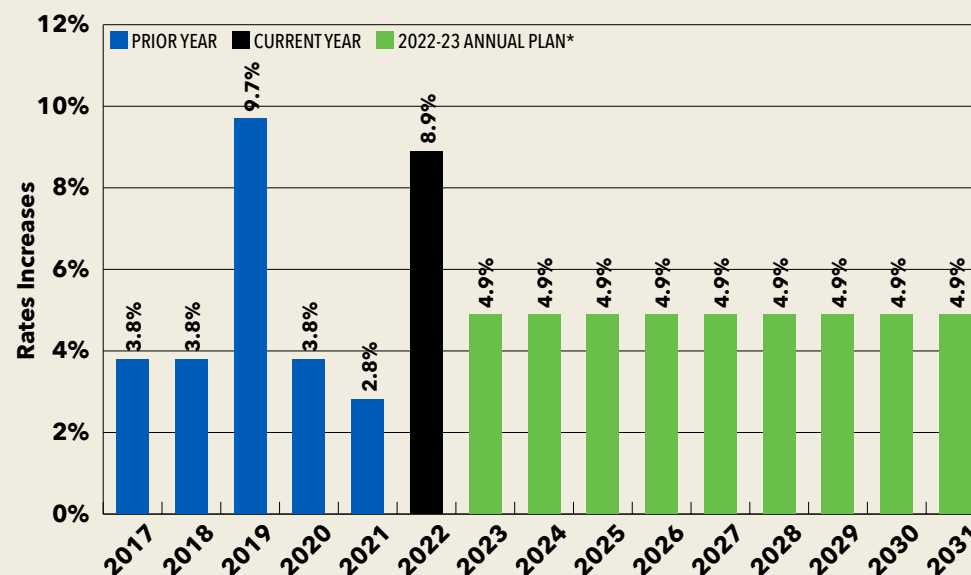
The Financial Strategy can be read in full in the 2021-31 Long-Term Plan or on our website. It sets limits on the amount of debt we can take on compared to revenue (debt to revenue), forecasts net debt (the money we owe lenders, less cash) and forecasts when we will balance the books. The Council books are balanced when everyday revenue pays for everyday expenses.

Against the strategy, we exceeded the balancing the books target for 2021-22 by \$0.7 million and ended the financial year with a net debt balance \$138 million lower than projected.

### Rates

The Long-Term Plan sets the limits on average rate increases to existing ratepayers. Under the plan, rates increases were limited to 8.9% in 2021-22 and 4.9% from 2022-23 onwards. We have stayed within these limits, the actual average rate increase for 2021-22 was 8.9%.

### Total rates increases to existing ratepayers



\*The figures for 2023 to 2031 have been reforecast as part of the 2022-23 Annual Plan process.

## Balancing the books

The balancing the books measure is a way of assessing our operating performance. You can see how our balancing the books measure is calculated on page 151 of the full Annual Report. There are other ways to measure operating performance, including the Government's balanced budget measure, which we report against in the Disclosure Statement section of the full Annual Report on page 246.

The main differences between the two measures are:

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

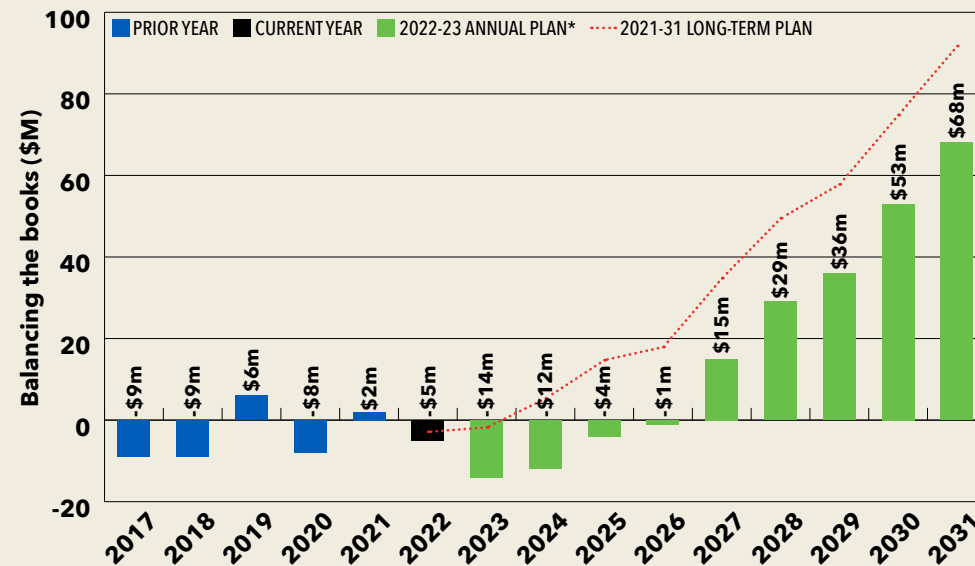
We did not achieve the balancing the books target in 2021-22, with an adjusted operating deficit of \$5.2 million against a target of a \$2.9 million deficit. Using the Government's balanced budget

measure, we are reporting a surplus of \$66.5 million against a budgeted surplus of \$17.5 million.

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

- Subsidies and grants were higher than budgeted due to the allocation of Central Government grant funding for the delivery of the Water Reform Stimulus Programme.
- Depreciation was higher than budgeted due to the 2021 revaluation on buildings, as well as asset revaluations taking place in April 2022.
- Operating and maintenance costs were higher than budgeted mainly due to the write off of Software as a Service related intangible asset costs.

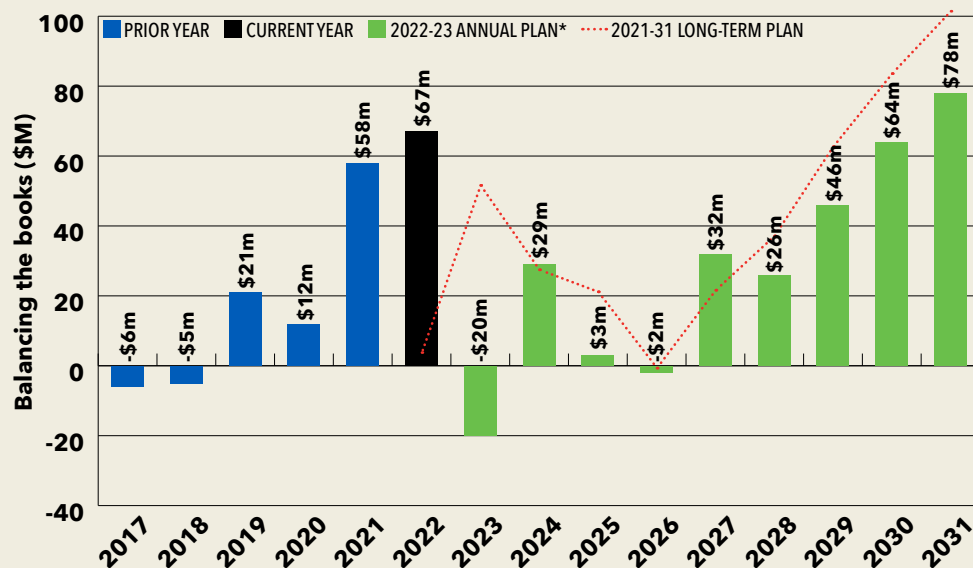
### Balancing the books - Hamilton City Council measure



\*The figures for 2023 to 2031 have been reforecast as part of the 2022-23 Annual Plan process.



## Balancing the books - Government measure



The main reasons for this favourable result are:

- Higher than budgeted revenue from subsidies and grants.
- Total deferrals of \$94.8 million, being the net position between projects moved out to future years and projects brought forward into 2021-22.

The 2021-22 approved capital budget was \$328.7 million, an increase on the previous 2020-21 budget of \$302.8 million. Actual spend for the capital portfolio was \$252.2 million, representing a 2.8% increase on the prior year spend of \$245.3 million.

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

Projects were deferred due to:

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

To keep debt at manageable levels, the financial strategy caps debt to revenue at 300%. This ratio will taper back to 280% by 2026.

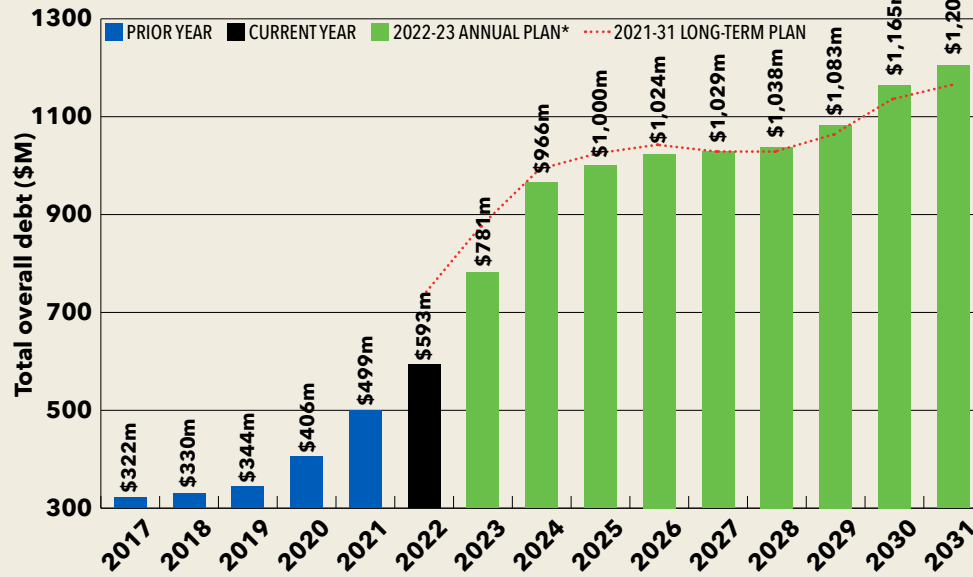
## Debt

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 217 of the full Annual Report.

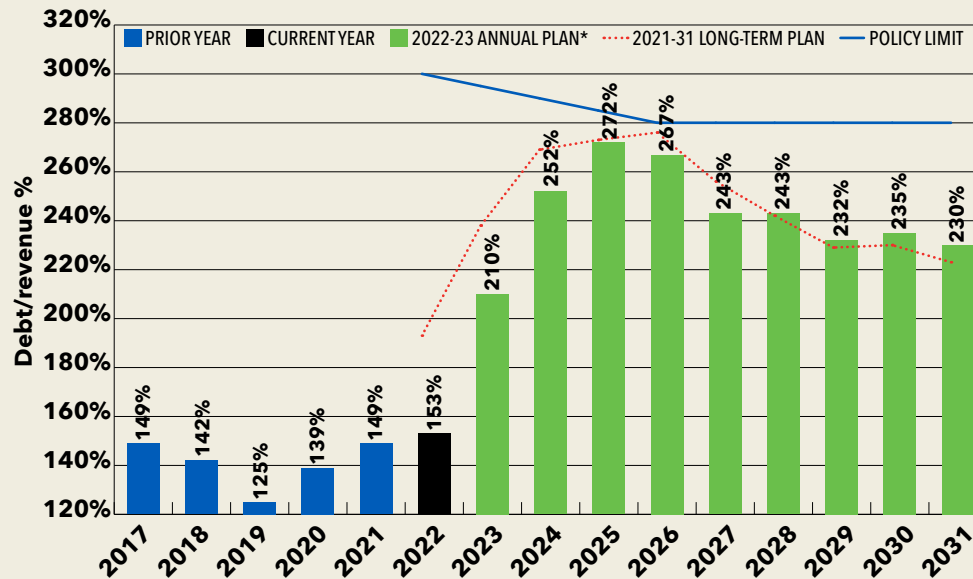
We ended the financial year with a net debt balance of \$593 million, which was lower than the projected target of \$731 million. Our debt is now 153% of revenue against a performance target of 193%.

*\*The figures for 2023 to 2031 have been reforecast as part of the 2022-23 Annual Plan process.*

## Total overall debt



## Debt-to-revenue ratio

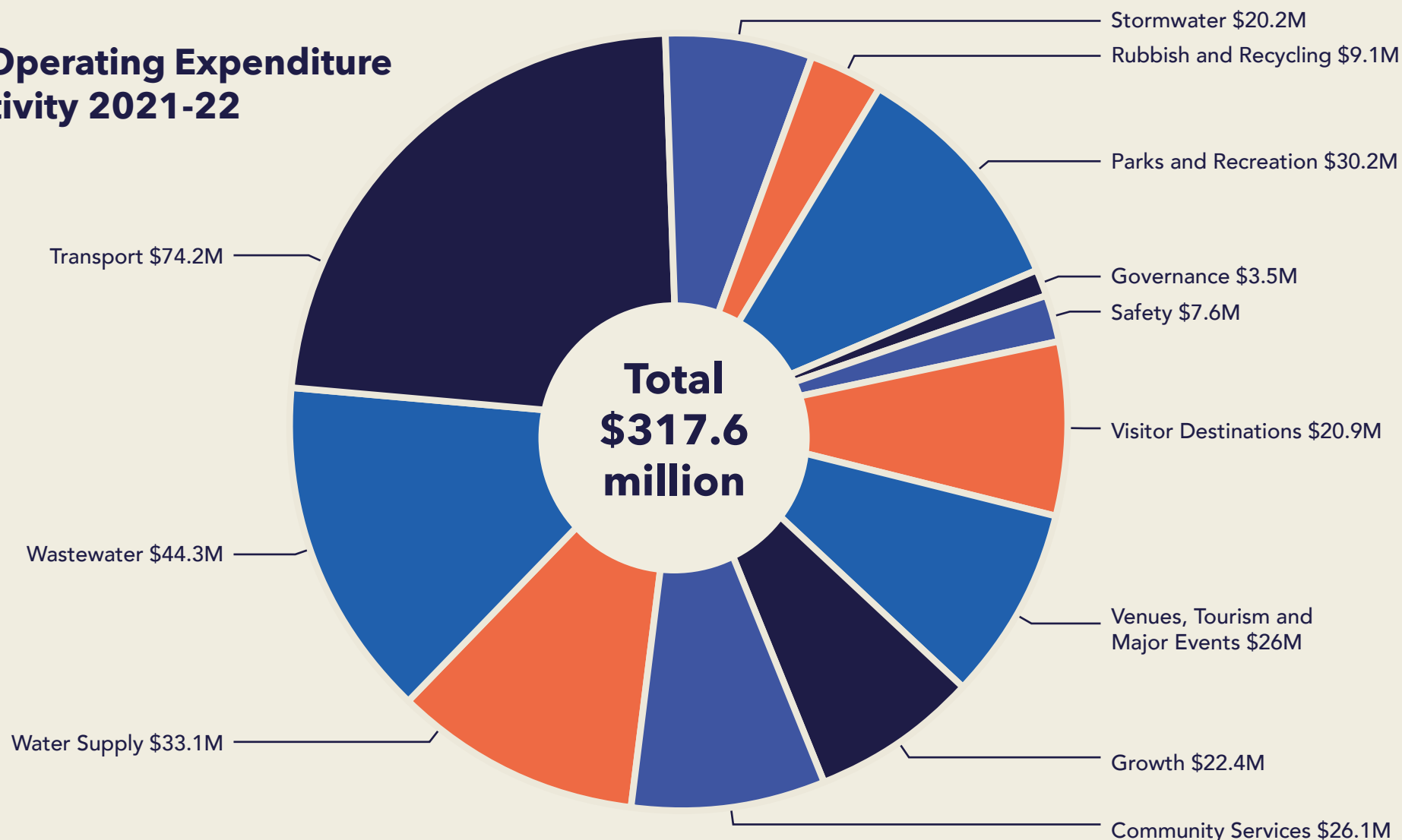


\*The figures for 2023 to 2031 have been reforecast as part of the 2022-23 Annual Plan process.

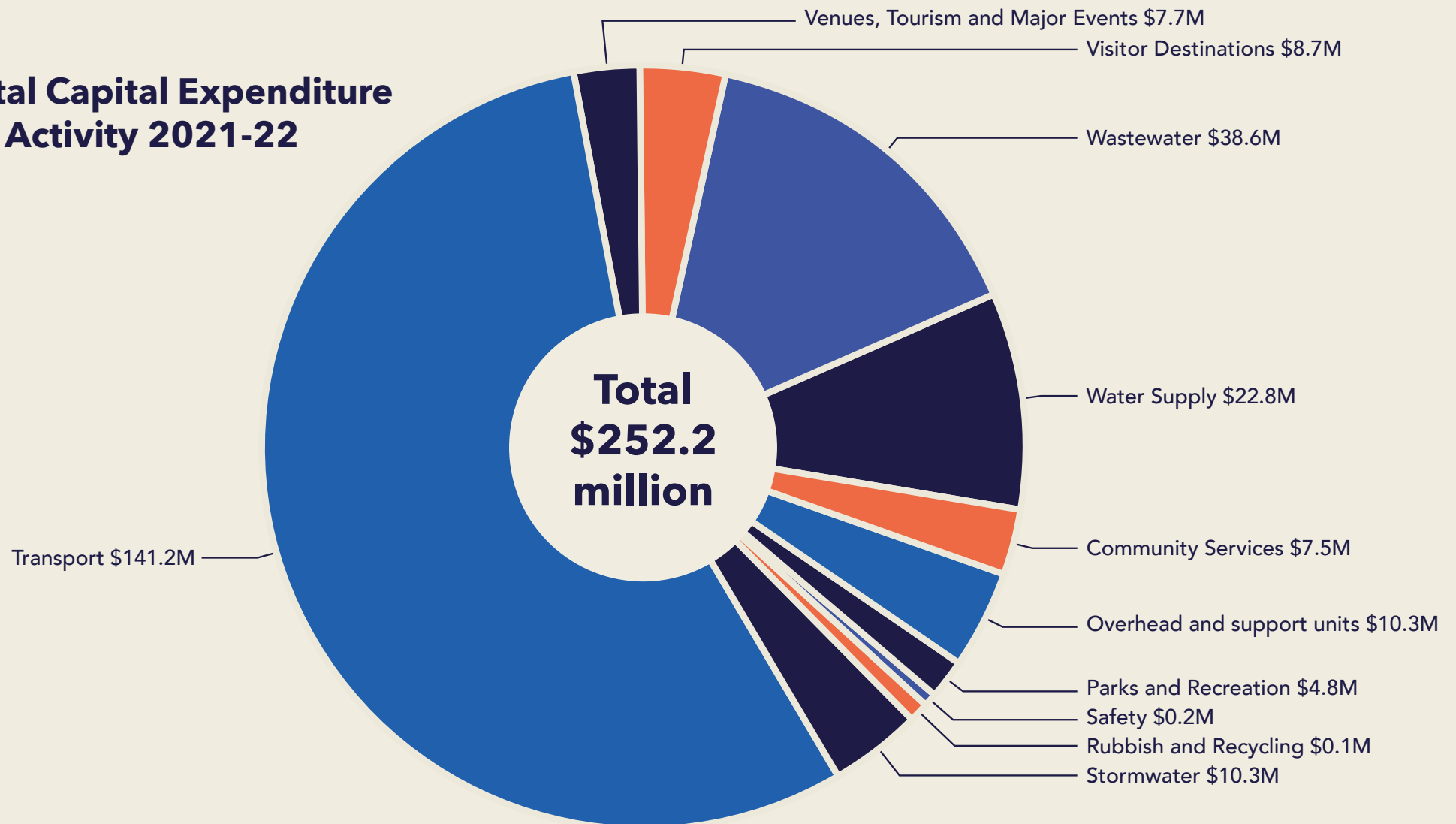
# Overview of our 2021-22 finances

Tirowhaanui moo Ngaa Puutea 2021-22

## Total Operating Expenditure by Activity 2021-22



## Total Capital Expenditure by Activity 2021-22





# Capital projects delivery

## Kaupapa haupuu rawa whakatinanatanga

**Everything we do is about improving the wellbeing of Hamiltonians and making our city one of the best places to live, work, and raise families.**

Our capital projects portfolio helps Council look after the assets we already have and allows us to support growth throughout the city. From improving the safety of busy intersections and upgrading the Hamilton Zoo entrance, to building strategic infrastructure in new residential areas, our staff delivered \$252.2 million worth of capital projects in 2021-22.

In our 2021-31 Long-Term Plan, we forecasted to deliver \$328.7

million worth of capital projects in 2021-22.

We can't always stick to the plan, for a variety of reasons. As a result, we defer funding allocated to projects to such a time as the projects are able to be undertaken and completed.

### **Our challenges in delivering our capital projects**

Some of the challenges we faced across the capital projects portfolio included:

#### **COVID-19**

The impact of the pandemic on the construction industry has been unprecedented, with material and labour shortages, lockdowns and alert level

restrictions, and increased costs affecting the delivery of some of our projects.

#### **Developer agreements**

Funding growth is a massive challenge because we cannot afford to do everything, or as quickly as we would like. To help fund growth, Council may enter into a Private Developer Agreement (PDA) with a private developer, which gives developers the certainty and flexibility to proceed with development. However, this may not always align with Council's provisional timeline, which means we work with developers and their timings to get the best outcome.

#### **A change in the original plan**

Before we start any project, we ensure that what we planned is still going to deliver the best outcomes for the community. If the outcomes shift, we may need to rescope or reprioritise the project to ensure we have the right things in place at the right time.

#### **Central government pressures**

Hamilton Kirikiriroa, like many other growth cities, is facing mammoth costs in relation to new standards and compliance from central government direction, which has led us to reprioritise project timings or scope. These pressures also include staff time in responding

to central government policy changes and proposals.

### Funding

Waka Kotahi NZTA funding and other government funding can be anticipated or requested but not granted, or our timing needs to be modified in alignment with Waka Kotahi NZTA timings.

### Skills shortages

Hiring and retaining staff can be difficult in times of low unemployment and when competition for skilled staff and consultants is stiff. Losing key staff and bringing new staff onto projects can impact on timing and delivery too.

**Even with these challenges, staff across all areas of Council have continued to deliver great outcomes for Hamilton Kirikiriroa, which will be felt for generations to come.**

Activity Area	Total Capital Spend \$million
Community Services	7.5
Parks and Recreation	4.8
Rubbish and Recycling	0.1
Safety	0.2
Stormwater	10.3
Transport	141.2
Venues, Tourism and Major Events	7.7
Visitor Destinations	8.7
Wastewater	38.6
Water Supply	22.8
Overhead and support units	10.3
<b>TOTAL</b>	<b>252.2</b>

# Highlights of 2021-22

Ngaa Mea Hirahira 2021-22

Here's some of what went on...

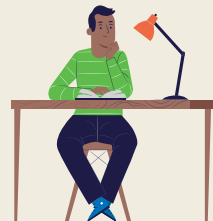
## July 2021

New central  
jetty and  
revetment wall  
completed



FMG Stadium Waikato hosted  
**All Blacks - Fiji test match**

Council's rubbish  
and recycling  
**service won an  
environmental  
excellence award**



**Libraries  
dropped  
late fees**  
for children  
and teenagers

Council registered  
**13,582 dogs**  
in the 2021-22 year



## August 2021

First **lizard restoration**  
site completed in Peacocke



Council adopted  
**He Pou  
Manawa Ora  
- Pillars of  
Wellbeing  
strategy**



## September 2021

Global credit agency  
Standard & Poor's  
maintained Council's

**positive  
credit rating**

**AA-**



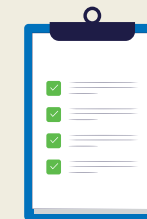
Cherry grove planted to honour  
the late **Margaret Forsyth**

## October 2021

**Riff Raff  
statue relocated  
outside Waikato  
Museum**



**Rent relief**  
offered to Council  
tenants impacted  
by COVID-19  
lockdowns



Resource consent for  
**Peacocke's  
Amberfield  
subdivision  
approved**

## November 2021

Sod turning ceremony for  
**Waikato Regional Theatre**

**Maeroa Reservoir roof**  
replacement completed

**Hamilton's  
beloved long-  
tailed bat wins  
bird of the  
year**



Representation review **adds  
two citywide Maaori  
ward seats** to Council

Council granted resource consent for the **Te Awa Lakes development**



## December 2021

New Hamilton Zoo entrance was opened



Bryce Street upgraded with **new bus stop, cycle lanes and raised zebra crossing**

Council granted **1688 consents** for new homes in the 2021 calendar year



## January 2022

World's second oldest Sumatran tiger, **Mencari, turned 22**



Central Library's **passenger lift replaced**

**New tuatara house opened** at Hamilton Zoo



**Te Huia train service restarted**, giving Hamilton passengers direct access to central Auckland

## February 2022

Construction started on **Te Kete Aronui Rotorua Library**



Council established **Voice of Hamilton Kirikiriroa**, a new way for the community to share their ideas

## March 2022

Council **temporarily reduced food safety fees** for hospitality businesses



Waikato Museum **hosted Our Moon exhibition**

## April 2022

**FMG Stadium Waikato's East Stand reopened** after seismic strengthening

Upgraded **Ruakura Road reopened**

Council launched the **Welcoming Plan** - an initiative aimed at helping new residents feel more supported - with a commitment signing event

## May 2022

**V-shaped pier installed** at new river bridge to Peacocke

**First tree planting** for

Nature in the City - a 30-year programme to restore Hamilton's native vegetation



**Ancient Egyptian Garden**

opened at the Hamilton Gardens



## June 2022

**Climate Change Policy** adopted

About **14,000 native species planted** at Waiwhakareke Natural Heritage Park during Arbor Day week

Council co-hosted a range of events honouring **Matariki**





# Delivering on our Priorities

Te whai kia tutukihia  
aa maatou Kawatau



# Summary of our Delivery

## Whakaraapopoto o te Whakatinanatanga

**Delivering on our Priorities' reports on how well Council's activity groups performed during 2021-22 against the performance measures and targets set out in the 2021-31 Long-Term Plan.**

We also report on four community outcome measures that are not linked to a Council activity group and do not form part of our performance measures and targets.

All of the activities we carry out contribute to the achievement of our community outcomes, our five Priorities. Each activity has performance measures that show how well we are delivering our services to the community.

The performance measures and targets are from Year One (2021-22) of our 2021-31 Long-Term Plan, which you can find on our website.

Of the 58 measures that we use to track performance, the summary graph below shows that:

- we have met the targets for 41 measures
- we have not met the targets for 16 measures
- one measure relating to voter turnout is not reported on due to no local government elections during the 2021-22 year.

# Our community outcome measures

## Te inenga hua o oo taatou haapori

We ask our communities the following three 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 undertaken between March and June 2022:

- Percentage of residents who think Hamilton is a great place to live
- Percentage of residents who are proud of how Hamilton looks and feels
- The percentage of residents who believe we make decisions that are in the best interest of the city

Our fourth community outcome measure demonstrates our commitment to reduce to the carbon footprint of the city and to build a city that is resilient to the effects of climate change:

- Reduction in greenhouse emissions footprint for Hamilton City Council

### **Percentage of residents who think Hamilton is a great place to live**

Our 2021-22 result of 77% represents an 11% decrease on the 2020-21 result, and 2% below our 2021-22 target. It is important to note that the 2020 Quality of Life Survey was conducted between September and November 2020, after the first COVID-19 lockdown and elimination of COVID-19 in the community. Since then, we have seen a number of disruptions due to COVID-19 Alert Levels, lockdowns, and the COVID-19 Protection Framework. Between July 2021 and June 2022 Hamilton has experienced a

Level 4 Lockdown, Alert Level 3 and the Red Traffic Light setting of the COVID-19 Protection Framework. Hamiltonian's are now living with and experiencing COVID-19 in the community

### **Percentage of residents who are proud of how Hamilton looks and feels**

We failed to meet our 2021-22 target of at least 60%, coming in at 53%, which also represents an 11% decrease on the 2020-21 result. All eight metro councils who ask their communities this question experienced a decrease, with the eight city average falling by 8% to 55%.

### **The percentage of residents who believe we make decisions that are in the best interest of the city**

We achieved this measure with 33% against a target of at least 32%, but it does represent an 8% decrease on the 2020-21 result. Of the seven metro councils who ask this question of their communities, our result is the second highest and exceeds the seven-city average of 27%.

### **Reduction in greenhouse emissions footprint of Hamilton City Council**

Our 2021-22 target, to achieve a decrease in greenhouse emissions per head of population from the previous year, was achieved with 0.059 tonnes per head of population, down from 0.065 tonnes per head of population in 2020-21.

# Service performance measures

Te taatari i te mahi ratonga

## Highlights from the 2021-22 year

- customers at our libraries and aquatic facilities continue to demonstrate high levels of satisfaction, with 93% of library customers and 84% of aquatic facility customers satisfied with their overall experience.
- the value of services leveraged for every \$1 of community grant funding provided came in at \$21.09, exceeding our target of \$3.
- 100% of community stakeholders surveyed are satisfied with community and social development outcomes.
- we exceeded our 85% target with 97% of our qualifying footpaths within Hamilton Kirikiriroa meeting the level of service standard of less than 5 faults per 100m section.
- despite COVID-19 restrictions and working from home, the average processing days for non-notified land use and subdivision resource consents was 16.60 working days, coming in under the 20 working days target.
- 98% of urgent dog control requests were responded to within 60 minutes against a target of 95%.
- with a target of 10 new unique experiences, we delivered 13 across the Waikato Museum, Hamilton Zoo, and the Hamilton Gardens.
- we had zero abatement or infringement notices or enforcement orders in relation to the resource consents for discharge from the wastewater system, with a target of no more than one abatement notice and zero infringement, enforcement, or conviction actions.
- the percentage of waste recovered for recycling through the kerbside collection was 50.93%, comfortably clearing the 45% target, and the percentage of waste recovered for recycling through Council owned facilities was 42.58%, against a target of at least 30%.

# Areas for improvement

**11 measures were not achieved due to the impact of COVID-19 or staff shortages due to COVID-19, and seven measures were not achieved for other reasons:**

## Non-achievement due to the impact of COVID-19

### Community Services

- The number of physical and online issues by Hamilton City Libraries each year was not met, with 1,042,698 issues representing a decrease of 11% compared to 2020-21, against a target of a 1% increase on the previous year
- The number of physical and online visits to Hamilton City Libraries each year was 1,210,039, being a 0.2% decrease on the prior year, against a target of a 1% increase on the previous year.

The year has seen several disruptions to physical visits with Libraries closed across the city at COVID-19 Alert Level 3 and 4, capacity restrictions and temporary branch closures due to staff shortages related to illness.

- The number of visits to Council owned aquatic facilities in 2021-22 was 217,078, against a target of at least 500,000 visits each year. There have been several disruptions to Hamilton Pools with a planned closure at Waterworld in July 2021, followed by COVID-19 Alert Levels 3 and 4, capacity restrictions and the temporary closure of Gallaghers Aquatic

Centre to focus on maintaining services at Waterworld due to staff shortages related to illness.

### Safety

- The percentage of graffiti removed within two working days was 73.17%, below our target of 95%. This was due to TagBusters not operating during COVID-19 Alert Levels 3 and 4, and staff shortages due to illness putting pressure on response times.

### Visitor Destinations

- The total number of visits to Hamilton Zoo/Waiwhakareke Natural Heritage Park, Waikato Museum, and Hamilton Gardens (enclosed gardens only) did not meet the target of an increase on the previous year, with a combined result of 549,941 visits representing a 47.41% decrease on the 2020-21 result. The results do exclude Waiwhakareke Natural Heritage Park and Artspost, and due to an electronic fault, the counter at the entrance to the enclosed gardens only recorded intermittent data during April 2022. Visitation has

been relatively strong in a year heavily impacted by COVID-19. All sites were closed at COVID-19 Alert Level 3 and 4, followed by capacity and entry restrictions.

### **Venues, Tourism and Major Events**

- The number of people attending events at the Stadia (FMG Stadium Waikato and Seddon Park) and Claudelands for 2021-22 was 224,538 against a target of 375,000. There were numerous disruptions during the year due to COVID-19 Alert Levels, lockdowns, and Traffic Light Framework settings. Every quarter experienced a level of restriction on operating activity, resulting in more event cancellations than in any other year.

### **Rubbish and Recycling**

- The amount of waste received at Council-operated waste facilities that is diverted from landfill was 13,939 tonnes against a target of at least 16,000 tonnes, reflective of the additional restrictions required under COVID-19 Alert Level 4.

## **Non-achievement due to staff shortages resulting from COVID-19**

### **Growth**

- Average processing days for building consents was 18.33 working days against a target of 18 days. We remained within the statutory timeframe of 20 processing days.

### **Water Supply**

- The median attendance time for non-urgent callouts from the time that Council receives the notification of the fault or unplanned interruption to the time that service personnel reach the site was 8 days, against a target of no more than 5 days. We experienced ongoing challenges with resourcing due to staff illness, and with increased numbers of water supply service requests, staff focused on prioritising urgent water faults and new connections over non-urgent water faults.

### **Rubbish and Recycling**

- The number of valid missed collections of kerbside rubbish, food waste and recycling. The overall trend for missed collections has been downwards since the service commenced, but we are still exceeding the target of 110 missed collections per month. 4,415,211 bins were emptied during 2021-22, with 4,735 being missed, giving a clearance rate of 99.89%.
- The number of valid missed collections of kerbside rubbish, food waste and recycling not resolved by the end of the business day following the initial report. On average, 40 missed collections per month were not completed, and there were 11 months with greater than six valid missed collections compared to a target of 0 months with greater than six valid missed collections within the required timeframe, due to resourcing issues and COVID-19 delays experienced by the contractors.



## Non-achievement for other reasons

### Transport

- The change from the previous financial year in the number of fatal and serious injury crashes on the local road network. In 2021-22, there were 51 fatal or serious injury crashes on Hamilton's local road network, including at intersections with state highways where Waka Kotahi is the controlling authority. Of this number, 45 crashes were on local roads and six were on state highways. In 2019-20, there were 46 fatal or serious injury crashes, of which 41 were on local roads and five were on state highways. This represents an increase of five fatal or serious injury crashes, meaning the target to decrease from the previous year was not met.

Cyclists and pedestrians (including micro-mobility and mobility users) continue to account for a disproportionate share of crashes when compared to mode share of total trips in Hamilton Kirikiriroa. 36% of fatal and serious injuries involved these road user groups despite comprising of only 12% of total estimated trips. We continue targeting funding towards safety improvements in high-risk locations, zones with significant traffic volumes with high mix of other users and areas where there is a community need.

### Safety

- The percentage of central city users surveyed who feel very safe or reasonably safe in the central city during daytime. The target of at least 80% was not met, with a result of 74.27%. There have been numerous events and situations that impact in people's perception of safety, including the heavily

publicised ramraids. Respondents' key themes included aggressive and antisocial behaviour, the presence of beggars and homeless people, and groups of unruly or intimidating youth.

### Water Supply

- The total number of complaints received about drinking water clarity, taste, odour, pressure flow or continuity of supply and Council's response to any of these issues. The target of no more than five complaints per 1,000 connections was exceeded with 6.13 complaints per 1,000 connections in the 2021-22 year. In April 2022, one event affected a large number of customers, resulting in a higher-than-average number of complaints.

### Stormwater

- The number of complaints received about the performance of the stormwater system target of no more than 10 complaints per 1,000 properties exceeded was not met with 15.74 complaints per 1,000 properties in 2021-22, due to significant wet weather events.
- The median response time, from the time that we receive notification to the time that our service personnel reach the site of the flooding event of 68 minutes slightly exceeded the 60 minute target. A new customer request management system has been introduced and process improvements to respond to stormwater flood are being actively explored to enable quicker response times by service personnel.





# Financial matters

Ko ngaa take puutea



# Summary financial statements

## Ngaa Tauaakii aa-Tahua

### Guide to this section of the Annual Report:

This section shows in detail the financial reports and accounting policies of Council. The financial statements provide information about Council's assets, liabilities, income, and expenditure.

Council's financial year begins on 1 July and continues until 30 June.

**The financial statements include four primary statements:**

#### **Statement of comprehensive revenue and expense**

This summarises Council's financial performance for the year, listing all income and expenses. It also records other

comprehensive income, such as changes in fair value of Council's infrastructure, property, plant, and equipment.

#### **Statement of changes in net assets/equity**

This is often known as the statement of changes in equity. It details the overall changes for the year in relation to Council's net wealth.

#### **Statement of financial position**

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

#### **Statement of cashflows**

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

**These four statements reflect Council's actual position to the budget. The 2021-22 budget was adopted by Council through the 2021-31 Long-Term Plan.**

#### **Notes to the financial statements**

These 'notes' are to provide 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.

# Summary financial statements

## Ngaa Tauaakii aa-Tahua

For the year ended 30 June 2022

	Note	Council			Group	
		Actual 2022	Budget 2022	Actual 2021 (Restated)	Actual 2022	Actual 2021 (Restated)
		\$000	\$000	\$000	\$000	\$000
<b>STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE TO 30 JUNE</b>						
Rates revenue	1	223,504	221,714	200,275	223,504	200,275
Other revenue		232,546	232,171	196,892	239,410	205,249
<b>Total revenue</b>		<b>456,050</b>	<b>453,885</b>	<b>397,167</b>	<b>462,914</b>	<b>405,524</b>
Personnel costs		96,589	96,917	87,880	100,089	91,031
Depreciation and amortisation	2	80,629	75,534	72,093	81,641	73,100
Finance costs	3	18,955	16,270	12,656	19,173	12,897
Other expenses		121,361	121,195	111,463	124,931	115,610
<b>Total expenditure</b>		<b>317,534</b>	<b>309,917</b>	<b>284,092</b>	<b>325,834</b>	<b>292,638</b>
<b>Operating Surplus/(deficit)</b>		<b>138,516</b>	<b>143,968</b>	<b>113,075</b>	<b>137,080</b>	<b>112,886</b>
Net gains/(loss)	4	30,143	(60,347)	27,239	30,143	27,239
Share of associates' surplus/(deficit)		-	-	-	12,130	17,052
<b>Net surplus/(deficit) before tax</b>		<b>168,659</b>	<b>83,622</b>	<b>140,314</b>	<b>179,353</b>	<b>157,176</b>
Income tax expense		-	-	-	589	148
<b>Net surplus/(deficit) after tax</b>		<b>168,659</b>	<b>83,622</b>	<b>140,314</b>	<b>179,942</b>	<b>156,324</b>
<b>Other comprehensive revenue and expense</b>						
Financial assets at fair value through other comprehensive revenue and expense		938	-	1,014	938	1,014
Gain/(loss) on property revaluations	5	365,011	112,916	229,822	371,554	245,486
Income tax on other comprehensive income		-	-	-	-	-
Impairment of revalued property, plant and equipment		(16)	-	(91)	(16)	(91)
Other revaluation reserve movements	6	1,228	-	-	1,228	-
<b>Total other comprehensive revenue and expense</b>		<b>535,820</b>	<b>196,538</b>	<b>371,059</b>	<b>553,646</b>	<b>403,732</b>
<b>Total comprehensive revenue and expense attributable to:</b>						
Hamilton City Council		535,820	196,538	371,059	553,918	403,793
Non-controlling interest		-	-	-	(272)	(61)



**For the year ended 30 June 2022**

**CHANGES IN EQUITY TO 30 JUNE**

	Council			Group	
	Note	Actual 2022	Budget 2022	Actual 2021 (Restated)	Actual 2021 (Restated)
		\$000	\$000	\$000	\$000
Equity at the beginning of the year		4,379,925	4,221,514	4,008,866	4,470,370
Total comprehensive revenue and expense attributable to Hamilton City Council		535,820	196,538	371,059	553,918
Total comprehensive revenue and expense attributable to non-controlling interest		-	-	-	(272)
<b>Equity at the end of the year</b>		<b>4,915,745</b>	<b>4,418,052</b>	<b>4,379,925</b>	<b>5,024,016</b>

**Total equity at the end of the year attributable to:**

Hamilton City Council		4,915,745	4,418,052	4,379,925	5,020,176
Non-controlling interest		-	-	-	3,840

**FINANCIAL POSITION AS AT 30 JUNE**

Current assets	7	178,187	87,755	88,543	178,782
Non-current assets	8	5,539,008	5,214,722	4,964,333	5,654,046
<b>Total assets</b>		<b>5,717,195</b>	<b>5,302,477</b>	<b>5,052,876</b>	<b>5,832,828</b>
Current liabilities	9	172,312	136,914	164,111	173,436
Non-current liabilities	10	629,138	747,511	508,842	635,376
Accumulated comprehensive revenue and expense	11	2,214,690	2,014,949	2,044,738	2,265,015
Other reserves	12	2,658,370	2,361,192	2,293,283	2,712,476
Restricted reserves		41,743	41,410	41,478	41,743
Council created reserves		942	501	426	942
Non-controlling interest		-	-	-	3,840
<b>Total equity and liabilities</b>		<b>5,717,195</b>	<b>5,302,477</b>	<b>5,052,876</b>	<b>5,832,828</b>

**CASH FLOWS TO 30 JUNE**

Opening cash and cash equivalents balance at 1 July		54,036	76,000	104,207	54,262
Net cash inflows/(outflows) from operating activities		148,205	168,962	179,589	148,329
Net cash inflows/(outflows) from investing activities		(267,329)	(329,618)	(232,163)	(267,378)
Net cash inflows/(outflows) from financing activities		179,914	134,030	2,402	179,724
<b>Closing cash and cash equivalents balance at 30 June</b>		<b>114,826</b>	<b>50,000</b>	<b>54,036</b>	<b>114,937</b>

# Notes

## Nooti

1. Rates revenue was \$1.8 million favourable to budget due to the higher than budgeted growth projection in the number of rateable properties.
2. Depreciation was unfavourable against budget by \$5 million. This is due to depreciation being higher by \$3m due to the building revaluation, \$0.9m higher due to the transportation revaluation and the revaluations for 2022 were brought forward to April 2022 which increased the depreciation in May and June 2022 from budget.
3. Finance costs were \$2.7 million unfavourable to budget. This was due to increase in interest rates during the year.
4. Due to the unpredictable nature of these items, a budget was only set in instances where the amount could be reliably determined. There was a favourable variance to budget of \$90.5 million. The main contributors are:
  - The net increase in the revaluation of interest rate swaps by \$40.2 million due to a increase in market interest rates.
  - The net loss on disposal of \$11.1 million due to asset data cleansing, asset replacement and vesting of Ohaupo Rd roading assets (\$7.4 million) to Waka Kotahi that was not budgeted; and
  - The anticipated loss of \$61.1 million on the vesting of the roading assets for the Ring Rd and Resolution Drive to Waka Kotahi has been delayed until 2023.
5. The gain on revaluation was favourable to budget by \$252 million. The revaluation gains were higher than budget for land, buildings, water, wastewater, stormwater, refuse, and water treatment stations due to inflation being higher than expected.
6. There was other revaluation reserve movements of \$1.2 million that was not budgeted due to found assets during the year.
7. Current assets was favourable to budget mainly due to more cash and term deposits being on hand and receivables being higher due to the Ruakura CIP Agreement and Spine Road projects that were not budgeted.
8. Non-current assets was favourable to budget due to the gain on revaluation for plant, property and equipment (\$304.2 million) and investment properties (\$10 million) in 2021 and 2022 which had not been budgeted for. Derivative financial instruments were favourable to budget by \$6.2 million due to higher market interest rates. Other financial assets were favourable to budget by \$3.2 million due to more borrowers notes and higher movements in CCOs than expected.

9. Current liabilities was unfavourable to budget by \$35.3 million. The main contributors were:
- Payables and deferred revenue was \$26.1 million unfavourable to budget due to a higher level of project costs that have been accrued at year end. Items accrued include \$6.5 million Peacocke Network accruals, \$4.3 million Ruakura growth funded works and \$4.9 million Infrastructure Alliance claim. Income in Advance is \$10 million higher than budgeted and includes a \$6.3 million adjustment to reflect a change in accounting policy to restate Building Consent revenue recognition.
  - Current borrowings was higher than budget by \$6.3 million due to more borrowings being payable in the next 12 months than originally budgeted for.
  - Provisions were unfavourable to budget by \$1.6 million as a result additional provisions being raised for building defects and other legal proceedings which were not budgeted for.
  - Employee entitlements were \$1.5 million unfavourable to budget. Accrued leave was higher due to the timing of pay runs over the year and annual leave balances were higher than budgeted.
10. Non-current liabilities was favourable to budget by \$118.4 million. The main contributors were:
- Borrowings were \$55 million favourable to budget. This was largely driven by lower than budgeted capital project spending.
  - A favourable variance to budget of \$63.4 million for derivative financial instrument liabilities. This is due to an increase in market interest rates. The official cash rate (OCR) moved from 0.25% to 2%.
11. Accumulated funds was favourable to budget due to a higher surplus achieved and the opening equity was also higher than budgeted.
12. Other reserves was favourable to budget as a result of higher revaluation gains on plant, property and equipment valuations and higher fair value gains on investments in CCOs.

## Accounting policies

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

The group consists of the ultimate parent, Council, and its subsidiary, Waikato Growth Innovation Ltd (100% owned). The associate, Waikato Regional Airport Ltd is equity accounted.

The summary financial statements of the Council and Group are for the year ended 30 June 2022.

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

These financial statements have been prepared in accordance with Tier 1 PBE accounting statements and generally accepted accounting practice in New Zealand (NZ GAAP). The full financial statements make an explicit and unreserved statement of compliance with PBE Standards for each period presented in this summary annual report.

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

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

## Capital commitments and contingencies

Council has capital contract commitments of \$228.2 million (2021 \$261 million).

Council is a 63% capital beneficiary of the WEL Energy Trust. The life of the Trust ends in 2073 unless terminated earlier if its purpose is completed. Given the uncertainties surrounding the life of the Trust, Council is unable to accurately establish the appropriate value of its 63 per cent share.

Contingent liabilities, which are dependent on future events, are \$0.1 million (2021 \$0.1 million).

Council has identified 1 unquantified contingent liabilities. This is in relation to a legal action from Enviro Waste Services Limited.

## Change in accounting policy

The Council and group has adjusted the comparative year financial statements for the year ended 30 June 2021 due to a changes in accounting policy for buildings consents. In previous periods the council and group recognised fees and charges revenue received from building consents on invoice, the Council and group has now decided to recognise building consents on stage of completion as it results in a fairer representation of the use of resources.

## Restatement of group comparatives

The Council has adjusted the Group comparative year financial statements for the year ended 30 June 2021. This adjustment is as a result of the revaluation movement being higher than expected for Waikato Regional Airport Ltd (WRAL) and other adjustments being made to the surplus for WRAL. Council holds a 50% share in WRAL, recognised as an associate and equity accounted in the Council Group accounts. When the 30 June 2021 accounts were prepared, Council used the most current draft provided by WRAL. Due to audit delays, the WRAL accounts were only signed off in November 2022. Management was satisfied the information

provided for consolidation purposes at the time was appropriately accurate.

## **Related parties**

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with Council (such as payment of rates, use of Council facilities, etc).

## **Events after balance date**

A valuation on Financial Derivatives has been provided due to the movement in interest rates since balance date. The value of interest rate swaps has increased by \$6.6 million since the reporting date based on a valuation at 30 November 2022.

The official cash rate (OCR) is the benchmark interest rate in New Zealand. It is the wholesale rate at which banks can borrow money. The OCR increased to 4.25% on 23 November 2022. This is an increase of 2.25% since the reporting date based on an OCR of 2% at 30 June 2022.

## **Disclaimer**

The specific disclosures included in this summary annual report have been extracted from the full annual report and were authorised for issue by the Chief Executive on 15 December 2022.

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

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

The summary has been examined for consistency with the full annual report and was audited by Audit New Zealand on behalf of the Office of the Auditor-General. The full annual report received an unmodified audit opinion on 15 December 2022.

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

# Audit Opinion

## Whakaaro Taatari Kaute

### Independent Auditor's Report

#### **To the readers of Hamilton City Council and group's summary of the annual report for the year ended 30 June 2022**

The summary of the annual report was derived from the annual report of the Hamilton City Council (the City Council) and group for the year ended 30 June 2022.

The summary of the annual report comprises the following summary statements on pages 27 to 32 and 36 to 41:

- the summary statement of financial position as at 30 June 2022;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2022;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the service performance summary.

#### **Opinion**

In our opinion:

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

#### **Summary of the annual report**

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

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



## **The full annual report and our audit report thereon**

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2022 in our auditor's report dated 15 December 2022.

## **Council's responsibility for the summary of the annual report**

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

## **Auditor's responsibility**

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

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional

and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have performed a limited assurance engagement related to the City Council's debenture trust deed. 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






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