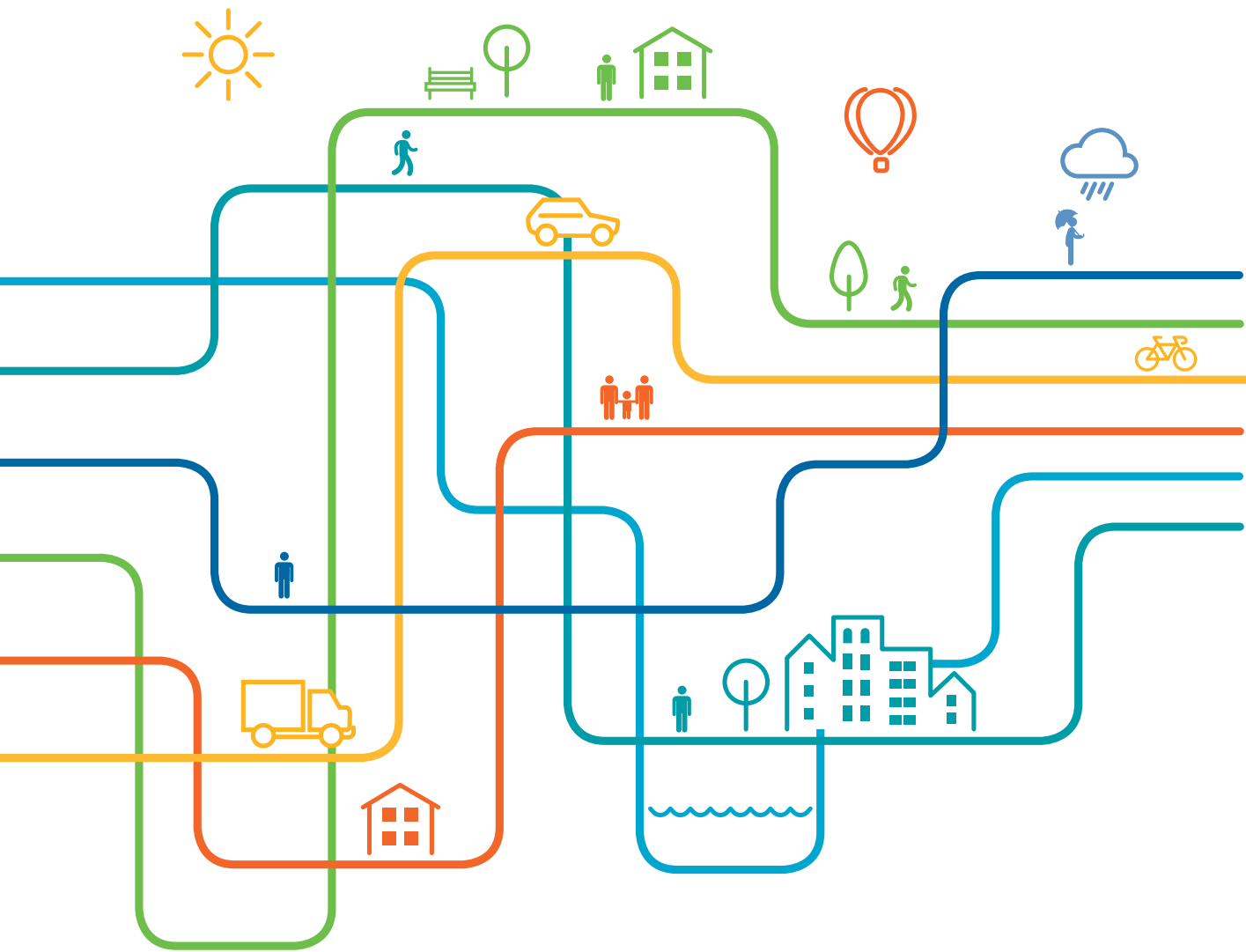


VOLUME 1



HAMILTON'S
10-YEAR PLAN

2015-2025



CONTENTS



4

KOORERO WHAKATAKI
INTRODUCTION

6

YOUR COUNCIL

8

THE HAMILTON PLAN

10

RIGHT INVESTMENT,
RIGHT TIME

17

TIMELINE OF MAJOR
CAPITAL PROJECTS

20

COUNCIL SERVICES

84

CAPITAL PROJECTS
LIST

94

FINANCIAL MATTERS

163

AUDIT OPINION

KOORERO WHAKATAKI

Ka hanga mahere te kaunihera o Kirikiriroa ia toru tau hei whakamarama i te aronga ki mua moo ngaa tau tekau. Kei te whakawhaiti mai teenei tuuhinga i ngaa kaupapa nui, i ngaa mahere me te puutea moo Kirikiriroa, engari e titiro puu ana ki ngaa tau e toru ki mua.

Koinei te waa tuatahi kua hangaia hoki te kaunihera he rautaki hanganga e aata wetewete ana i ngaa take hanganga maa te taone nui. Me aha maatou e whakatau ai i aua take.

He rerekee teenei mahere tekau tau ki teeraa mahere i hangaia i ngaa tau e toru tau ki muri. Kua pai te taha puutea me te aahua paheketanga ohaoha o te ao i teenei waa. Ko te whakatika te raru o te puutea te whainganga matua i mua. Inaiaanei, he rerekee anoo te wero me peewhea te anga whakamua te tupu mai o te taaone nui.

Ko te wero kei a maatou inaiaanei kia whakatautika mai te tiaki i a maatou rawa \$3.2b ki te whakarato moo aapoopoo.

Kaaore e kore ka hangai atu a maatou whakatau ki ngaa taake kaunihera, ki te nui o te noho nama me ngaa raatonga ki ngaa kainoho o Kirikiriroa.

Ko te whakaaro nui a te puutea moo ngaa hanganga me te tiaki i ngaa rauemi. He puutea tonu moo te kaupapa toi, te haakinakina me te Mahere moo te awa.

Maa teenei mahere:

- Ka mau te 3.8 oorau te tupu o te taake kaunihera ia tau moo ngaa tau tekau ki mua
- Ka whakatautika te puka puutea a te tau 2016
- Ka whakaiti nei te noho nama ki te pūtea whiwhi i raro i te 200 oorau a te tau 2020

E tuuhono ana te puutea ki te Mahere moo Kirikiriroa, e whakawhaanui nei i ngaa kaupapa matua 10 moo te taaone nui i roto i te tekau tau kia whakarewa nei a Kirikiriroa hei taaone nui o Aotearoa.



INTRODUCTION

Every three years all councils must provide a detailed plan setting out their direction for the next decade. This document sets out our priorities, plans and budget for Hamilton, with a specific focus on the next three years.

For the first time, we are also required produce a 30-Year Infrastructure Strategy that looks at what infrastructure issues the city will face in the future and what we will do to address these issues.

This 10-Year Plan is very different to the one we produced three years ago. Not only are our finances in better shape, so is the economic climate in which we are operating. Back then, our focus was on sorting out the finances. Today, we are grappling with a different issue altogether – how best to deal with our city's growth.

Our challenge has been to strike a balance between looking after the \$3.2 billion of assets that we already have and providing for the future.

These decisions have an impact on rates, the amount of debt the Council has and the services that it provides residents.

There is a big focus in the budget on core infrastructure and investment in existing assets; these come first. There is still some money for investment in the arts, sport and recreation and for the River Plan.

This plan:

- Holds the total rates rise at 3.8 per cent to existing ratepayers each year for the next 10 years
- Balances the books by 2016, putting us back in the black for the first time in a decade
- Reduces the debt to revenue ratio to 200 per cent or below by 2020.

Our budget links closely to the Hamilton Plan, which outlines 10 priorities for the city over the next decade that will collectively define Hamilton as a major New Zealand city.

YOUR COUNCIL



Julie Hardaker
MAYOR OF HAMILTON

021 284 8618
mayor@hcc.govt.nz

Gordon Chesterman
DEPUTY MAYOR, COUNCILLOR - EAST WARD

021 922 927
gordon.chesterman@council.hcc.govt.nz

Rob Pascoe
COUNCILLOR - EAST WARD

021 988 742
rob.pascoe@council.hcc.govt.nz

Dave Macpherson
COUNCILLOR - WEST WARD

021 447 388
dave.macpherson@council.hcc.govt.nz

Margaret Forsyth
COUNCILLOR - EAST WARD

021 616 562
margaret.forsyth@council.hcc.govt.nz

Philip Yeung
COUNCILLOR - EAST WARD

027 808 1626
philip.yeung@council.hcc.govt.nz

Angela O'Leary
COUNCILLOR - WEST WARD

021 343 774
angela.oleary@council.hcc.govt.nz

Karina Green
COUNCILLOR - EAST WARD

027 316 8053
karina.green@council.hcc.govt.nz

Martin Gallagher
COUNCILLOR - WEST WARD

021 241 8434
martin.gallagher@council.hcc.govt.nz

Leo Tooman
COUNCILLOR - WEST WARD

021 512 098
leo.tooman@council.hcc.govt.nz

Garry Mallett
COUNCILLOR - EAST WARD

021 741 021
garry.mallett@council.hcc.govt.nz

Andrew King
COUNCILLOR - WEST WARD

027 472 8222
andrew.king@council.hcc.govt.nz

Ewan Wilson
COUNCILLOR - WEST WARD

021 276 6644
ewan.wilson@council.hcc.govt.nz



THE HAMILTON PLAN

Hamilton is emerging as a New Zealand success story - a city built on a strong economy, growing rich from the land around it.

Our city is home to many young people and families and is one of only a few places in New Zealand that will continue to experience growth in its youth population.

The Council has developed the Hamilton Plan to build a stronger economy and an attractive city for families.

We will focus on 10 priorities over the next 10 years that will collectively redefine Hamilton as a major New Zealand city. These priorities build on the lifestyle and economy Hamilton already has.

The Hamilton Plan does not include all the detail, as plans, policies and actions already exist to support many of the 10 priorities. Others are still to be developed.

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

"We will focus on 10 priorities over the next 10 years that will collectively redefine Hamilton as a major New Zealand city."





We want to:

1. Balance our books

We plan to have our income exceed our expenses by 2016 and every year after that.

2. Become the third city economy in New Zealand

Hamilton moves from fourth to third in New Zealand's city economy ranking.

3. Provide outstanding infrastructure

Infrastructure development prepares the city for a population of more than 200,000.

4. Strengthen our connection to the Waikato River

At least five transformational projects from the Hamilton City River Plan are completed.

5. Have the best garden in the world

The Hamilton Gardens are completed in 10 years, which is consistent with the Hamilton Gardens vision.

6. Have an active, strong, commercial central city with distinctive suburban villages

The central city has a strong commercial centre, is connected to the Waikato River and residential living is starting to grow.

7. Become an urban garden

Hamilton is green, with parks, trees, beautiful gardens and street plantings.

8. Provide access to affordable housing

The city continues to provide a balanced supply of housing options to meet the city's growth.

9. Establish the Waikato as the capital of high performance sport

Hamilton and Waipa are known as the home of New Zealand's high performance sport.

10. Celebrate our arts and culture

Hamiltonians recognise the importance of art, music and culture in our everyday lives.

RIGHT INVESTMENT, RIGHT TIME



GROWTH – A CHALLENGE AND AN OPPORTUNITY

The challenges and opportunities of a fast growing city are at the heart of our 10-Year Plan. Our budget will ensure we live within our means while at the same time planning for the city's future.

More than 150,000 people already live in Hamilton. This number is expected to grow by around 2000 people a year.

This population growth is the big challenge for Hamilton and the Council. Growth is already creating demand for new housing and expanded city services and these demands are going to increase.

This impacts existing Council services, particularly the water and transport networks, but also community facilities like pools, playgrounds and parks. It also means new infrastructure and community facilities are needed. All of this makes it challenging to manage budgets in an affordable way.

Much of the new infrastructure will be required in the city's main growth areas - Rotoruna, Rotokauri, Peacocke and Ruakura. Existing parts of the city are also growing and we will need to upgrade infrastructure in these areas to meet demand.

While growth is challenging, it also presents significant opportunities for Hamilton and the city's future. It stimulates economic activity, spreads the cost of vital public services across more people, sustains services like schools, public transport and health care and attracts investment.

By making investments in certain infrastructure now, in a carefully planned and staged way, we will put in place the assets we need for the long term and avoid a backlog of expensive work in the next 20-30 years.



OUR RESPONSE

To ensure we provide services and infrastructure for our fast growing city in a way that's affordable and financially responsible, this is how we have prioritised:

- Looking after the assets we already have is the top priority. The city's assets are worth \$3.2 billion and our asset management planning determines the best time to invest in them. This isn't gold plated investment; it's about getting the most out of our assets and investing only when we need to, not before
- Core services come first. Water, sewerage and stormwater infrastructure are at the top of the priority list. As the city grows, more pressure is going on these very important assets and we need to ensure they can continue to cope. We also need to get new infrastructure in place to extend these services to the city's growth areas

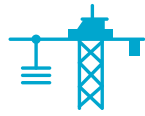
- Transport comes next. Over recent years, there's been significant investment in transport infrastructure. We plan to complete the Ring Road to Cobham Drive and will continue to invest in the Resolution Drive extension to connect with the Waikato Expressway. We are also making a financial commitment to cycling over the next decade
- Liveability is important. Where there is room in the budget, we are investing in community assets such as parks, playgrounds, gardens, arts and cultural and sporting facilities.

The Council can't pay for everything on its own. We see the future as being about partnerships with others who also benefit from the services we provide. Partnerships mean we can still proceed with projects, but others help the Council pay for them.

The Council is keeping to the financial plan established three years ago, but with a change to when we achieve our borrowing limit. This change recognises we need to invest in more projects, earlier, to respond to Hamilton's growth and to look after our existing assets.

The financial plan is:

- Rates certainty. Total rates will increase by 3.8 per cent each year for existing ratepayers for the next 10 years
- Balancing the books. We will balance the books in 2016, one year earlier than originally planned
- A debt to revenue ratio of 200 per cent by 2020. This means \$2 of debt for every \$1 collected in rates and user charges. Debt will remain under \$440M until 2018.

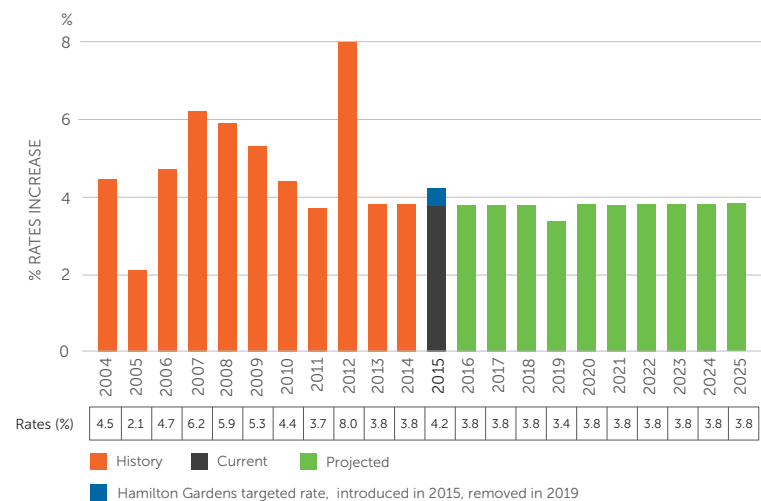


THE FINANCIAL PLAN

RATES

Rates certainty is provided by continuing with an increase of 3.8 per cent each year for existing ratepayers. This is an important part of our overall financial plan to manage debt and balance the books by reducing our reliance on borrowing and paying for more projects through rates.

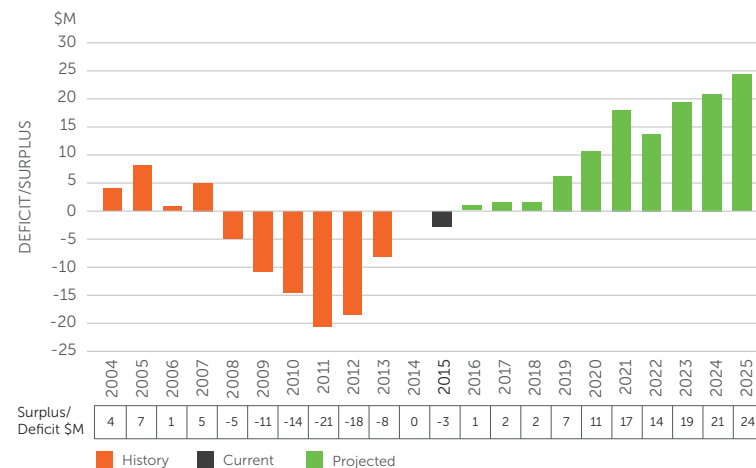
Rates increases to existing ratepayers



BALANCING THE BOOKS

Since 2008, the Council has been spending more than it is earning and borrowing to pay the difference. Three years ago, we made a plan to change that and balance the books by 2017. Our budget will achieve this in 2016, a year earlier than originally planned. This means we will be able to pay for new assets to meet growth demands and upgrades without the same amount of borrowing.

Balancing the books





DEBT

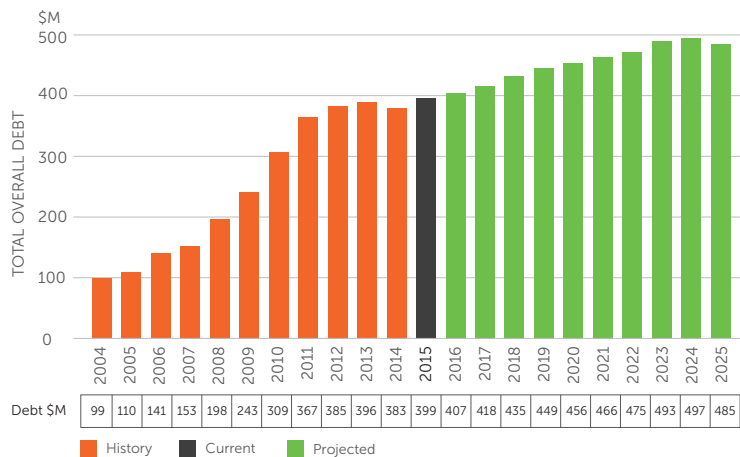
The definition we use for debt is money we owe the bank, less cash. We refer to this as total overall debt.

We will achieve a debt to revenue ratio of 200 per cent by 2020. This equates to a borrowing limit of \$2 for every \$1 collected in rates and user charges. It's like having a mortgage of \$200,000 with a household income of \$100,000.

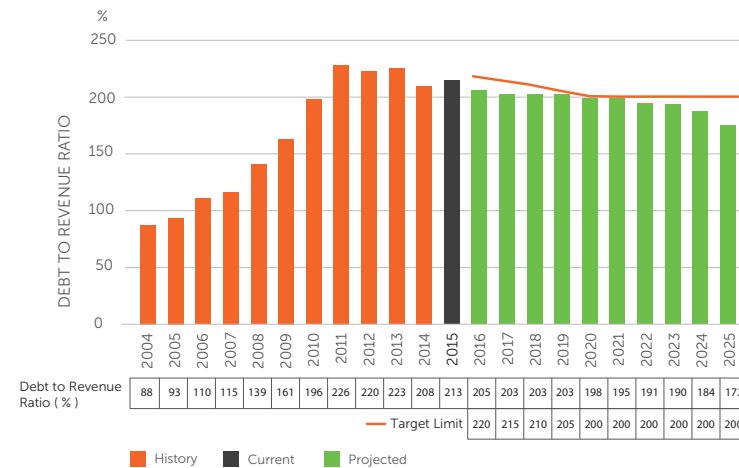
This limit will keep our borrowing in proportion to our income, so we can afford to continue investing in the city and service debt.

Total overall debt will remain below \$440M for the next three years. In 10 years, our total overall debt is projected to be around \$485M. This equates to borrowing of around \$1.70 for every dollar collected. This is well under our borrowing limit and is also within financial market guidelines for prudent financial management.

Total overall debt



Borrowing limit



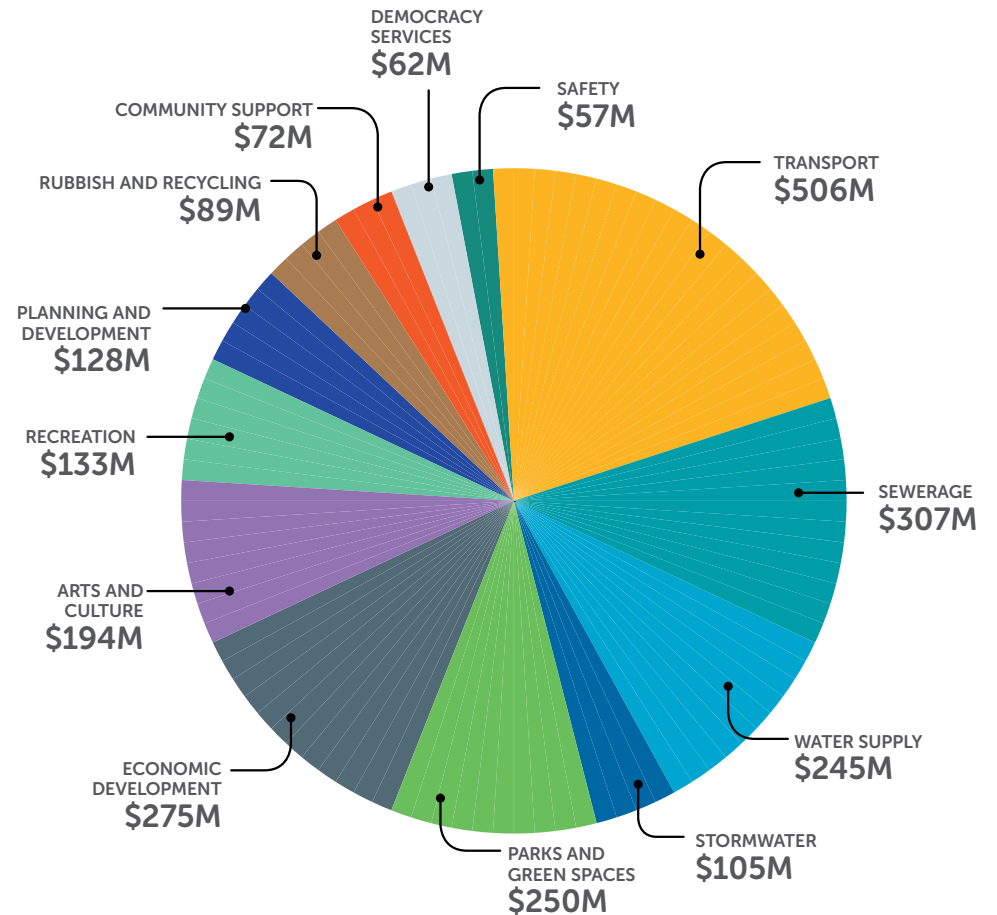


WHERE THE MONEY WILL GO

Our core services – water supply, sewerage, stormwater and transport – make up 77 per cent of the capital budget and 48 per cent of the operating budget over the next 10 years.

Turn to page 20 for more information about Council services.

Operating expenditure
\$2.4B over 10 years



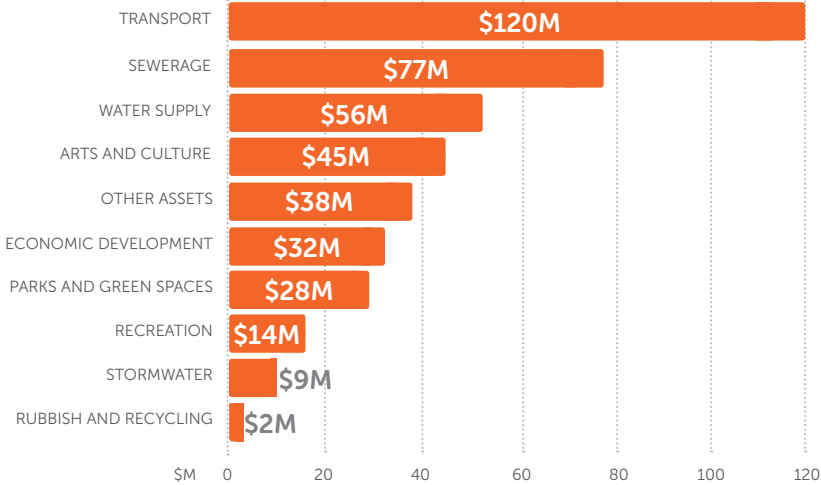


PROJECTS

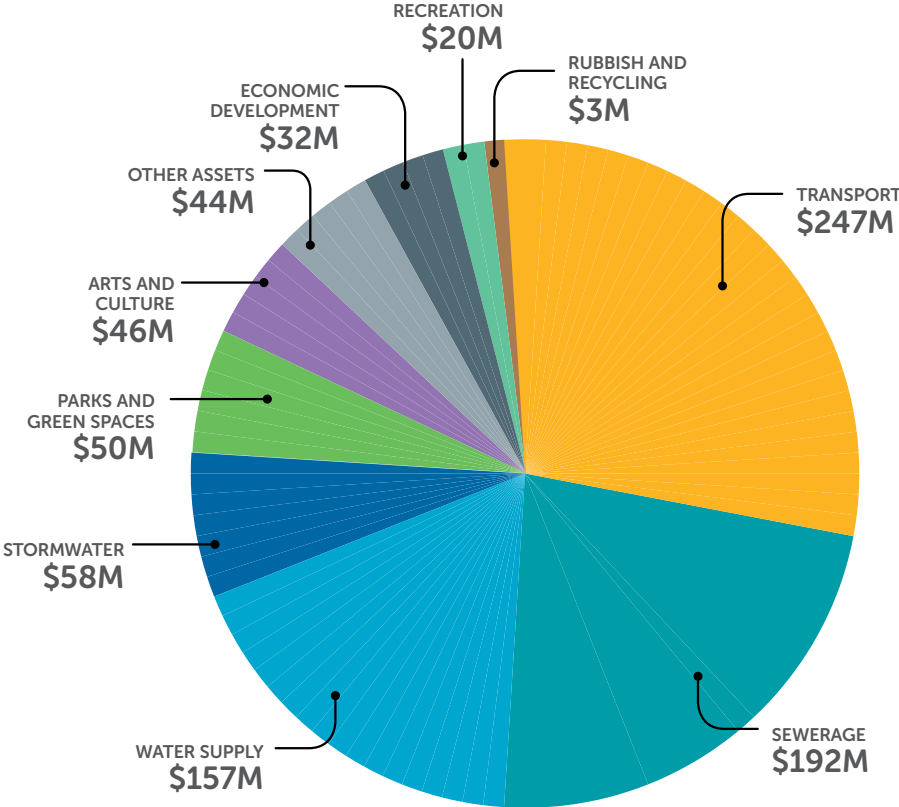
Looking after what we've got

When it comes to spending on infrastructure, looking after the assets we already have is our top priority. If we don't maintain and replace our assets we will face big costs in the future. We also run the risk of assets breaking down unexpectedly. Over the next 10 years the Council is planning to spend \$421M on replacing existing assets that are worn out.

Asset replacements over 10 years



Total capital expenditure \$849M over 10 years





KEY PROJECTS

Over the next 10 years we are planning to spend \$90M on new and upgraded assets and \$338M on new assets to provide for a growing city. Some of the key projects over the next 10 Years are:

- New and upgraded roads in Rototuna (including connecting Resolution Drive to Waikato Expressway) [Years 1-10, \\$46.3M](#)
- New and upgraded roads in Peacocke [Years 1-10, \\$18.1M](#)
- New and upgraded roads in Rotokauri [Years 1-10, \\$23.9M](#)
- Planning and designing a new bridge for north of the city [Year 8, \\$7.5M](#)
- Improvements to the main road connecting the east and west sides of the city. This includes traffic signals at the Heaphy Terrace/ Boundary Road intersection and Five Cross Roads [Years 5-7, \\$5.7M](#)
- Commitment to cycling [Years 1-10, minimum of \\$3.4M of the \\$10.2M integrated transport fund](#)
- Water reservoir in Rototuna [Years 1-2, \\$14.6M](#)
- Upgrading the Water Treatment Plant [Years 1-6, \\$28.7M](#)
- Building new water mains in growth areas [Years 1-10, \\$23.2M](#)
- Wet weather sewerage network storage [Years 1-9, \\$35.3M](#)
- Upgrading the Sewerage Treatment Plant [Years 1-5, \\$19M](#)
- Increasing sewerage network capacity [Years 1-10, \\$50.4M](#)
- Stormwater infrastructure in Rotokauri [Years 7-10, \\$28.7M](#)
- Stormwater consent implementation [Years 3-10, \\$2M](#)
- Expanded recycling service with a preference for wheelie bins [Year 3, \\$2.9M to purchase the bins](#)
- Purchasing land for future parks and reserves [Years 1-4, \\$1.4M](#)
- Hamilton Gardens development [Years 1-3, \\$7.2M \(the council's contribution is one-third of the cost\)](#)
- Playgrounds development [Years 1-10, \\$4.3M](#)
- Founders Theatre refurbishment [Years 7-8, \\$16.6M](#)
- Funding from existing operating budgets to help pay for Hamilton City River Plan projects [Year 1, \\$250,000; years 2-10, \\$500,000 each year](#)
- Grant towards construction of an indoor recreation centre [Year 7, \\$4.7m](#)
- Development of Rototuna sports park [\\$6.1M, construction in years 9-10](#)
- Improvements to existing sports fields [Years 9-10, \\$2.5M](#)
- An additional 25m pool in the city [Year 8, \\$5.9M \(A decision has been made to permanently close the Municipal Pool\)](#)



TIMELINE OF MAJOR CAPITAL PROJECTS FOR THE NEXT 30 YEARS

Alongside our 10-Year Plan we're also planning for what the city will need 30 years from now. A 30-Year Infrastructure Strategy is a new requirement in the Local Government Act. It looks at what infrastructure issues the city will face in the future and what we will do to address these issues.

Because Hamilton is growing, there are some big projects coming up. When considering which projects to fund over the next 10 years and which ones to put off to later, we've considered the financial and community consequences.

Assets that are wearing out must be replaced at some point and we need to provide essential infrastructure to cope with growth. Putting off too much today can create a backlog of work later on, which can be costly.

Likewise, we cannot borrow too much now and leave no room to borrow in the future to pay for essential new infrastructure the city may need.

The diagram that follows shows the major capital investments anticipated for the next 30 years.

Our 30-Year Infrastructure Strategy is volume 2 of the 10-Year Plan and is available on our website hamilton.govt.nz/30yearIS

“Because Hamilton is growing, there are some big projects coming up.”

DETAIL

OUTLINE

KEY



TRANSPORT



COMMUNITY



PARKS AND GREEN SPACES



SEWERAGE

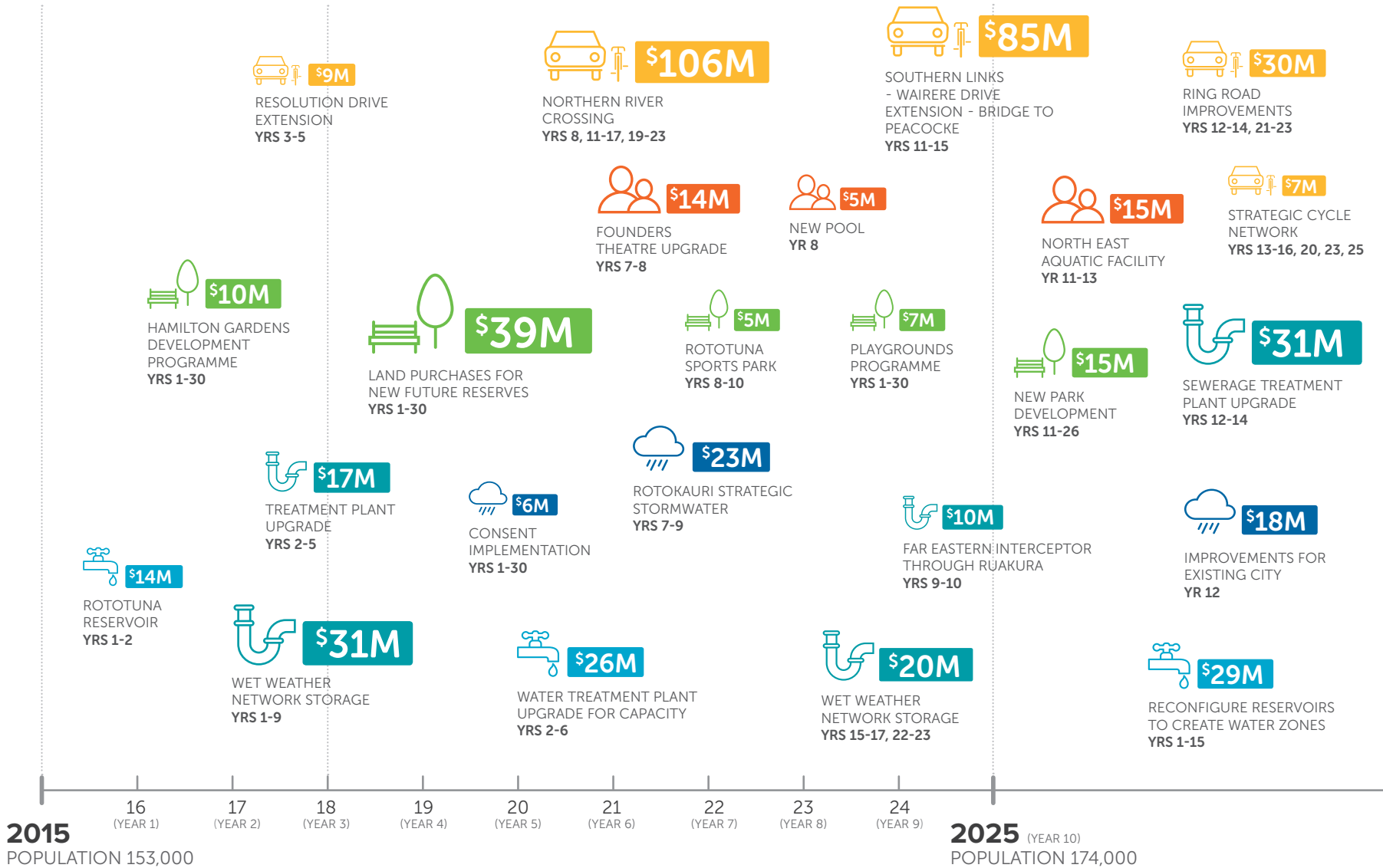


STORMWATER

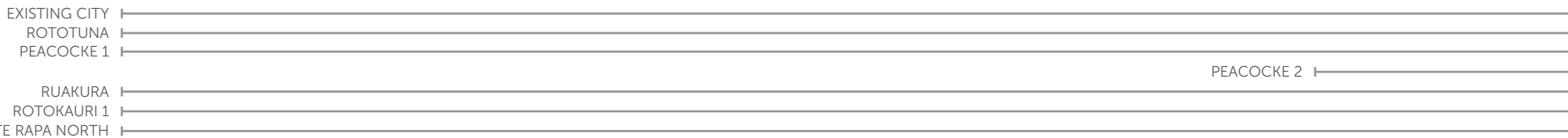


WATER SUPPLY

NOTE: ALL FIGURES ON THIS TIMELINE DO NOT INCLUDE INFLATION



ANTICIPATED TIMING FOR DEVELOPMENT




ESTIMATE



\$62M

CROSS CITY CONNECTOR
CAPACITY UPGRADE
YRS 5-26



\$38M

UPGRADE BRIDGES
CAPACITY & STRENGTH
YRS 11-21



\$30M

CENTRAL CITY
TRANSPORT
IMPROVEMENTS
YRS 12-18, 26



\$9M

RAIL AND PASSENGER
TRANSPORT INTERCHANGE
DEVELOPMENT
YRS 14-24



\$9M

TRANSPORT CENTRE
REDEVELOPMENT
YRS 20-22



\$87M

SOUTHERN LINKS -
ARTERIAL
ROADS IN PEACOCKE
YRS 26-30



\$12M

FOUNDERS
THEATRE
IMPROVEMENTS
YRS 11-13, 24



\$21M

SEWERAGE TREATMENT
PLANT (WET WEATHER
TREATMENT)
YRS 16-17




\$12M

NORTH EAST
LIBRARY
YRS 14-15




\$29M

ZOO MASTERPLAN
YRS 11-30



\$80M

SOUTHERN LINKS -
ARTERIAL
ROADS IN PEACOCKE
YRS 19-25



\$100M

SECOND WATER
TREATMENT PLANT
YRS 30+



\$18M

IMPROVEMENTS
FOR EXISTING CITY
YR 17




\$16M

ROTKAURI RESERVOIR
YRS 19-21



\$10M

WATER TREATMENT PLANT
UPGRADE FOR CAPACITY
YRS 16-17



\$26M

NEW TREATMENT PLANT
INTAKE STRUCTURE
YR 19




\$18M

IMPROVEMENTS
FOR EXISTING CITY
YR 22




\$8M

CEMETERIES
DEVELOPMENT
YRS 1-30



\$31M

SEWERAGE TREATMENT
PLANT UPGRADE (CAPACITY
& QUALITY)
YRS 28-30



\$14M

FAIRFIELD RESERVOIR
ADDITIONAL CAPACITY
YRS 14-16



\$59M

FAR EASTERN
INTERCEPTOR (PEACOCKE
SECTION)
YRS 12-15, 23-25, 29-30



\$26M

SIGNIFICANT WATER DEMAND
MANAGEMENT INTERVENTION
YR 19



\$18M

IMPROVEMENTS FOR
EXISTING CITY
YR 27



PROJECTS SHOWN AS ICONS ARE THE MAJOR PROJECTS THAT PROVIDE NEW OR UPGRADE EXISTING INFRASTRUCTURE. RENEWAL PROJECTS OR GROWTH RELATED PROJECTS THAT ARE FOR LOCAL INFRASTRUCTURE. ONLY KEY CONSTRUCTION PERIODS AND COSTS FOR PROJECTS ARE SHOWN.

COUNCIL SERVICES

In the following pages, we look at our 13 service areas.

We focus on what we do, our plans and what you can expect from us.

We tell you what our services costs and how they are funded.

22

WATER SUPPLY

Water treatment, storage, distribution and demand management

27

SEWERAGE

Sewerage collection, treatment and disposal

32

STORMWATER

Stormwater network

37

TRANSPORT

Transport network and parking management

43

RUBBISH AND RECYCLING

Rubbish and recycling collection, waste minimisation and landfill site management

47

PARKS AND GREEN SPACES

Hamilton Gardens, community parks, gullies and native plantings, streetscapes, sports parks, cemeteries and the crematorium

52

RECREATION

Pools, Hamilton Zoo and indoor recreation

56

ARTS AND CULTURE

Libraries, theatres, Waikato Museum and arts promotion

61

ECONOMIC DEVELOPMENT

Economic initiatives, strategic property investments, Claudelands, Waikato Stadium and Seddon Park

66

PLANNING AND DEVELOPMENT

City planning, planning guidance and compliance, building control

70

SAFETY

Animal education and control, environmental health and public safety

75

COMMUNITY SUPPORT

Community development, emergency management and housing

79

DEMOCRACY SERVICES

Governance and public affairs, partnership with Maaori



WATER SUPPLY

WHAT WE DO

Water treatment, storage and distribution

This includes:

- Water Treatment Plant
- Water storage reservoirs
- Pump stations, hydrants and pipes
- Commercial water meters
- Water conservation initiatives

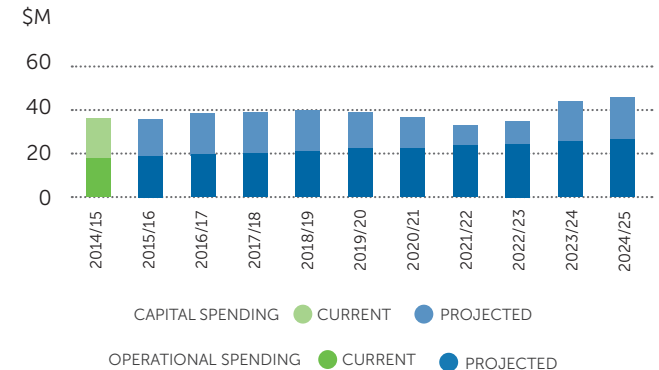
The Council treats, distributes and manages Hamilton’s water supply, which all comes from one place – the Waikato River.

We are allowed to draw a set limit of water from the river into the Water Treatment Plant, where it is treated to provide a high standard of drinking water for residents and businesses.

The water supply network services around 50,000 households and 5500 commercial and industrial premises. Water from the city also supplies approximately 1600 properties in the Waikato area and 100 properties in the Waipa area.

The Council is legally required to ensure water is used sustainably. There are a number of ways we do this, including water restrictions when demand is high, such as in summer. We also encourage residents to conserve water as much as possible because it is a precious resource.

How much it costs





OUR PLANS

As Hamilton is growing, more and more pressure is going on our water assets. We need to invest in water infrastructure to allow new areas of our city to be developed. We will also need to upgrade some of our existing infrastructure to make sure that it can keep up with demand. Our focus is on ensuring a high grade of water continues to be supplied to all areas of the city, at the right pressure.

The study was not asked to consider establishing a private water company. The privatisation of council-delivered water services is against the law in New Zealand.

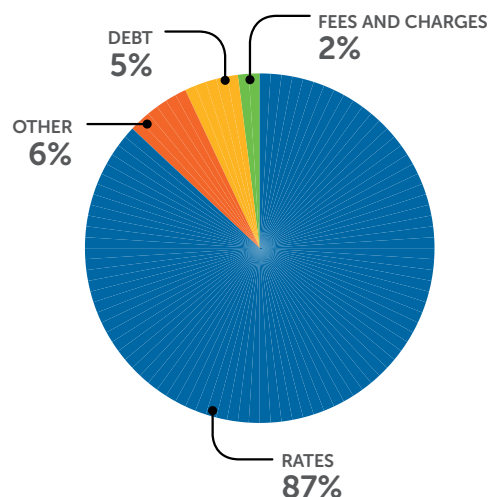
The key recommendations of the study are:

- That Hamilton City, Waikato District and Waipa District Councils transfer their water and wastewater assets into a jointly-owned not-for-profit council-controlled organisation (CCO), and
- That the Councils retain ownership of their urban stormwater assets, but outsource management of those assets to the CCO on a cost recovery basis.

Each Council will now consider the report separately and independently and come to its own conclusion about the next steps, if any, that it might take. Should any changes be recommended as a result of this study, those changes will be widely discussed with the Hamilton community.

waterstudywaikato.org.nz

How it's paid for



Waikato water study

In October 2014, Hamilton City Council agreed to join with Waipa and Waikato district councils to jointly fund a study into how best to manage water infrastructure across all three councils in the future. The study looked at three options:

- Boosting the existing shared service arrangements between all three councils
- Retaining the status quo with each council running its own operations
- Forming a ratepayer-owned and council-controlled organisation (CCO) to run water services on behalf of all three councils.



WHAT YOU CAN EXPECT FROM US

We're in the water business to provide Hamiltonians with a safe, high quality, reliable and sustainable supply.

The Hamilton Plan

Water supply primarily contributes to this Hamilton Plan priority:

- Providing outstanding infrastructure

YOU CAN EXPECT: WATER THAT IS SAFE TO DRINK

MEASURE	LATEST RESULT	TARGETS
The extent to which the Council's water supply complies with:	2013/14	2015/16 - 2024/25
a) Part 4 of the drinking-water standards (bacteria compliance criteria)	Achieved	Achieve compliance
b) Part 5 of the drinking-water standards (protozoal compliance criteria).	Achieved	Achieve compliance

What this tells us

This measure informs ratepayers and consumers on whether the water supplied is safe to drink. The New Zealand Drinking Water Standards, monitored by the Ministry of Health, provide a recognised standard for public safety.

YOU CAN EXPECT: THE WATER NETWORK TO BE WELL MAINTAINED

MEASURE	LATEST RESULT	TARGETS
The percentage of real water loss from the Council's networked reticulation system.	2012/13: 16%	2015/16 – 2017/18: No more than 16% By 2024/25: No more than 10%

What this tells us

Water lost from leaking pipes is a key indicator of the performance of our water network. High levels of water loss can show that the network is in poor condition or that it is being operated inefficiently. To reduce the amount of water lost from the network, we will continue with our programme to find and fix leaks. This is a six year programme of works, which started in 2012 and is due to finish in 2018/19.

We use the Water New Zealand Water Loss Guidelines to calculate how much water is lost from the water network.

YOU CAN EXPECT: THE WATER SUPPLY TO BE MANAGED SO DEMAND DOES NOT OUTSTRIP THE AVAILABLE CAPACITY

MEASURE	LATEST RESULT	TARGETS
The average consumption of drinking water per Hamilton resident, per day.	2013/14: 356 litres per resident, per day	2015/16 - 2024/25: No more than 400 litres per resident, per day

What this tells us

Careful water management ensures demand does not exceed capacity, that water is allocated efficiently and that productivity is maximised.

A system that treats and transfers less water maximises the value of existing infrastructure. It costs less to construct and maintain, uses fewer chemicals and less energy. Where there is increasing demand for water, managing demand provides a means for a community to defer investment in new water infrastructure through more efficient use of existing resources.

YOU CAN EXPECT: A QUALITY SERVICE

MEASURE	LATEST RESULT	TARGETS
The total number of complaints received by the Council about any of the following, per 1000 connections to the Council's networked reticulation system: <ul style="list-style-type: none"> Drinking water clarity, taste, odour, pressure or flow, continuity of supply; or the Council's response to any of these issues. 	New measure	2015/16 - 2024/25: No more than 5 complaints per 1000 connections

What this tells us

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, repair, upgrading or new infrastructure.

YOU CAN EXPECT: A TIMELY RESPONSE IF THERE IS A PROBLEM WITH THE WATER SUPPLY

MEASURE	LATEST RESULT	TARGETS
The median response times for the following when the Council attends a call-out in response to a fault or unplanned interruption to its water reticulation system.		2015/16 - 2024/25 Median response times
a) Attendance for urgent call-outs: From the time that the Council receives notification to the time that service personnel reach the site.	New measure	No more than 60 minutes
b) Resolution of urgent call-outs: From the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	New measure	No more than 5 hours
c) Attendance for non-urgent call-outs: From the time that the Council receives notification to the time that service personnel reach the site.	New measure	No more than 5 days
d) Resolution of non-urgent call-outs: From the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	New measure	No more than 10 days

What this tells us

Households and businesses rely heavily on water, so it's important that we provide a timely response when something goes wrong. An urgent call-out is one when no water is being delivered. A non-urgent call-out is where there is still a supply of water.

WATER SUPPLY FUNDING IMPACT STATEMENT

Forecast for the year ended 30 June 2016-2025	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	8,569	1,778	3,951	5,815	8,083	9,982	10,375	8,695	9,496	20,661	26,696
Targeted rates	8,211	23,311	23,541	21,583	20,390	18,502	15,700	12,788	11,731	11,969	10,012
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	227	173	177	182	186	191	197	203	209	216	223
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	152	278	278	279	279	279	280	280	281	281	282
Total operating funding	17,159	25,540	27,947	27,859	28,938	28,954	26,552	21,966	21,717	33,127	37,213
Application of operating funding											
Payments to staff and suppliers	5,888	8,698	9,633	9,885	9,867	10,316	10,706	10,968	11,459	12,655	12,338
Finance costs	3,109	3,243	3,782	4,409	4,922	5,342	5,616	5,715	5,683	5,577	5,578
Internal charges and overheads applied	1,275	0	0	0	0	0	0	0	0	0	0
Other operating funding applications	199	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	10,471	11,941	13,415	14,294	14,789	15,658	16,322	16,683	17,142	18,232	17,916
Surplus (deficit) of operating funding	6,688	13,599	14,532	13,565	14,149	13,296	10,230	5,283	4,575	14,895	19,297
Sources of capital funding											
Subsidies and grants for capital expenditure	379	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	1,767	1,915	1,820	1,843	1,858	1,908	1,963	2,021	2,084	2,153	2,226
Increase (decrease) in debt	8,950	931	1,933	3,114	2,579	1,498	2,126	1,730	3,633	883	(2,406)
Gross proceeds from sale of assets	6	7	7	8	8	8	8	9	9	9	9
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	50	51	53	54	56	57	59	61	63	65
Total sources of capital funding	11,102	2,903	3,811	5,018	4,499	3,470	4,154	3,819	5,787	3,108	(106)
Application of capital funding											
Capital expenditure											
• to meet additional demand	5,772	9,393	11,437	12,287	11,258	6,676	6,781	1,596	2,114	4,189	1,839
• to improve the level of service	7,723	2,125	2,052	1,238	2,068	4,515	1,349	1,389	2,325	6,146	11,176
• to replace existing assets	4,376	4,984	4,854	5,058	5,322	5,575	6,254	6,117	5,923	7,668	6,176
Increase (decrease) in reserves	(81)	0	0	0	0	0	0	0	0	0	0
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	17,790	16,502	18,343	18,583	18,648	16,766	14,384	9,102	10,362	18,003	19,191
Surplus (deficit) of capital funding	(6,688)	(13,599)	(14,532)	(13,565)	(14,149)	(13,296)	(10,230)	(5,283)	(4,575)	(14,895)	(19,297)
Funding balance	0	0	0	0	0	0	0	0	0	0	0



SEWERAGE

WHAT WE DO

Sewage collection, treatment and disposal

This includes:

- Sewage Treatment Plant
- Pump stations and pipes
- Trade waste

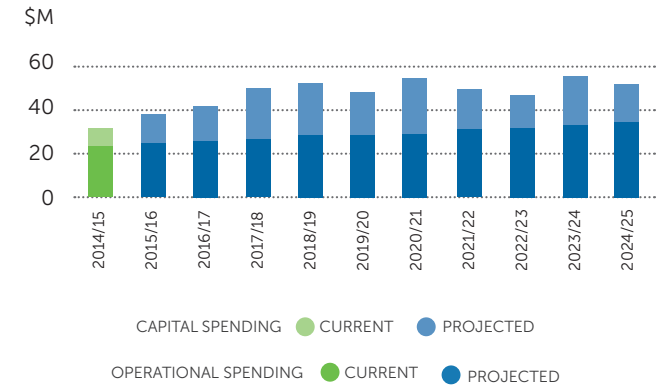
Sewage drains from showers, baths, sinks, washing machines, dishwashers and toilets.

Liquid waste from commercial and industrial premises is also treated through the sewerage system.

In Hamilton, sewage is transported through a network of pipes and pump stations to the treatment plant at Pukete, where it is treated to a high standard before being discharged into the Waikato River. Solid waste is removed as part of the treatment process and then composted off-site for re-use.

The sewerage network services approximately 50,000 households and 4800 commercial and industrial premises.

How much it costs



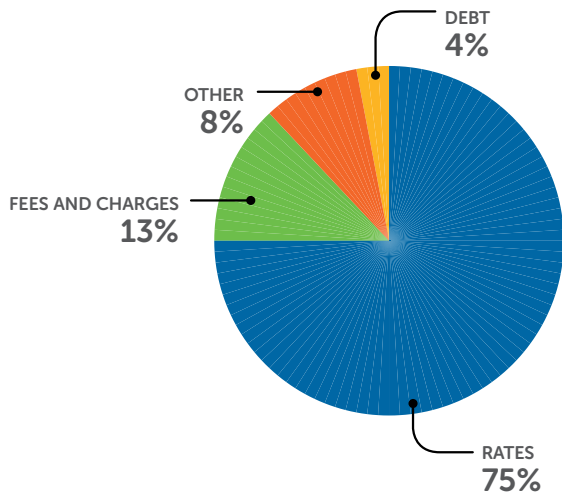


OUR PLANS

As our city grows, we will need to invest in sewerage infrastructure to allow new areas of Hamilton to be developed. We will also need to upgrade some existing infrastructure to make sure that it can keep up with demand.

We also have to make sure we have enough capacity to reduce the number of sewage overflows and meet our resource consent conditions. We have had some difficulties in recent years being able to manage and treat the amount of sewage that travels through the piped network and arrives at the plant during heavy rainfall. We will increase the network's capacity to make sure we are able to contain sewage in these events, to protect public health and the environment.

How it's paid for



WHAT YOU CAN EXPECT FROM US

We're in the sewerage business to provide our city with reliable services that protect people's health and our waterways.

The Hamilton Plan

Our sewerage service primarily contributes to this Hamilton Plan priority:

- Providing outstanding infrastructure

YOU CAN EXPECT: THE SEWERAGE SYSTEM TO BE ADEQUATELY DESIGNED AND MAINTAINED

MEASURE	LATEST RESULT	TARGETS
The number of dry weather sewerage overflows from the Council's sewerage system, per 1000 sewerage connections to the system.	New measure	2015/16 - 2024/25: No more than 5 overflows per 1000 connections

What this tells us

This measure provides information on whether the sewerage system is designed to an adequate standard and is being maintained in a way that minimises harm to the community. Overflows are when sewage escapes the sewerage system and enters the environment.

YOU CAN EXPECT: THE SEWERAGE SYSTEM TO BE MANAGED IN A WAY THAT DOES NOT UNDULY IMPACT ON THE ENVIRONMENT

MEASURE	LATEST RESULT	TARGETS
The Council's compliance with its resource consents for discharge from its sewerage system:	2013/14	2015/16 - 2024/25
a) The number of abatement notices.	0 abatement notices	No more than 1 abatement notice
b) The number of infringement notices.	1 infringement notice	0 infringement notices
c) The number of enforcement orders.	0 enforcement orders	0 enforcement orders
d) The number of convictions.	0 convictions	0 convictions

What this tells us

This measure indicates how well we are managing the environmental impacts of the city's sewerage system. It only includes formal actions taken, as they represent incidents that may have the greatest adverse impact on the environment.

YOU CAN EXPECT: A QUALITY SERVICE

MEASURE	LATEST RESULT	TARGETS
The total number of complaints received by the Council about any of the following, per 1000 connections to its sewerage system: <ul style="list-style-type: none"> Sewerage odour, sewerage system faults or blockages, and the Council’s response to any of these issues. 	New measure	2015/16 - 2024/25: No more than 25 complaints per 1000 connections

What this tells us

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.

YOU CAN EXPECT: A TIMELY RESPONSE IF THERE IS A PROBLEM WITH THE SEWERAGE SYSTEM

MEASURE	LATEST RESULT	TARGETS
The median response times for the following when the Council attends to sewerage overflows resulting from a blockage or other fault in the Council’s sewerage system:		2015/16 - 2024/25 Median response times
a) Attendance time: From the time that the Council receives notification to the time that service personnel reach the site.	New measure	No more than 60 minutes
b) Resolution time: From the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.	New measure	No more than 5 hours

What this tells us

This measure shows how quickly we respond when there is a problem with the sewerage system, and how quickly the problem is resolved.

SEWERAGE FUNDING IMPACT STATEMENT

Forecast for the year ended 30 June 2016-2025	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	16,425	2,110	4,502	8,842	12,623	14,100	20,151	20,216	18,963	30,716	33,061
Targeted rates	178	19,027	18,569	21,397	19,832	15,097	14,518	9,829	5,984	4,733	1,397
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	3,746	4,285	4,388	4,527	4,644	4,769	4,907	5,052	5,210	5,381	5,564
Internal charges and overheads recovered	0	1,016	1,042	1,102	1,130	1,160	1,196	1,229	1,268	1,309	1,354
Local authorities fuel tax, fines, infringement fees and other receipts	620	355	355	356	356	357	357	358	358	359	360
Total operating funding	20,969	26,793	28,856	36,224	38,585	35,483	41,129	36,684	31,783	42,498	41,736
Application of operating funding											
Payments to staff and suppliers	7,841	12,356	12,956	13,356	13,888	14,215	14,830	15,561	16,224	16,928	17,408
Finance costs	4,145	3,457	3,701	4,074	4,735	5,298	5,590	6,061	6,375	6,401	6,484
Internal charges and overheads applied	1,596	1,016	1,042	1,102	1,130	1,160	1,196	1,229	1,268	1,309	1,354
Other operating funding applications	266	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	13,848	16,829	17,699	18,532	19,753	20,673	21,616	22,851	23,867	24,638	25,246
Surplus (deficit) of operating funding	7,121	9,964	11,157	17,692	18,832	14,810	19,513	13,833	7,916	17,860	16,490
Sources of capital funding											
Subsidies and grants for capital expenditure	270	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	2,225	2,877	2,733	2,767	2,790	2,866	2,948	3,036	3,132	3,233	3,343
Increase (decrease) in debt	(1,012)	992	1,892	2,877	2,481	1,486	2,116	1,835	4,075	1,014	(2,797)
Gross proceeds from sale of assets	9	13	13	14	14	15	15	15	16	17	17
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	50	51	53	54	56	57	59	61	63	65
Total sources of capital funding	1,492	3,932	4,689	5,711	5,339	4,423	5,136	4,945	7,284	4,327	628
Application of capital funding											
Capital expenditure											
• to meet additional demand	926	5,454	7,906	14,598	14,327	10,259	13,906	8,969	5,682	11,305	6,606
• to improve the level of service	1,801	1,123	1,178	1,359	1,434	1,242	1,291	1,556	2,220	2,296	2,381
• to replace existing assets	5,886	7,319	6,896	7,446	8,410	7,732	9,452	8,253	7,298	8,586	8,131
Increase (decrease) in reserves	0	0	(134)	0	0	0	0	0	0	0	0
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	8,613	13,896	15,846	23,403	24,171	19,233	24,649	18,778	15,200	22,187	17,118
Surplus (deficit) of capital funding	(7,121)	(9,964)	(11,157)	(17,692)	(18,832)	(14,810)	(19,513)	(13,833)	(7,916)	(17,860)	(16,490)
Funding balance	0	0	0	0	0	0	0	0	0	0	0



STORMWATER

WHAT WE DO

Manage and maintain the stormwater network

This includes:

- Pipes, streams, rivers and drains
- Ponds and wetlands

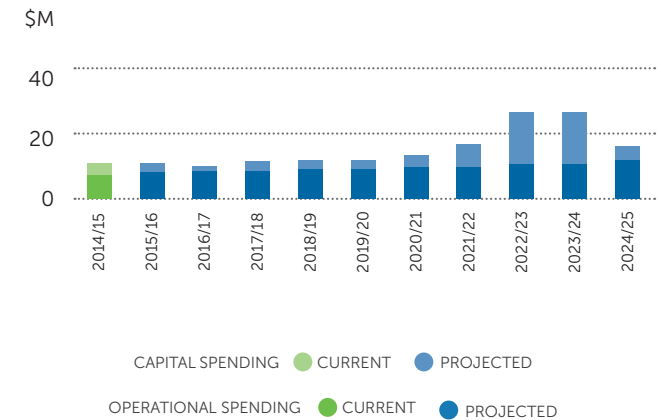
Stormwater is rainwater that flows from surfaces like roofs, gardens, footpaths and roads.

The stormwater system consists of pipes, channels, treatment devices and open watercourses, which release water into the city's streams, lakes and the Waikato River.

Large amounts of uncontrolled stormwater can lead to flooding and damage to property, so it is important that it is managed.

The Council manages stormwater through encouraging stormwater re-use and ground soakage. Where re-use or soakage is not possible we transfer stormwater away from properties and provide treatment to ensure the environment is protected.

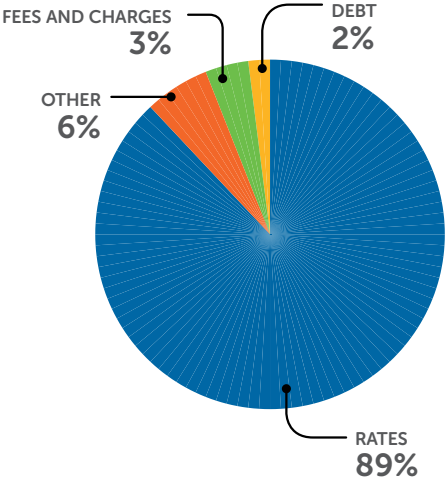
How much it costs





OUR PLANS

How it's paid for



As the city grows, so does the amount of stormwater run-off that is generated.

We will invest in the development of integrated catchment management plans, which evaluate the effects of city growth on the natural environment and identify solutions to minimise the impact of stormwater on the Waikato River and other waterways.

We will also invest in stormwater infrastructure to allow new areas of Hamilton to be developed and some older areas of the city will be upgraded to reduce the likelihood of flooding.

WHAT YOU CAN EXPECT FROM US

We're in the stormwater business to protect people and properties from flooding and to minimise the pollution of waterways.

The Hamilton Plan

Stormwater primarily contributes to this Hamilton Plan priority:

- Providing outstanding infrastructure

YOU CAN EXPECT: THE STORMWATER SYSTEM TO BE ADEQUATELY DESIGNED AND MANAGED

MEASURE	LATEST RESULT 2013/14	TARGETS 2015/16 - 2024/25
a) The number of flooding events that occur within the city.	0 flooding events	No more than 1 flooding event
b) For each flooding event, the number of habitable floors affected per 1000 properties connected to the Council's stormwater system.	0 per 1000 properties connected	No more than 1 per 1000 properties connected

What this tells us

It is important that our stormwater system is reliable and that the scale of any flooding event is minimised. This performance measure provides information on how effective our stormwater system is in providing an appropriate level of protection and how well it is being managed. In other words, whether it has been designed to an adequate standard and is being operated in a way that minimises harm to the community.

A flooding event means an overflow of stormwater from the Council's stormwater system that enters a habitable floor. A habitable floor refers to a floor of a building (including a basement) but does not include ancilliary structures such as stand alone garden sheds or garages.

YOU CAN EXPECT: THE STORMWATER SYSTEM TO BE MANAGED IN A WAY THAT DOES NOT UNDULY IMPACT ON THE ENVIRONMENT

MEASURE	LATEST RESULT	TARGETS
The Council's compliance with its resource consents for discharge from its stormwater system:	2013/14	2015/16 - 2024/25
a) The number of abatement notices.	0 abatement notices	No more than 1 abatement notice
b) The number of infringement notices.	0 infringement notices	0 infringement notices
c) The number of enforcement orders.	0 enforcement orders	0 enforcement orders
d) The number of convictions.	0 convictions	0 convictions

What this tells us

This measure indicates how well the Council is managing the environmental impacts of the stormwater system. Not complying with consent conditions may indicate that the Council is not managing its processes adequately or that the infrastructure is no longer adequate.

YOU CAN EXPECT: A QUALITY SERVICE

MEASURE	LATEST RESULT	TARGETS
The number of complaints received by the Council about the performance of its stormwater system, per 1000 properties connected to the Council's stormwater system.	New measure	2015/16 - 2024/25: No more than 10 complaints per 1000 properties connected

What this tells us

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.

YOU CAN EXPECT: A TIMELY RESPONSE IF THERE IS A FLOODING EVENT

MEASURE	LATEST RESULT	TARGETS
The median response time to attend a flooding event, measured from the time that the Council receives notification to the time that service personnel reach the site.	2013/14: No flooding events occurred	2015/16 - 2024/25: No more than 60 minutes

What this tells us

This measure shows how quickly we respond when there is a problem the stormwater system. It measures situations where water from the stormwater system enters a habitable floor of a building. It is important that we are able to respond quickly to flooding events to reduce the impact they have on buildings and the welfare of the inhabitants of those buildings.

STORMWATER FUNDING IMPACT STATEMENT

Forecast for the year ended 30 June 2016-2025	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	7,265	480	749	1,447	2,138	2,556	3,724	6,464	14,803	17,354	9,436
Targeted rates	78	3,941	2,818	3,269	3,135	2,506	2,448	2,746	3,686	1,922	0
Subsidies and grants for operating purposes	275	0	0	0	0	0	0	0	0	0	0
Fees and charges	10	32	33	34	35	36	37	38	39	40	41
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	18	249	254	259	265	272	278	286	294	302	312
Total operating funding	7,646	4,702	3,854	5,009	5,573	5,370	6,487	9,534	18,822	19,618	9,789
Application of operating funding											
Payments to staff and suppliers	1,273	2,426	2,516	2,614	2,750	2,717	3,410	2,961	3,028	3,169	3,288
Finance costs	425	462	525	539	601	669	701	753	987	1,641	2,157
Internal charges and overheads applied	316	0	0	0	0	0	0	0	0	0	0
Other operating funding applications	27	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	2,041	2,888	3,041	3,153	3,351	3,386	4,111	3,714	4,015	4,810	5,445
Surplus (deficit) of operating funding	5,605	1,814	813	1,856	2,222	1,984	2,376	5,820	14,807	14,808	4,344
Sources of capital funding											
Subsidies and grants for capital expenditure	271	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	538	502	477	483	487	500	514	529	546	564	583
Increase (decrease) in debt	(3,760)	133	269	380	315	188	265	228	631	260	(931)
Gross proceeds from sale of assets	2	3	3	3	3	3	3	3	4	4	4
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	50	51	53	54	56	57	59	61	63	65
Total sources of capital funding	(2,949)	688	800	919	859	747	839	819	1,242	891	(279)
Application of capital funding											
Capital expenditure											
• to meet additional demand	878	1,757	973	1,885	2,074	1,481	1,954	5,339	14,684	14,300	2,617
• to improve the level of service	833	7	19	186	231	259	245	251	260	269	279
• to replace existing assets	1,026	738	621	704	776	991	1,016	1,049	1,105	1,130	1,169
Increase (decrease) in reserves	(81)	0	0	0	0	0	0	0	0	0	0
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	2,656	2,502	1,613	2,775	3,081	2,731	3,215	6,639	16,049	15,699	4,065
Surplus (deficit) of capital funding	(5,605)	(1,814)	(813)	(1,856)	(2,222)	(1,984)	(2,376)	(5,820)	(14,807)	(14,808)	(4,344)
Funding balance	0	0	0	0	0	0	0	0	0	0	0



TRANSPORT

WHAT WE DO

Our transport network and parking management

This includes:

- Roads, footpaths, cycleways and bridges
- Traffic lights, street lights, signs, pedestrian crossings, street furniture and road safety
- Landscaping, weeding, street cleaning and litter collection
- The Transport Centre
- Bus stops and shelters
- Car parks and parking meters

We provide and manage a safe and efficient transport network for Hamilton which integrates freight, private vehicles, buses, walking and cycling. We also manage on-street parking, clearways, and Council-owned car parks.

Our services include operation and maintenance of the existing network and planning for future development and growth.

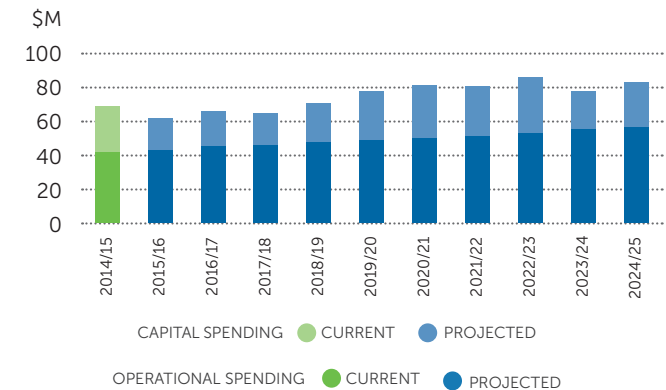
We work with the community to promote different modes of travel and influence travel behaviour to manage the city's transport demand and get the most out of our investment in the network.

The government, through the New Zealand Transport Agency (NZTA), partners with the Council by operating the state highways that run through Hamilton and co-investing with the Council in transport infrastructure and services.

The bus service is provided and managed by the Waikato Regional Council through a partnership with the city.



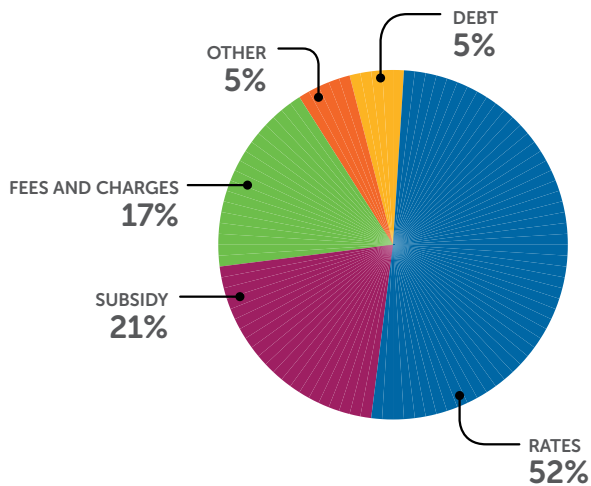
How much it costs





OUR PLANS

How it's paid for



Over recent years there has been significant investment in Hamilton’s strategic transport infrastructure to support growth. The focus has been on completing the Te Rapa bypass and the city’s Ring Road. Over the next 10 years, connections to the central government funded Waikato Expressway will be a focus, along with a continued partnership approach with developers in established growth areas.

Beyond the next 10 years investment will be required to extend the transport network into new growth areas, including providing additional river crossings in the north and south of the city.

The Council is developing a Biking Plan for Hamilton. This 30-year plan aims to deliver projects that will create a fully connected biking network that is safe, family-friendly and attractive. The plan is not just about building new cycleways, it’s also about promoting biking in the city and providing educational programmes for all road

users to create a bike-friendly city for Hamiltonians now and in the future.

To improve parking in the central city, we plan to replace ageing parking meters and pay and display machines with new parking technology between 2015 and 2017. Motorists will be able to pay for their park using a smart phone App that also gives information on parking availability. There will also be pay kiosks that allow flexible payment options, so there’s no need to return to your car to top up a meter. We are also planning to introduce sensors in parking bays, giving motorists information on the availability of parks in the central city.

WHAT YOU CAN EXPECT FROM US

We're in the transport business to make Hamilton easy to get around by providing a safe, reliable and sustainable transport system that is accessible to everyone.

YOU CAN EXPECT: A TRANSPORT NETWORK THAT IS SAFE TO USE

MEASURE	TREND		TARGETS
The change from the previous financial year in the number of fatalities and serious injury crashes on Hamilton's local road network.	Number of deaths and serious injuries 2009/10: 43 2010/11: 46 2011/12: 45 2012/13: 52	Change from previous year +3 -1 +7	2015/16 - 2024/25: Two less deaths or serious injuries than the previous financial year

What this tells us

It is extremely important that our road network is safe for everyone to use. Road crashes can involve factors that are outside of the Council's control (such as speed or driver behaviour) but it is important that other factors within our control are carefully managed to improve road safety across our city and reduce the number the deaths or serious injuries each year. These include the condition of the road and footpaths, the location of pedestrian crossings and traffic signals to name a few.

We also provide road safety education to schools and adult learners to help increase awareness of road safety risks.

YOU CAN EXPECT: THE COUNCIL TO INVEST IN MAKING BIKING SAFER

MEASURE	TREND		TARGETS
The change from the previous financial year in the number of deaths and serious injuries involving cyclists on Hamilton's roads.	Number of deaths and serious injuries 2009/10: 4 2010/11: 15 2011/12: 8 2012/13: 10	Change from previous year +11 -7 +2	2015/16 - 2024/25: Decreasing trend

What this tells us

Safety will be a key focus in the Hamilton Biking Plan. This 10-Year Plan commits a minimum of \$3M of the Council's \$9M Integrated Transport Fund to cycling over the next decade.

The Hamilton Plan

Our transport services primarily contribute to these Hamilton Plan priorities:

- Providing outstanding infrastructure
- The third city economy in New Zealand
- Connected to the Waikato River

YOU CAN EXPECT: ROADS TO BE KEPT IN GOOD CONDITION

MEASURE	LATEST RESULT	TARGETS
The average quality of ride on Hamilton’s sealed local road network, measured by smooth travel exposure.	2013/14: 88% smooth travel exposure	2015/16-2024/25: At least 86% smooth travel exposure

What this tells us

The roughness of roads can impact on the safety and comfort of road users, as well as on vehicle operating and maintenance costs. Smooth Travel Exposure (STE) is a system of measurement used to assess the quality of the ride on our city’s roads. The higher the STE percentage, the smoother the network.

A deteriorating trend for STE would tell us that the maintenance of our existing roads and investment in new roads is not keeping up with the deterioration of the network.

YOU CAN EXPECT: ROADS TO BE ADEQUATELY MAINTAINED

MEASURE	LATEST RESULT	TARGETS
The percentage of Hamilton’s sealed local road network that is resurfaced each year.	New measure	2015/16: 5% 2016/17: 5.5% 2017/18: 5.75% 2018/19 – 2024/25: 6%

What this tells us

This measure provides information on how well we are maintaining our road network and meeting the targets for road resurfacing set in our Asset Management Plan.

YOU CAN EXPECT: FOOTPATHS TO BE KEPT IN GOOD CONDITION

MEASURE	LATEST RESULT	TARGETS
The percentage of footpaths within Hamilton that fall within the service standard for the condition of footpaths that is set out in the Council’s Asset Management Plan.	New measure	2015/16 – 2024/25: 97%

What this tells us

Footpaths are an important part of a city’s infrastructure. Well-maintained footpaths are important for pedestrians’ convenience and safety. The service standard set out in our Asset Management Plan is less than five faults per 100m of footpath. Faults are generally tripping hazards.

YOU CAN EXPECT: A TIMELY RESPONSE TO REQUESTS FOR SERVICE

MEASURE	LATEST RESULT	TARGETS
The percentage of customer service requests relating to roads and footpaths responded to within five working days.	New measure	2015/16 – 2024/25: 95%

What this tells us

Interaction with the community is a key aspect of our service and response time is a key method of measuring whether the Council is listening to its customers.

YOU CAN EXPECT: PREDICTABLE VEHICLE TRAVEL TIMES FOR PEAK TIME TRIPS

MEASURE	LATEST RESULT	TARGETS
The percentage of extra time taken for vehicles to travel key routes in the city during peak travel times	New measurement methodology	2015/16 – 2024/25: No more than 50%

What this tells us

As the number of vehicles on the road increases, the capacity of our network to provide reliable and consistent travel times decreases.

To achieve this target, we will continuously monitor the city's main routes, upgrading the traffic signals communication system and proactively monitoring the signals to improve traffic flows. We will also be working to minimise disruption to the roads at peak times through better scheduling of road works and carefully planned management of events.

We won't be able to build our way out of congestion, so meeting this target is also going to rely on people changing their travel behaviours and commuters choosing alternatives to single occupancy car trips.

YOU CAN EXPECT: PARKING IN THE CENTRAL CITY TO BE MANAGED EFFECTIVELY

MEASURE	LATEST RESULT	TARGETS
The percentage of on-street car parks in central city high demand parking areas that are full between 10am - 4pm on weekdays.	New measure	2015/16 – 2024/25: No more than 85%

What this tells us

We manage parking to ensure that there are enough parks available for shoppers and visitors to the central city, without leaving too many empty parks. This is especially important in areas of high demand; from London Street to Hood Street, and Anglesea Street to the Waikato River.

To improve parking in the central city, we will be replacing increasingly obsolete parking technology with new smart technology.

TRANSPORT FUNDING IMPACT STATEMENT

Forecast for the year ended 30 June 2016-2025	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	26,224	1,790	3,868	4,435	7,433	14,916	15,865	19,284	22,726	22,351	33,620
Targeted rates	5,281	21,477	20,630	15,438	16,206	16,395	15,600	13,280	10,690	7,487	5,000
Subsidies and grants for operating purposes	3,714	4,380	4,380	4,536	4,854	4,692	4,765	4,929	4,997	5,075	5,159
Fees and charges	3,363	5,160	5,183	5,309	5,446	5,593	5,753	5,925	6,110	6,310	6,525
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	4,416	3,760	3,831	3,908	3,990	4,079	4,176	4,280	4,392	4,513	4,643
Total operating funding	42,998	36,567	37,892	33,626	37,929	45,675	46,159	47,698	48,915	45,736	54,947
Application of operating funding											
Payments to staff and suppliers	11,697	19,364	19,776	20,558	21,856	21,952	22,647	23,659	24,322	25,104	26,533
Finance costs	7,338	8,080	8,294	8,489	8,361	8,270	8,494	8,719	9,128	9,482	9,054
Internal charges and overheads applied	3,311	0	0	0	0	0	0	0	0	0	0
Other operating funding applications	466	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	22,812	27,444	28,070	29,047	30,217	30,222	31,141	32,378	33,450	34,586	35,587
Surplus (deficit) of operating funding	20,186	9,123	9,822	4,579	7,712	15,453	15,018	15,320	15,465	11,150	19,360
Sources of capital funding											
Subsidies and grants for capital expenditure	10,156	4,147	4,771	4,964	8,263	8,367	10,202	8,405	7,551	6,815	7,327
Development and financial contributions	2,155	2,656	2,524	2,556	2,576	2,646	2,721	2,803	2,890	2,985	3,087
Increase (decrease) in debt	(5,354)	2,320	4,242	5,997	4,382	2,319	3,215	2,639	5,835	1,502	(3,904)
Gross proceeds from sale of assets	21	26	28	30	30	31	32	32	34	35	36
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	6,978	9,149	11,565	13,547	15,251	13,363	16,170	13,879	16,310	11,337	6,546
Application of capital funding											
Capital expenditure											
• to meet additional demand	1,148	6,344	6,878	4,627	9,051	14,805	16,846	14,841	17,259	7,174	10,264
• to improve the level of service	15,754	2,037	2,227	1,767	1,833	1,867	1,943	1,986	2,055	2,126	2,205
• to replace existing assets	10,276	10,235	11,884	11,889	12,339	12,433	12,701	12,666	13,183	13,806	13,866
Increase (decrease) in reserves	(14)	(344)	398	(157)	(260)	(289)	(302)	(294)	(722)	(619)	(429)
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	27,164	18,272	21,387	18,126	22,963	28,816	31,188	29,199	31,775	22,487	25,906
Surplus (deficit) of capital funding	(20,186)	(9,123)	(9,822)	(4,579)	(7,712)	(15,453)	(15,018)	(15,320)	(15,465)	(11,150)	(19,360)
Funding balance	0	0	0	0	0	0	0	0	0	0	0



RUBBISH AND RECYCLING

WHAT WE DO

Rubbish and recycling collection, waste minimisation, landfill site management

This includes:

- Kerbside rubbish and recycling collections
- Resource recovery centres
- Closed landfill management
- Waste minimisation initiatives

We are responsible for the collection, safe disposal and minimisation of household rubbish and recycling.

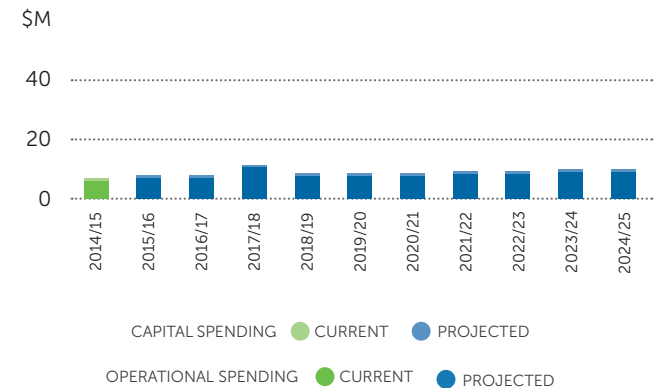
We provide kerbside rubbish and recycling collections for residential properties (excluding inner city apartments).

Our rubbish is disposed of in a landfill at Hampton Downs as the Council no longer operates a landfill locally. We manage closed landfill sites at Rototuna, Cobham Drive, Willoughby and Horotiu to prevent adverse effects on the environment and public health.

The Council has a legal responsibility to reduce the amount of waste going into landfills and to encourage more recycling and reuse.

Our resource recovery centres include the Lincoln Street Refuse Transfer Station, Recycling Centre and the Hamilton Organic Centre. The operation of these three facilities is contracted to privately owned businesses.

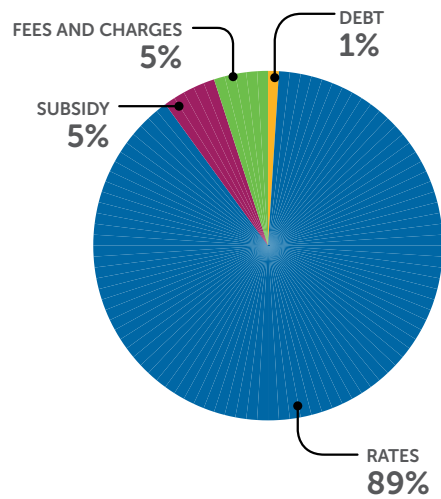
How much it costs





OUR PLANS

How it's paid for



We are aiming to reduce the amount of waste produced by residential properties by investigating alternative options to divert recyclable materials from black bags and waste streams; continuing education programmes; providing grants for promotion of waste minimisation and investigating alternative containers.

We have included \$2.8M in the budget for an expanded recycling service from 2017/18, with a preference for recycling wheelie bins.

A business case will be prepared over the next year, to be considered by the Council as part of the 2016/17 Annual Plan. The business case will also look at options for a user-pays rubbish bag system.

WHAT YOU CAN EXPECT FROM US

We provide these services to protect people's health and our environment by minimising the production of waste and promoting recycling and reuse.

The Hamilton Plan

Rubbish and recycling primarily contributes to this Hamilton Plan priority:

- Providing outstanding infrastructure

YOU CAN EXPECT: RELIABLE RUBBISH AND RECYCLING COLLECTIONS

MEASURE	LATEST RESULT 2013/14	TARGETS 2015/16 - 2024/25
The number of weeks with more than 20 complaints about uncollected kerbside household rubbish and recycling.	0 weeks	0 weeks
The percentage of customer complaints about uncollected kerbside rubbish and recycling resolved within 24 hours.	97%	95%

What this tells us

Making sure our collection services are reliable is important. A reliable service stops rubbish and recycling becoming a health risk and keeps the streets tidy.

YOU CAN EXPECT: THE COUNCIL TO PROMOTE AND ENCOURAGE RECYCLING AND REUSE

MEASURE	LATEST RESULT	TARGETS
The percentage of waste recovered for recycling through the kerbside collection.	2013/14: 30%	2015/16 - 2024/25: At least 30%

What this tells us

This measure provides information about how well our waste minimisation initiatives are working. The targets will be reconsidered when the Council's current contract for kerbside collections is reviewed in 2017.

RUBBISH AND RECYCLING FUNDING IMPACT STATEMENT

Forecast for the year ended 30 June 2016-2025	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	5,006	683	1,381	3,012	2,842	3,699	4,583	5,638	6,380	7,693	9,312
Targeted rates	54	5,872	5,397	6,950	4,211	3,663	3,030	2,399	1,585	850	0
Subsidies and grants for operating purposes	0	410	420	430	441	453	466	480	495	511	528
Fees and charges	293	355	363	372	382	392	403	415	428	442	458
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	7	14	14	14	14	14	14	14	14	14	14
Total operating funding	5,360	7,334	7,575	10,778	7,890	8,221	8,496	8,946	8,902	9,510	10,312
Application of operating funding											
Payments to staff and suppliers	4,699	6,854	6,957	10,173	7,499	7,692	8,000	8,330	8,593	8,930	9,323
Finance costs	163	130	137	147	197	231	223	216	215	209	199
Internal charges and overheads applied	733	0	0	0	0	0	0	0	0	0	0
Other operating funding applications	10	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	5,605	6,984	7,094	10,320	7,696	7,923	8,223	8,546	8,808	9,139	9,522
Surplus (deficit) of operating funding	(245)	350	481	458	194	298	273	400	94	371	790
Sources of capital funding											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	1,587	37	70	103	102	64	84	65	137	33	(85)
Gross proceeds from sale of assets	5	7	7	8	8	8	8	9	9	9	9
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	1,592	44	77	111	110	72	92	74	146	42	(76)
Application of capital funding											
Capital expenditure											
• to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
• to improve the level of service	275	214	297	241	61	108	65	63	66	124	72
• to replace existing assets	1,072	180	261	328	243	262	300	411	174	289	642
Increase (decrease) in reserves	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	1,347	394	558	569	304	370	365	474	240	413	714
Surplus (deficit) of capital funding	245	(350)	(481)	(458)	(194)	(298)	(273)	(400)	(94)	(371)	(790)
Funding balance	0	0	0	0	0	0	0	0	0	0	0



PARKS AND GREEN SPACES

WHAT WE DO

Hamilton Gardens, community parks, gullies and native plantings, streetscapes, sports parks, cemeteries and crematorium

This includes:

- Neighbourhood and destination parks
- Hamilton Gardens
- Playgrounds
- Public toilets
- Sports parks
- River and lake walkways
- Gullies and native plantings
- Natural heritage parks
- Street plantings and trees
- Cemeteries and crematorium

One of the great features of Hamilton is its huge range of parks, trees, beautiful gardens and street plantings.

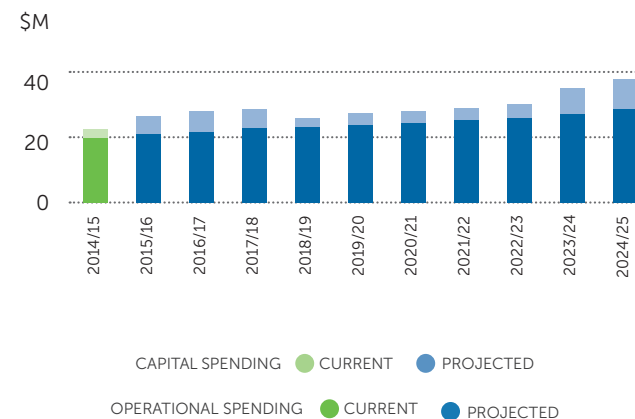
The star of our green spaces is Hamilton Gardens.

Our city has a network of natural areas alongside the Waikato River and a range of gullies and ecological restoration areas such as the Waiwhakareke Natural Heritage Park.

We also provide burial and cremation services in park like settings where people can remember loved ones.

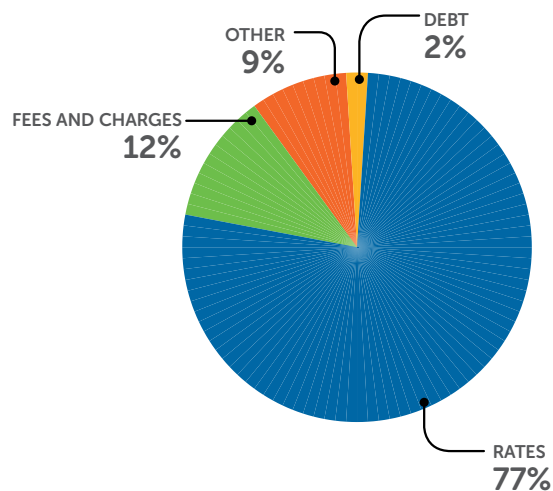
The parks and gardens, with their complementing walkways and amenities managed by the Council, contribute to people's sense of pride in how Hamilton looks and feels.

How much it costs





How it's paid for



OUR PLANS

We are planning a number of improvements to our parks and green spaces to ensure that we continue to meet the changing needs of our city.

In 2015/16 we will begin a staged development of a new sports park in Rototuna. Initial development will include basic improvements to make the grounds usable as a park for the next few years. Starting in 2021/22, the fields will be developed over four years to create new sports fields. From 2023/24 we will also be spending money on existing sports parks to improve things like field irrigation and drainage.

Over the next 10 years we will be upgrading two existing neighbourhood playgrounds and creating eight new destination playgrounds throughout the city. Two-thirds of the cost will be funded by Council, and the remaining one-third through other funding sources. New public toilets are also planned in conjunction with destination playgrounds.

The four-year Hamilton Gardens Development reinvestment programme that began in 2014/15 will also continue, delivering five new themed gardens and additional infrastructure.

WHAT YOU CAN EXPECT FROM US

We provide these activities to contribute to a green city with parks, trees, beautiful gardens and street plantings and places for leisure, sports and recreation.

The Hamilton Plan

Our parks and green spaces activities primarily contribute to these Hamilton Plan priorities:

- An urban garden
- Best garden in the world
- Waikato is the capital of high performance sport

YOU CAN EXPECT: THE COUNCIL TO PROTECT, RESTORE AND ENHANCE HAMILTON'S BEAUTIFUL GREEN LANDSCAPE

MEASURE	LATEST RESULT	TARGETS 2015/16 – 2024/25
The quantity of public green space in the city.	As at June 2015: 1126 ha	No net loss
The number of street trees in the city.	As at June 2015 : Approximately 30,000 street trees	Annual growth in the number of street trees
The number of native plants planted in Council-owned natural areas each year.	2013/14: 75,436 plants planted	At least 25,000 each year

What this tells us

One of the priorities in the Hamilton Plan is for the city to be an urban garden and these measures link to that priority. There are a number of other Council plans that will guide and support this priority, in particular the Open Space Plan which sets out a 50-year strategic direction to guide future planning, development, management and maintenance of Hamilton's open space.

YOU CAN EXPECT: DESTINATION PLAYGROUNDS TO BE COMPLETED AS PLANNED

MEASURE	LATEST RESULT	TARGETS
Delivery of the destination playgrounds programme.	As at June 2015: Hamilton has 4 desitination playgrounds.	Number of new destination playgrounds 2015/16: 1 2016/17: 2 2017/18: 1 2018/19-2024/25: 5

What this tells us

The Council adopted a Playground Policy in February 2014 that sets out a programme for development of new playgrounds across the city. The playgrounds programme includes the delivery of nine new destination playgrounds, plus upgrades to two existing neighbourhood playgrounds over the next 10 years.

YOU CAN EXPECT: THE COUNCIL TO INVEST IN SPORTS FIELDS

MEASURE	LATEST RESULT	TARGETS
The number of hours of play provided per week by the Council’s sports fields during winter.	As at June 2015: 836 hours	2015/16 - 2022/23: 836 hours 2023/24: 900 hours 2024/25: 940 hours

What this tells us

There is currently a shortage of sports fields training capacity and the quality of some sports fields is also limiting the number of playable hours during winter. The Council has included money in the budget to help address this issue.

We have included \$4.8M in the budget from 2021 - 2025 to develop Rototuna Sports Park. We have also allocated \$2.5M in the budget in 2023/24 and 2024/25 for improvements to existing sports fields, including field irrigation, drainage and enhanced turf maintenance. The fields include Galloway, Porritt, Mahoe, Resthills, Marist and Ashurst Parks.

YOU CAN EXPECT: THE HAMILTON GARDENS PROGRAMME TO BE COMPLETED AS PLANNED

MEASURE	LATEST RESULT	TARGETS
Delivery of the four-year Hamilton Gardens development programme.	First themed garden (Tudor Garden) opened in February 2015	Hamilton Gardens development programme completed by 2017/18
The estimated number of visitors to the Hamilton Gardens each year.	2013/14: Approximately 1 million visitors	Annual increase in the number of visitors to the Gardens, reaching at least 1.2 million by 2024/25

What this tells us

Hamilton Gardens is our biggest tourist attraction and an iconic destination in our city. The Gardens were voted 2014 International Garden of the Year by the International Garden Tourism Network. A four-year development programme for the Gardens will deliver five new themed gardens and additional infrastructure, increasing the number of people visiting the gardens and their length of stay in Hamilton. The Council’s contribution is one-third of the total cost.

The Concept Garden, destination playground and river jetty are due to be completed in 2016/17. The remaining three gardens - Mansfield, Picturesque and Surrealist - are due to be completed in 2017/18 along with the carpark extension, information centre extension and new toilet block.

PARKS AND GREEN SPACES FUNDING IMPACT STATEMENT

Forecast for the year ended 30 June 2016-2025	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	14,823	1,769	3,455	5,113	6,860	9,118	11,105	13,444	16,089	21,865	27,428
Targeted rates	761	15,690	14,046	12,312	10,130	9,006	7,325	5,709	3,990	2,415	0
Subsidies and grants for operating purposes	281	7	7	7	7	7	8	8	8	8	9
Fees and charges	2,622	2,166	2,227	2,298	2,374	2,455	2,543	2,638	2,741	2,851	3,018
Internal charges and overheads recovered	0	816	835	855	877	901	927	954	984	1,016	1,051
Local authorities fuel tax, fines, infringement fees and other receipts	87	393	399	405	411	418	426	434	443	452	462
Total operating funding	18,575	20,841	20,969	20,990	20,659	21,905	22,334	23,187	24,255	28,607	31,968
Application of operating funding											
Payments to staff and suppliers	13,241	15,724	16,516	17,041	17,315	17,788	18,135	18,643	19,379	20,277	21,077
Finance costs	1,655	1,563	1,595	1,667	1,836	1,888	1,810	1,742	1,720	1,678	1,563
Internal charges and overheads applied	2,272	816	835	855	877	901	927	954	984	1,016	1,051
Other operating funding applications	98	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	17,265	18,103	18,946	19,563	20,028	20,577	20,872	21,339	22,083	22,971	23,691
Surplus (deficit) of operating funding	1,310	2,738	2,023	1,427	631	1,328	1,462	1,848	2,172	5,636	8,277
Sources of capital funding											
Subsidies and grants for capital expenditure	81	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	453	1,550	1,473	1,492	1,504	1,544	1,588	1,636	1,687	1,742	1,802
Increase (decrease) in debt	2,930	447	814	1,174	960	528	684	526	1,096	265	(672)
Gross proceeds from sale of assets	9	18	19	20	21	21	22	22	23	24	24
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	1,563	1,604	1,646	0	0	0	0	0	0	0
Total sources of capital funding	3,473	3,578	3,910	4,332	2,485	2,093	2,294	2,184	2,806	2,031	1,154
Application of capital funding											
Capital expenditure											
• to meet additional demand	440	3,040	2,874	3,055	192	39	0	110	818	1,943	3,917
• to improve the level of service	1,010	657	921	546	302	578	608	616	456	1,409	685
• to replace existing assets	2,806	2,274	2,518	2,158	2,622	2,804	3,148	3,306	3,704	4,315	4,829
Increase (decrease) in reserves	527	345	(380)	0	0	0	0	0	0	0	0
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	4,783	6,316	5,933	5,759	3,116	3,421	3,756	4,032	4,978	7,667	9,431
Surplus (deficit) of capital funding	(1,310)	(2,738)	(2,023)	(1,427)	(631)	(1,328)	(1,462)	(1,848)	(2,172)	(5,636)	(8,277)
Funding balance	0	0	0	0	0	0	0	0	0	0	0



RECREATION

WHAT WE DO



This includes:

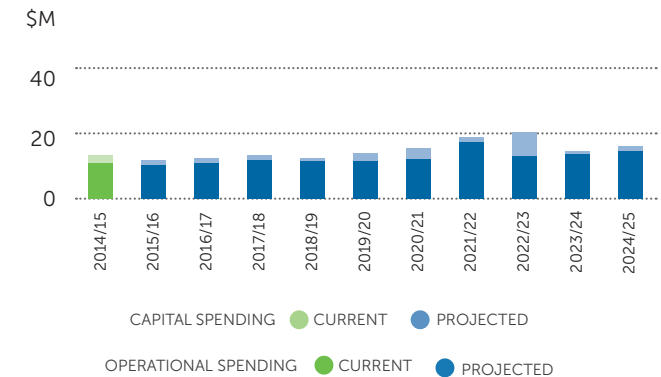
- Waterworld
- Gallagher Aquatic Centre
- Partner pool funding
- Hamilton Zoo
- Te Rapa Sportsdrome

Our recreational facilities are widely accessible and suitable for all ages and abilities.

The Council operates two swimming complexes - Waterworld and Gallagher Aquatic Centre. Waterworld is the largest multi-pool complex in the Waikato region and hosts both local and national competitions. Gallagher Aquatic Centre is a smaller community pool well suited to recreational and leisure swimmers. We also own the Te Rapa Sportsdrome, an indoor recreational facility that supports local sports and community use.

Hamilton Zoo is home to more than 600 exotic and native New Zealand animals spread over 21 hectares. The unique experience at Hamilton Zoo allows residents and visitors to enjoy wildlife in a natural setting and encourages support for wildlife conservation and sustainability of natural resources. The Zoo offers education programmes for schools, participates in international breeding programmes for endangered species and breeds native animals for introduction to the wild.

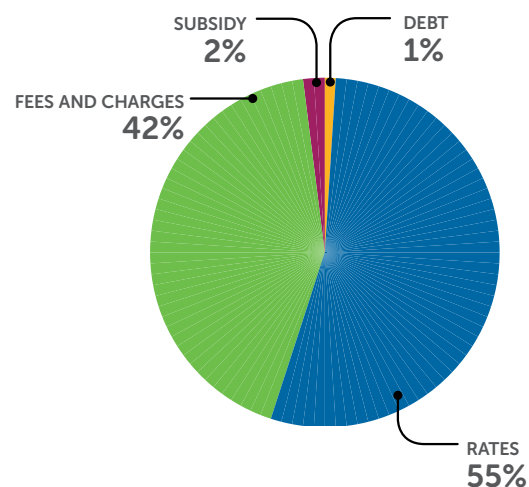
How much it costs





OUR PLANS

How it's paid for



We will be working in partnership with other organisations to further develop Hamilton's recreational facilities.

The Council is considering several options for developing an indoor recreation centre to meet future demand for sports codes like netball, basketball, badminton, volleyball, and indoor soccer. We have set aside \$4M towards the construction of an indoor recreation centre to be developed in partnership with others. This process will begin with a feasibility study led by Sport Waikato, in conjunction with other stakeholders, to look at the best options for the city. The feasibility study will be reported back to the Council by October 2015.

There is a shortage of swimming pool space in Hamilton, particularly during winter. The Council has been looking at how to address this. Funding of \$4.85M has been budgeted in 2022/23 for an additional 25m pool within the city, with the location to be determined. The Council would

also like to look at what can be done to address the pool space shortage in the short term and staff will be reporting back on options as part of development of the next 2016/17 Annual Plan.

As part of considering what to do about swimming pools, the Council also looked at the option of refurbishing the Municipal Pool. The pool has been closed since mid-2012 because of mechanical and structural issues needing major repairs. The Council has decided to permanently close the pool and will consider the future of the site as part of the River Plan.

We will also continue work on a master plan for Hamilton Zoo. The master plan will set the future direction for Hamilton Zoo and explore opportunities for growth through increasing visitor numbers or other uses.



WHAT YOU CAN EXPECT FROM US

We're involved in recreation facilities to provide opportunities for fun, leisure and learning.

The Hamilton Plan

Our recreation activities primarily contribute to these Hamilton Plan priorities:

- Waikato is the capital of high performance sport
- An urban garden (Hamilton Zoo)

YOU CAN EXPECT: HAMILTON ZOO TO PROVIDE UNIQUE VISITOR AND LEARNING EXPERIENCES

MEASURE	LATEST RESULT 2013/14:	TARGETS 2015/16 – 2024/25:
The number of visits to Hamilton Zoo each year.	121,270	At least 120,000
The number of students participating in Zoo education programmes each year.	7,819	At least 8,000

What this tells us

We aim to maintain our Zoo visitor numbers through marketing and providing new reasons to visit, such as animal births and new arrivals or improved exhibits.

The Zoo provides education programmes that focus on social science, including the conservation of wildlife and environmental responsibility.

YOU CAN EXPECT: COUNCIL POOLS TO PROVIDE OPPORTUNITIES FOR RECREATION, LEARNING AND LEISURE

MEASURE	LATEST RESULT 2013/14:	TARGETS 2015/16 – 2024/25:
The number of visits to Waterworld and Gallagher Aquatic Centre each year.	577,550	At least 580,000
The number of students participating in aquatic education classes at Council pools.	32,454*	At least 28,000
The number of people participating in Learn to Swim classes at Council pools.	36,730	At least 40,000

What this tells us

Our pools offer curriculum based water safety and aquatic education programmes to local schools that don't have their own pools. We also offer swimming lessons for people of all ages and abilities to improve their swimming technique and overall skill level.

* This figure was incorrectly reported in the 2013/14 Annual Report as 37,000.

RECREATION FUNDING IMPACT STATEMENT

Forecast for the year ended 30 June 2016-2025	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	5,248	603	1,287	2,038	2,384	3,247	4,619	7,916	10,212	5,438	6,806
Targeted rates	57	5,123	5,004	4,668	3,517	3,206	3,051	3,373	2,541	599	0
Subsidies and grants for operating purposes	0	276	282	289	296	305	313	323	333	344	355
Fees and charges	4,828	4,452	4,814	5,127	5,440	5,587	5,746	5,918	6,104	6,839	7,072
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	16	29	29	29	29	29	29	29	29	29	29
Total operating funding	10,149	10,483	11,416	12,151	11,666	12,374	13,758	17,559	19,219	13,249	14,262
Application of operating funding											
Payments to staff and suppliers	7,986	9,217	9,603	9,932	10,033	10,326	10,531	15,659	11,470	12,043	12,519
Finance costs	344	298	289	278	265	249	235	223	217	206	189
Internal charges and overheads applied	1,552	0	0	0	0	0	0	0	0	0	0
Other operating funding applications	12	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	9,894	9,515	9,892	10,210	10,298	10,575	10,766	15,882	11,687	12,249	12,708
Surplus (deficit) of operating funding	255	968	1,524	1,941	1,368	1,799	2,992	1,677	7,532	1,000	1,554
Sources of capital funding											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	68	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	739	84	144	192	136	68	86	66	134	32	(79)
Gross proceeds from sale of assets	7	10	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	814	94	144	192	136	68	86	66	134	32	(79)
Application of capital funding											
Capital expenditure											
• to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
• to improve the level of service	0	64	191	22	36	25	41	29	5,883	34	35
• to replace existing assets	1,069	998	1,477	2,111	1,468	1,842	3,037	1,714	1,783	998	1,440
Increase (decrease) in reserves	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	1,069	1,062	1,668	2,133	1,504	1,867	3,078	1,743	7,666	1,032	1,475
Surplus (deficit) of capital funding	(255)	(968)	(1,524)	(1,941)	(1,368)	(1,799)	(2,992)	(1,677)	(7,532)	(1,000)	(1,554)
Funding balance	0	0	0	0	0	0	0	0	0	0	0



ARTS AND CULTURE

WHAT WE DO

Libraries,
Waikato Museum,
theatres and arts
promotion

This includes:

- Central and suburban libraries
- Founders Theatre
- Clarence Street Theatre
- Waikato Museum
- ArtsPost
- Public art support
- Performing arts grants

The Council is involved in a range of artistic and cultural endeavours that contribute to making Hamilton a desirable place to live.

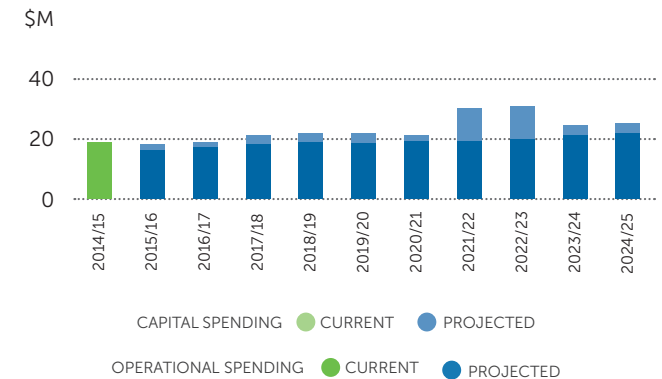
Hamilton has a network of six public libraries providing resources and information services. Our libraries are also increasingly becoming community learning spaces or hubs.

Waikato Museum cares for the city’s cultural and artistic treasures. Regular exhibitions and activities share the knowledge, creativity, history and stories of those treasures.

Founders Theatre offers space for live entertainment, conferences, seminars and social functions. We are considering a proposal to gift Clarence Street Theatre to a community group.

We also provide seed funding for public art, administer the contestable performing arts fund and liaise with arts groups to build a vibrant arts scene.

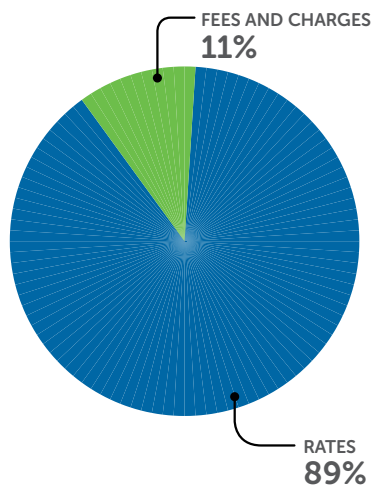
How much it costs





OUR PLANS

How it's paid for



To reflect the fast-moving change in the libraries sector, the Council has developed the Hamilton City Libraries Strategic Plan 2015-2025, which sets the direction for our library services. A libraries facilities plan is being prepared to determine the necessary library infrastructure required to deliver on the strategic plan.

We'll be making sure that our changing exhibitions and events continue to offer new and interesting reasons to visit the Museum, encouraging visitors to return. We are also focusing on delivering high quality education programmes and learning experiences for all ages to extend learning beyond the classroom.

The Council has set aside \$13.8m to upgrade the Founders Theatre in 2021/22 because maintaining the theatre has been deferred in the past and an independent report is saying we can no longer defer work. But first it plans to spend \$100,000 on a business plan to examine all the options for upgrading the 50-year-old theatre.

The estimated cost of upgrading the fly tower and stage house structure, and to upgrade toilets in the venue is \$10.8M. Upgrading the auditorium, foyer and facade is estimated to cost \$3M. A decision on whether or not to go ahead with this project will not be made until after the business plan is finished, which will be later in 2015.



WHAT YOU CAN EXPECT FROM US

We're involved in these activities to support a fun and creative city that recognises the importance of art, music and culture in our everyday lives.

The Hamilton Plan

Our arts and culture activities primarily contribute to this Hamilton Plan priority:

- Celebrated for our arts and culture

YOU CAN EXPECT: A MODERN AND RELEVANT LIBRARY SERVICE

MEASURE	LATEST RESULT	TARGETS
The number of physical and online visits to the libraries each year.	2013/14: 1,369,523 visits	2015/16 – 2024/25: 1% increase each year
Use of the library collections, both print and electronic.	2013/14: 1,594,236	2015/16 – 2024/25: 1% increase each year
The number of people attending events programmes and classes at the libraries.	2013/14: 24,886	2015/16 – 2024/25: 1% increase each year
The ratio of e-Books to print books purchased.	2014/15: 11%	2015/16: 12% e-Books 2016/17: 14% e-Books 2017/18: 16% e-Books By 2020: 30% e-Books

What this tells us

The Hamilton City Libraries Strategic Plan recognises the importance of libraries as social hubs for learning and literacy in the community and sets out the Council's intention to continue to grow a modern and relevant library service Hamilton residents can enjoy. The Strategic Plan includes a series of outcomes and goals for the libraries for the next ten years and these measures are from this plan.

YOU CAN EXPECT: WAIKATO MUSEUM TO SHARE AND CELEBRATE OUR REGION'S HISTORY, CREATIVITY AND DIVERSITY

MEASURE	LATEST RESULT 2013/14:	TARGETS 2015/16 - 2024/25:
The number of visits to Waikato Museum each year.	120,218	At least 118,000
The number of children and students visiting the museum for education each year.	8,014	At least 8,000

What this tells us

Waikato Museum has a changing programme of high quality exhibitions to give education visitors compelling reasons to revisit. The museum provides education opportunities for the community and we are working toward establishing the museum as a must-visit Waikato education destination.

YOU CAN EXPECT: THEATRES TO BE WELL USED

MEASURE	LATEST RESULT 2013/14	TARGETS
The number of people attending events at theatres each year.	83,000	2015/16 – 2016/17: At least 70,000 2017/18 – 2024/25: At least 75,000
The total number of hire days across the theatres.	230	2015/16: At least 170 2016/17: At least 180 2017/18: At least 190 2018/19 – 2024/25: At least 200

What this tells us

These targets include Founders Theatre and Clarence Street Theatre. Council is currently considering a proposal to gift the operations of Clarence Street Theatre to a community group. If the proposal is adopted, then the targets will be adjusted.

We measure the number of days the theatres are booked instead of the number of events to get a more accurate picture of how much these venues are used. The length of each event varies, so too does the number of days taken to set up or pack down an event. The term 'hire days' reflects the total number of days that the theatres are booked.

ARTS AND CULTURE FUNDING IMPACT STATEMENT

Forecast for the year ended 30 June 2016-2025	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	13,233	1,568	3,256	5,206	7,226	6,900	9,828	18,020	21,420	16,881	19,500
Targeted rates	143	13,348	12,669	11,931	10,694	10,357	6,481	7,675	5,326	1,862	0
Subsidies and grants for operating purposes	0	38	39	40	41	42	43	44	46	47	49
Fees and charges	2,513	1,991	2,038	2,087	2,141	2,199	2,261	2,037	2,100	2,617	2,707
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	13	31	31	32	32	32	33	33	33	34	34
Total operating funding	15,902	16,976	18,033	19,296	20,134	19,530	18,646	27,809	28,925	21,441	22,290
Application of operating funding											
Payments to staff and suppliers	11,550	13,976	14,636	14,996	15,520	15,702	15,922	16,063	16,668	17,394	18,147
Finance costs	329	219	211	204	195	185	175	166	162	154	142
Internal charges and overheads applied	3,258	0	0	0	0	0	0	0	0	0	0
Other operating funding applications	30	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	15,167	14,195	14,847	15,200	15,715	15,887	16,097	16,229	16,830	17,548	18,289
Surplus (deficit) of operating funding	735	2,781	3,186	4,096	4,419	3,643	2,549	11,580	12,095	3,893	4,001
Sources of capital funding											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	172	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	1,861	58	100	133	93	47	60	45	93	22	(54)
Gross proceeds from sale of assets	18	17	18	19	19	19	20	21	21	22	23
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	2,051	75	118	152	112	66	80	66	114	44	(31)
Application of capital funding											
Capital expenditure											
• to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
• to improve the level of service	941	157	415	53	87	61	100	70	81	83	86
• to replace existing assets	1,845	2,699	2,889	4,195	4,444	3,648	2,529	11,576	12,128	3,854	3,884
Increase (decrease) in reserves	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	2,786	2,856	3,304	4,248	4,531	3,709	2,629	11,646	12,209	3,937	3,970
Surplus (deficit) of capital funding	(735)	(2,781)	(3,186)	(4,096)	(4,419)	(3,643)	(2,549)	(11,580)	(12,095)	(3,893)	(4,001)
Funding balance	0	0	0	0	0	0	0	0	0	0	0



ECONOMIC DEVELOPMENT



WHAT WE DO

Economic initiatives, strategic property investment, Claudelands and stadiums

This includes:

- Event sponsorship
- i-SITE visitor information centre
- Hamilton and Waikato Regional Tourism
- Hamilton Central Business Association
- Economic monitoring
- Property investments
- Claudelands Events Centre
- Waikato Stadium
- Seddon Park
- Ownership interest in Waikato Innovation Park Limited and Waikato Regional Airport Limited

The Council is a key contributor to enhancing the Hamilton economy and delivering core services and infrastructure that enable business to thrive in our city.

Economic initiatives

We work with external agencies to develop and improve the local economy. This includes initiatives such as funding for the regional tourism organisation, event sponsorship, and support for the central city business improvement agency.

Strategic property investment

The Council manages two strategic property investment funds – the Domain Endowment Fund and the Municipal Endowment Fund – and administers leases across a broad range of Council-owned properties. Both funds are required by law to be invested in property, in order to maximise the financial return for the city.

Claudelands

Claudelands was crowned 'Supreme Venue of the Year' and 'Large Venue of the Year' at the 2014 Entertainment Venues Association of New Zealand industry awards. It is a versatile complex that caters for a variety of events and functions. It includes a multi-purpose indoor arena for up to 5000 spectators, conference facilities for up to 1200 delegates and exhibition and show facilities.

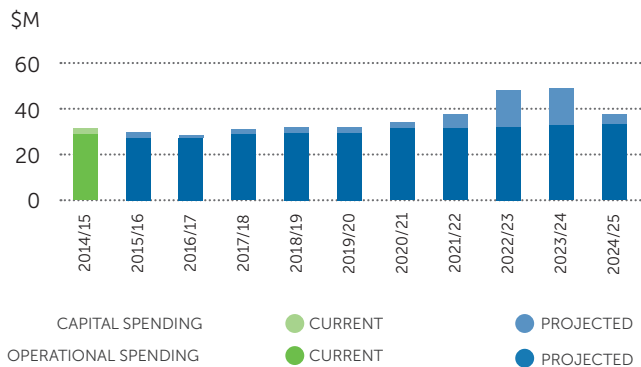
Stadiums

Waikato Stadium is one of New Zealand's premier venues for international and national sports, live performances and functions. It hosts a range of events including international rugby and concerts. The stadium also has a number of lounges that are used for a variety of functions.

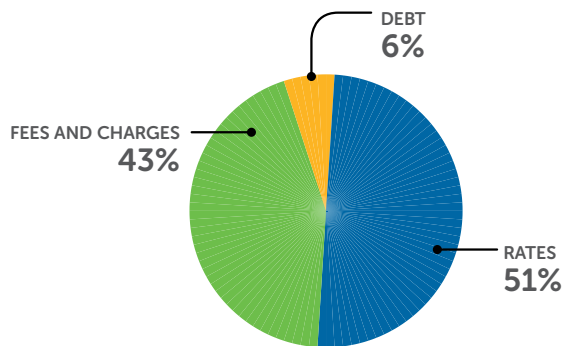
Seddon Park is an international standard cricket facility. Although the venue is predominantly used for cricket, it has also been used for other sports and entertainment events. The pavilion has two lounges suitable for other functions.



How much it costs



How it's paid for



OUR PLANS

We have been looking at some of the properties and investments owned by Council and considering whether these assets should be kept or sold to help reduce the city's debt. A number of assets have been sold over this period and a few more are still being considered for sale. We will also be looking at whether Council ownership is the most cost effective model for operation of some of the assets that need to be retained.

Claudelands, Waikato Stadium and Seddon Park are important contributors to our city's economy as major generators of business and event tourism that comes to Hamilton. The events we host bring visitors from outside the Hamilton, which has an economic benefit for the city. Many stay in the city and buy other services while they are here, which has a flow on effect for businesses.

We'll be focussed on continuing to bring a range of international and national events to our city to attract people to our event facilities. We will also be looking at ways we can provide a better experience for our event attendees and venue hirers.

Hamilton's economic growth and development agenda is guided by the Hamilton Plan. This will include the development of a Central City Transformation Plan (similar to and closely linked to the River Plan). This plan will identify the outcomes, opportunities and projects required to transform the central city into a strong commercial centre with residential living.

WHAT YOU CAN EXPECT FROM US

We invest in our city to support a strong, productive and sustainable local economy.

The Hamilton Plan

Our economic development activities primarily contribute to these Hamilton Plan priorities:

- The third city economy in New Zealand
- An active, strong commercial central city with distinctive suburban villages
- Waikato is the capital of high performance sport

YOU CAN EXPECT: OUR VENUES TO BE WELL USED

MEASURE	LATEST RESULT 2013/14	TARGETS
The total number of hire days across the Claudelands facilities each year.	465	2015/16: At least 500 2016/17: At least 510 2017/18 – 2024/25: At least 520
The number of people attending events at Claudelands each year.	181,000	2015/16: At least 180,000 2016/17: At least 185,000 2017/18 – 2024/25: At least 190,000
The total number of hire days across the stadium facilities each year.	460	2015/16: At least 410 2016/17 – 2024/25: At least 420
The number of people attending events at the stadiums each year.	200,000	2015/16 - 2024/25: At least 200,000

What this tells us

We measure the number of days a venue is hired instead of the number of events to get a more accurate picture of how much our venues are used. Venues have multiple spaces available for hire and can host a number of different events on any particular day. The length of each event varies, so too does the number of days taken to set up or pack down an event. The term 'hire days' therefore reflects the total number of days that each hireable space is booked at a particular venue.

YOU CAN EXPECT: A FINANCIAL RETURN ON THE COUNCIL'S COMMERCIAL PROPERTY INVESTMENTS

MEASURE	LATEST RESULT	TARGETS
The financial return on the Council's commercial property investments.	2013/14: 8%	2015/16 - 2024/25: 7%

What this tells us

Keeping properties tenanted is key to ensuring we are achieving good financial returns on our commercial property investments. The target reflects the current market we are operating in and has been benchmarked against other commercial investment portfolios.

YOU CAN EXPECT: IN-DEPTH ECONOMIC MONITORING

MEASURE	LATEST RESULT	TARGETS
Quarterly and annual economic analysis of Hamilton's economy to be produced.	New measure	2015/16 - 2024/25: Quarterly and annual monitoring reports produced

What this tells us

This analysis provides information data and economic intelligence that informs us about the economic health of the city and enhances the Council's business decision-making.

YOU CAN EXPECT: GROWTH IN THE HAMILTON AND WAIKATO REGION VISITOR ECONOMY

MEASURE	LATEST RESULT	TARGETS
The percentage of growth in the visitor economy of the Hamilton and Waikato region.	2013: \$1.08 billion	2015/16 - 2024/25: 2.8% growth annually

What this tells us

The Council provides funding to Hamilton and Waikato Tourism Limited, along with six other Waikato councils. Hamilton City Council is the major funder. The core purpose of this organisation is to promote the Hamilton and Waikato region as an appealing destination to international and domestic visitors in order to generate the economic benefits for the region and its communities.

The aspiration for the Hamilton and Waikato region is to expand the visitor economy from \$1.08B in 2013 to \$1.5B in 2025, representing growth of 40 per cent or 2.8% per annum. Additional funding has been provided through the seven councils' 2015-25 10-Year Plans to help achieve this.

ECONOMIC DEVELOPMENT FUNDING IMPACT STATEMENT

Forecast for the year ended 30 June 2016-2025	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	15,847	998	1,861	2,619	3,921	6,176	9,263	9,765	10,325	11,495	13,905
Targeted rates	169	11,062	8,551	6,890	6,493	6,684	6,613	4,570	2,924	1,586	280
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	9,285	9,057	9,268	9,493	9,737	10,001	10,286	10,594	10,925	11,282	11,667
Internal charges and overheads recovered	0	132	135	138	142	146	150	155	159	165	170
Local authorities fuel tax, fines, infringement fees and other receipts	414	550	550	550	550	550	550	550	550	550	550
Total operating funding	25,715	21,799	20,365	19,690	20,843	23,557	26,862	25,634	24,883	25,078	26,572
Application of operating funding											
Payments to staff and suppliers	14,886	15,028	15,330	15,620	16,344	16,571	17,635	17,739	18,230	18,499	19,302
Finance costs	7,279	5,143	4,958	4,794	4,534	4,267	4,064	3,847	3,727	3,523	3,225
Internal charges and overheads applied	2,240	132	135	138	142	146	150	155	159	165	170
Other operating funding applications	470	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	24,875	20,303	20,423	20,552	21,020	20,984	21,849	21,741	22,116	22,187	22,697
Surplus (deficit) of operating funding	840	1,496	(58)	(862)	(177)	2,573	5,013	3,893	2,767	2,891	3,875
Sources of capital funding											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	193	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	1,191	1,476	2,534	3,384	2,374	1,196	1,537	1,163	2,379	557	(1,389)
Gross proceeds from sale of assets	11	15	16	17	18	18	19	19	20	20	21
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	1,395	1,491	2,550	3,401	2,392	1,214	1,556	1,182	2,399	577	(1,368)
Application of capital funding											
Capital expenditure											
• to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
• to improve the level of service	355	169	388	27	44	31	50	53	40	42	43
• to replace existing assets	901	2,818	2,104	2,512	2,171	3,756	6,519	5,022	5,126	3,426	2,464
Increase (decrease) in reserves	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) of investments	979	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	2,235	2,987	2,492	2,539	2,215	3,787	6,569	5,075	5,166	3,468	2,507
Surplus (deficit) of capital funding	(840)	(1,496)	58	862	177	(2,573)	(5,013)	(3,893)	(2,767)	(2,891)	(3,875)
Funding balance	0	0	0	0	0	0	0	0	0	0	0



PLANNING AND DEVELOPMENT

WHAT WE DO

City planning, planning guidance and compliance, building control

This includes:

- District Plan
- Resource consents and monitoring
- Building consents and inspections
- Building warrants of fitness
- Property information and advice
- Urban design and heritage panels

Good planning supports sustainable growth and development. It protects Hamilton’s natural and built environments and helps maintain quality of life for our city’s residents.

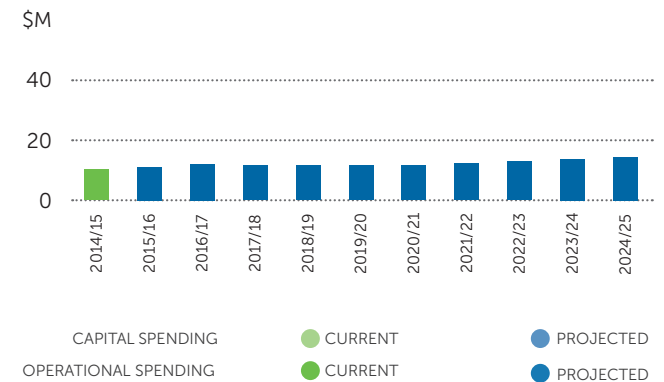
We prepare the District Plan and other policies that guide the future development of our city. We are several years into a review of our District Plan, the key document that defines how and where the city grows and how its natural and physical resources are managed.

We provide planning information and process applications for land use and subdivision consents and work with developers to ensure the city is well designed, safe and successful. Our work also includes monitoring and investigating compliance with resource consent conditions, District Plan, the Prostitution Bylaw and the Gambling Policy.

We issue building consents, inspect buildings and provide advice to help ensure Hamilton’s buildings

are safe, healthy and durable. We also maintain property information and answer property enquiries.

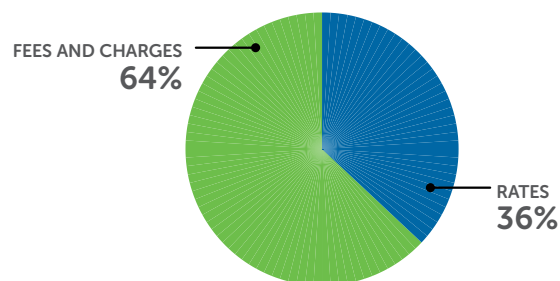
How much it costs





OUR PLANS

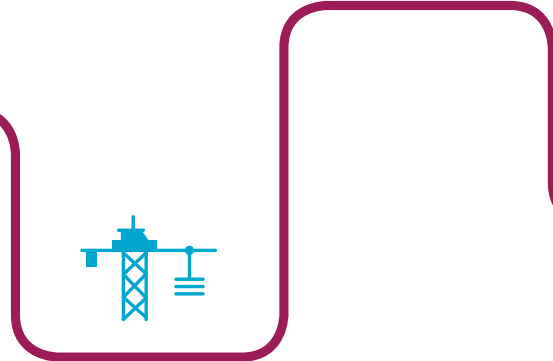
How it's paid for



We want to make it better to do business with us. We are working to improve our planning and building control services, with a focus on providing quality services that are efficient and easy to use.

The Council is now several years into the review of the District Plan. We will continue to work on resolving all appeals so the proposed District Plan can be made operative. We will also complete a further process to enable the development of an inland port in Ruakura to progress, which will involve consultation and hearings to rezone some land.

We are required to monitor our District Plan to make sure that it is successful in achieving the objectives and policies which have been set out in the plan. We are working on putting in a place a programme to monitor its effectiveness.



WHAT YOU CAN EXPECT FROM US

We're involved in planning and development to protect Hamilton's unique environment and residents' quality of life as our city grows.

The Hamilton Plan

Planning and development primarily contributes to these Hamilton Plan priorities:

- Hamilton is the third largest city economy in New Zealand
- An active, strong commercial central city and distinctive suburban villages
- Affordable housing

YOU CAN EXPECT: AN ADEQUATE SUPPLY OF LAND FOR HOUSING

MEASURE	LATEST RESULT	TARGETS
The number of years of residential land supply zoned and ready for development in greenfield areas.	As at December 2014: 7.7 years	2015/16 – 2024/25: At least 5 years
<p>What this tells us The Council zones and provides the strategic infrastructure for new growth areas in the city (greenfield areas). While developers provide the infrastructure needed for their development, the Council needs to make sure that there are the right networks to join up with. This measure tell us how much land is zoned and has strategic infrastructure in place and therefore ready for developers to complete their developments and bring them to market for new housing.</p>		

YOU CAN EXPECT: PLANNING AND BUILDING CONSENTS TO BE PROCESSED ON TIME

MEASURE	LATEST RESULT 2013/14	TARGETS 2015/16 – 2024/25
The percentage of non-notified resource consent applications processed within statutory timeframes.	99%	100%
The percentage of building consents processed within statutory timeframes.	96%	100%
<p>What this tells us The Council has legal timeframes that applications must be processed within. We monitor these timeframes to make sure we are meeting and where possible, exceeding our obligations.</p>		

PLANNING AND DEVELOPMENT FUNDING IMPACT STATEMENT

Forecast for the year ended 30 June 2016-2025	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	3,481	449	1,006	1,364	1,844	2,254	2,679	3,258	3,982	4,666	5,572
Targeted rates	37	3,831	3,926	3,122	2,725	2,226	1,766	1,383	987	515	0
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	6,376	7,436	7,610	7,795	7,995	8,212	8,446	8,698	8,970	9,264	9,580
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	0	0	0	0	0	0
Total operating funding	9,894	11,716	12,542	12,281	12,564	12,692	12,891	13,339	13,939	14,445	15,152
Application of operating funding											
Payments to staff and suppliers	8,047	11,383	11,866	11,824	12,033	12,308	12,498	12,902	13,344	13,968	14,657
Finance costs	7	11	11	11	11	11	11	11	11	11	11
Internal charges and overheads applied	2,305	0	0	0	0	0	0	0	0	0	0
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	10,359	11,394	11,877	11,835	12,044	12,319	12,509	12,913	13,355	13,979	14,668
Surplus (deficit) of operating funding	(466)	322	665	446	520	373	382	426	584	466	484
Sources of capital funding											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	695	0	0	0	0	0	0	0	0	0	0
Gross proceeds from sale of assets	5	11	12	12	13	13	14	14	14	15	15
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	700	11	12	12	13	13	14	14	14	15	15
Application of capital funding											
Capital expenditure											
• to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
• to improve the level of service	86	100	264	34	56	39	64	45	51	53	55
• to replace existing assets	148	233	413	424	477	347	332	395	547	428	444
Increase (decrease) in reserves	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	234	333	677	458	533	386	396	440	598	481	499
Surplus (deficit) of capital funding	466	(322)	(665)	(446)	(520)	(373)	(382)	(426)	(584)	(466)	(484)
Funding balance	0	0	0	0	0	0	0	0	0	0	0



SAFETY

WHAT WE DO

Animal education and control, environmental health and public safety

This includes:

- Dog registration
- Dog safety education
- Food and liquor licensing
- Public health nuisances
- Noise control
- Contaminated site management and hazardous substances
- Graffiti prevention and removal
- City Safe patrols
- CCTV cameras
- Liquor licensing

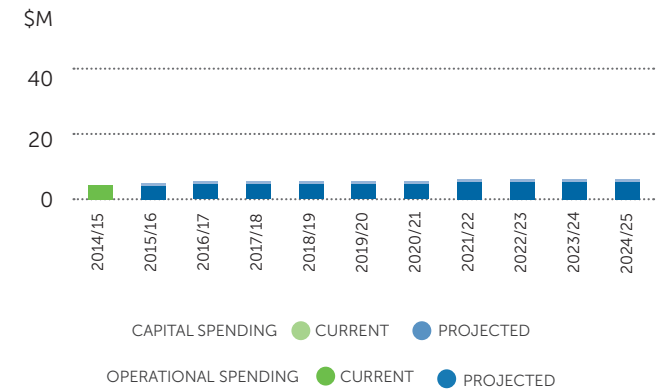
The Council plays a large role in protecting public safety in a range of areas aimed at making Hamilton a more desirable place to live.

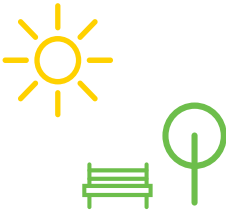
We ensure dogs are registered and controlled and provide education to schools, businesses and community groups about safety around dogs.

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.

Our work also includes partnering with others, such as the Police, on crime prevention initiatives. Some of the services we provide are the City Safe Patrols, CCTV cameras in the central city and a graffiti removal service to proactively investigate and remove tagging from publicly visible sites and Council assets.

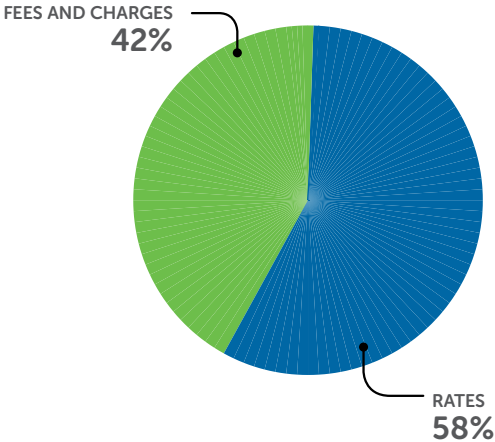
How much it costs





OUR PLANS

How it's paid for



The Council is taking safety in the central city seriously and responding to public concerns about feeling unsafe. We have created a Central City Safety Plan with the help of experts including the Police, health providers, government social service organisations and the Hamilton Central Business Association.

The plan responds to public concerns about safety. It contains goals and a list of actions that the Council and others will deliver over the next four years to improve people’s perception of safety in Hamilton’s central city.

You can find out more about the Central City Safety Plan at hamilton.govt.nz/safetyplan

WHAT YOU CAN EXPECT FROM US



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

The Hamilton Plan

Our safety activities primarily contribute to this Hamilton Plan priority:

- An active, strong commercial central city with distinctive suburban villages

YOU CAN EXPECT: THE COUNCIL TO WORK WITH OTHERS TO IMPROVE PERCEPTIONS OF SAFETY IN THE CENTRAL CITY

MEASURE	LATEST RESULT	TARGETS
The percentage of central city users surveyed who feel very safe or reasonably safe in the central city during the daytime.	September 2014 survey: 63%	2015/16 & 2016/17: Improvement on the previous year's result 2017/18 onwards: At least 80%

What this tells us

The Council is working with a range of partners to improve people's perceptions of safety in the central city during the daytime. CCTV networks will be expanded to provide increased coverage, Police and Maori wardens foot patrols have been increased and a communications and engagement plan has been developed. In line with the Police target, we also aim to reduce the amount of reported nuisance behaviour and crimes, such as burglary and public order offences.

YOU CAN EXPECT: A RELIABLE RESPONSE TO REQUESTS FOR GRAFFITI, EXCESSIVE NOISE AND DOG CONTROL

MEASURE	LATEST RESULT 2013/14:	TARGETS 2015/16 - 2024/25:
The percentage of graffiti removal jobs completed within two working days.	97%	95%
The percentage of complaints about excessive noise responded to within 30 minutes.	96%	95%
The percentage of urgent requests for dog control responded to within 60 minutes.	98.5%	100%

What this tells us

The Council provides a service to remove tagging from public spaces. Removing tagging quickly ensures that it has minimal impact on the look of our city and discourages repeat offending. We also have a hotline for the community to report graffiti.

Excessive noise is defined as noise that disturbs someone's peace and comfort. Examples include a loud stereo or party, band practices, a loud alarm or machinery.

Urgent requests for dog control involve threats to public safety when someone is intimidated or attacked by a dog.

YOU CAN EXPECT: PREMISES SELLING FOOD AND LIQUOR TO BE REGULARLY MONITORED

MEASURE	LATEST RESULT	TARGETS
The percentage of high risk premises selling food inspected at least once each year for compliance with the current food safety requirements (excluding those premises subject to the new Food Act 2014 regime).	2013/14: 100%	2015/16 – 2017/18: 100%
The percentage of high risk premises selling liquor monitored annually.	2013/14: 100%	2015/16 - 2024/25: 100%

What this tells us

We proactively monitor high risk premises selling food and liquor through routine inspections and audits. Premises with a higher risk are inspected more regularly.

The current food safety regulations require that we inspect high risk food premises at least once annually. However, recent changes to the regulations will see a new food safety regime introduced that will broaden the focus of our inspection to include an audit of the food safety practices of a business as well.

Under the new regulations, high risk food premises will be required to have a written food control plan that identifies food safety risks and what they will do to manage those risks. Food businesses will transition over to the new regime over the next three years. In the meantime we will continue to inspect and monitor all high risk premises that have not yet transitioned to the new regime.

We will be encouraging the early uptake of food control plans by food premises before the new Act comes into effect on 1 March 2016. Once enacted, we will begin proactive auditing of these food control plans.

SAFETY FUNDING IMPACT STATEMENT

Forecast for the year ended 30 June 2016-2025	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	2,430	311	631	947	1,302	1,693	2,000	2,411	2,867	3,299	3,936
Targeted rates	25	2,695	2,479	2,182	1,934	1,680	1,324	1,027	713	365	0
Subsidies and grants for operating purposes	106	0	0	0	0	0	0	0	0	0	0
Fees and charges	1,967	2,136	2,185	2,238	2,296	2,358	2,425	2,498	2,576	2,660	2,751
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	2	13	13	13	14	14	14	15	15	15	16
Total operating funding	4,529	5,155	5,308	5,380	5,546	5,745	5,763	5,951	6,171	6,339	6,703
Application of operating funding											
Payments to staff and suppliers	4,009	4,925	5,056	5,187	5,329	5,458	5,585	5,759	5,932	6,128	6,347
Finance costs	45	28	27	26	25	23	22	21	20	19	18
Internal charges and overheads applied	563	0	0	0	0	0	0	0	0	0	0
Other operating funding applications	3	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	4,620	4,953	5,083	5,213	5,354	5,481	5,607	5,780	5,952	6,147	6,365
Surplus (deficit) of operating funding	(91)	202	225	167	192	264	156	171	219	192	338
Sources of capital funding											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	161	7	12	16	11	6	7	5	11	3	(6)
Gross proceeds from sale of assets	6	4	4	5	5	5	5	5	5	6	6
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	167	11	16	21	16	11	12	10	16	9	0
Application of capital funding											
Capital expenditure											
• to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
• to improve the level of service	28	29	75	10	16	11	18	13	15	15	16
• to replace existing assets	48	184	166	178	192	264	150	168	220	186	322
Increase (decrease) in reserves	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	76	213	241	188	208	275	168	181	235	201	338
Surplus (deficit) of capital funding	91	(202)	(225)	(167)	(192)	(264)	(156)	(171)	(219)	(192)	(338)
Funding balance	0	0	0	0	0	0	0	0	0	0	0



COMMUNITY SUPPORT

WHAT WE DO

Community development, emergency management and housing

This includes:

- Grants and funding advice
- Community liaison and collaboration
- Community centres and halls
- Civil defence
- Housing for older people

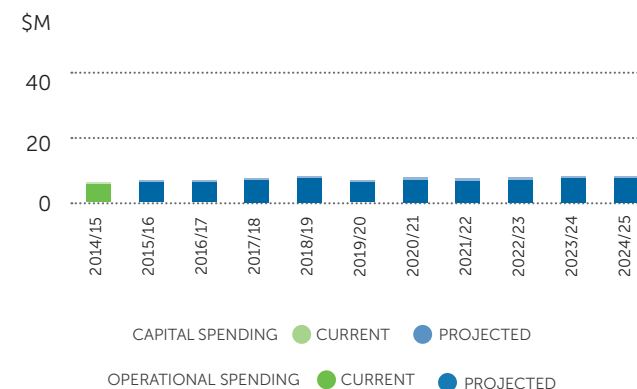
We work alongside the community, support services and central government agencies to help ensure services are in place to support a strong and connected city. We place special emphasis on connecting with the city’s ethnic communities, people with disabilities, youth and elderly and communities in areas of low social-economic status.

Our work includes community advisory services, funding and grants. We also own and operate a number of community centres and halls to support social and recreational activities within our city.

We provide leadership, advice, planning and resources to enable the community to respond and recover from any significant disaster that could affect the city.

The Council decided, through a separate process in 2014, to sell its pensioner housing units to social housing providers.

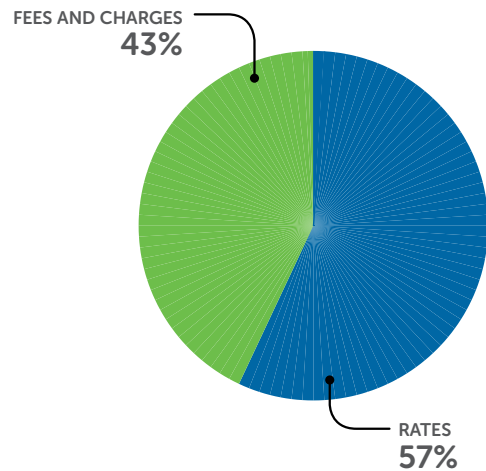
How much it costs





OUR PLANS

How it's paid for



After considering feedback from the social housing sector and the community, the Council has decided to sell its pensioner housing units to social housing providers. Conditions of any sale will be that existing tenants are able to remain within the pensioner housing portfolio for as long as they wish and that the units remain as social housing for the next 10 years.

Social housing providers will have six months from February 2015 to express interest in purchasing the housing portfolio. The Council will continue to manage the social housing units until a sale is completed. For more information see hamilton.govt.nz/housingreview

On the emergency management front, we are working with our communities to build greater resilience to emergencies and disaster events, and to help our city recover faster. We are proactively encouraging the uptake of community response plans to enable the community to respond and remain self reliant for at least three days without any external assistance in the event of an emergency.

WHAT YOU CAN EXPECT FROM US

We provide these services to support a strong, resilient and connected community.

The Hamilton Plan

These activities are about building a strong, resilient and connected community, which contributes to the achievement of all of our Hamilton Plan priorities.

YOU CAN EXPECT: THE COUNCIL TO ALWAYS BE READY FOR AN EMERGENCY

MEASURE	LATEST RESULT	TARGETS
Hamilton's overall capability for an emergency event, assessed against the Ministry of Civil Defence criteria.	2013/14: 73%	2015/16-2017/18: 75% 2018/19- 2024/25: 80%

What this tells us

We have made significant progress since we achieved a 30 per cent score in 2010/11 by putting in place plans and procedures to improve our capability to respond to an emergency event.

We are working in partnership with other local authorities from across the region through the Waikato Civil Defence Emergency Management (CDEM) Group. The role of the group is to work together with Waikato communities to ensure the effective and efficient delivery of emergency management through a collective response.

Our future focus will be working to integrate emergency response and recovery planning into Hamilton communities. A resilient city will recover from an emergency event faster.

YOU CAN EXPECT: COUNCIL GRANTS TO BE USED EFFECTIVELY

MEASURE	LATEST RESULT	TARGETS
The value of services leveraged for every \$1 of community grant funding provided.	New measure	2015/16 – 2024/25: \$3.00 worth of services leveraged for every \$1 provided

What this tells us

Through an application process, the Council provides community assistance grants to groups and organisations to deliver services to the community. This is a measure of the return on investment for the Council's community grants programme.

COMMUNITY SUPPORT FUNDING IMPACT STATEMENT

Forecast for the year ended 30 June 2016-2025	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	2,844	174	529	922	1,698	1,537	2,003	2,483	3,009	3,564	3,924
Targeted rates	31	2,894	2,726	2,521	2,793	1,707	1,453	1,143	800	418	0
Subsidies and grants for operating purposes	50	0	0	0	0	0	0	0	0	0	0
Fees and charges	2,013	2,305	2,471	2,531	2,596	2,667	2,743	2,825	2,913	3,009	3,111
Internal charges and overheads recovered	0	3	3	3	3	3	3	3	4	4	4
Local authorities fuel tax, fines, infringement fees and other receipts	1	1	1	1	1	1	1	1	1	1	1
Total operating funding	4,939	5,377	5,730	5,978	7,091	5,915	6,203	6,455	6,727	6,996	7,040
Application of operating funding											
Payments to staff and suppliers	4,745	5,084	5,386	5,624	6,727	5,580	5,865	6,110	6,321	6,599	6,632
Finance costs	38	13	13	12	13	12	11	11	11	10	9
Internal charges and overheads applied	713	3	3	3	3	3	3	3	4	4	4
Other operating funding applications	6	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	5,502	5,100	5,402	5,639	6,743	5,595	5,879	6,124	6,336	6,613	6,645
Surplus (deficit) of operating funding	(563)	277	328	339	348	320	324	331	391	383	395
Sources of capital funding											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	500	3	6	8	6	3	4	3	6	1	(3)
Gross proceeds from sale of assets	7	7	7	8	8	8	8	9	9	9	9
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	507	10	13	16	14	11	12	12	15	10	6
Application of capital funding											
Capital expenditure											
• to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
• to improve the level of service	82	14	38	5	8	6	9	6	7	8	8
• to replace existing assets	151	273	303	350	354	325	327	337	399	385	393
Increase (decrease) in reserves	(289)	0	0	0	0	0	0	0	0	0	0
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	(56)	287	341	355	362	331	336	343	406	393	401
Surplus (deficit) of capital funding	563	(277)	(328)	(339)	(348)	(320)	(324)	(331)	(391)	(383)	(395)
Funding balance	0	0	0	0	0	0	0	0	0	0	0



DEMOCRACY SERVICES

WHAT WE DO

Governance and public affairs, partnership with Maaori

This includes:

- Council and committee meetings
- Elected members' remuneration
- Elections and referenda
- Civic events
- Partnership with Maaori
- Official information requests
- Advisory panels

Democracy is about providing Hamiltonians with excellent governance and sound leadership for the city, with opportunities to be involved in decisions the Council makes.

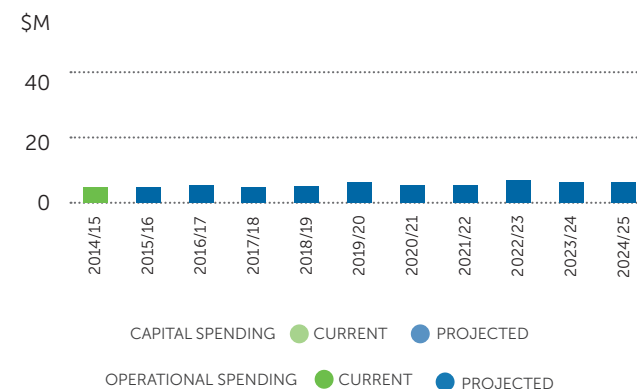
This activity includes Council and committee meetings, consultation, elected members' remuneration, and civic functions. We also run Hamilton's local government elections.

We make sure that people have easy access to the information they need to get involved in Council's decision-making.

The Council fosters opportunities for Maaori to be involved and has relationships and service contracts with organisations to ensure Maaori views are represented in decisions about the city.

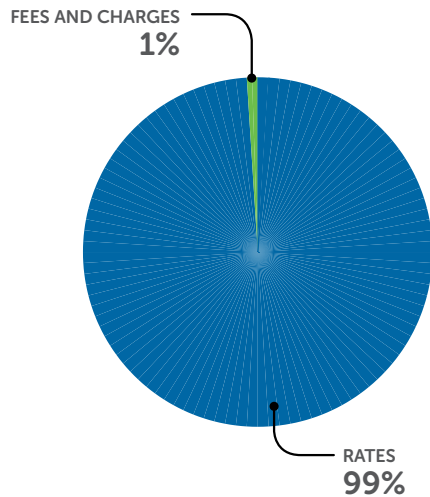
We have a number of advisory panels that provide guidance and advice to Council on a range of matters. These include the Hamilton's Older Person's Advisory Panel and Youth Council who are key representative partners.

How much it costs





How it's paid for



OUR PLANS

We will continue to build on our relationships with the community to make sure that Hamilton's interests are represented regionally and nationally. This includes developing stronger relationships with local Maaori.

One of our challenges is to ensure we hear a wide range of views from our diverse community. To do this we are working to make information more easily accessible, improve the ways we interact with residents and make it easier for everyone to have their say.

One way we are making information more accessible is by live-streaming all Council meetings, Finance Committee and Strategy and Policy Committee meetings. We will be looking at how to increase the usability and community interaction with this service over the coming years.

We have also been making changes to the way we manage the information on our website to ensure that information is readily available and easy to access. We will be making sure that agendas, minutes, key information and official information requests are all available online in a timely manner to promote openness and transparency in everything we do.

At the next local election in 2016 we hope to become one of the first cities in New Zealand to trial online voting. It is hoped this will improve voter turnout by making voting more convenient and accessible.



MAAORI AND DECISION-MAKING

Council seeks to honour the principles of partnership in decision-making with its treaty partners.

Council has partnerships with Maaori organisations which assist Council in ensuring Hamilton is a city where people from different cultures work together and respect each other's views, heritage, culture and strengths.

Following an independent review carried out by Pricewaterhouse Coopers in 2012/13, we continue to receive valued support and advice from urban Maaori organisation Te Runanga o Kirikiriroa (for strategic policy advice) and Te Haa o te Whenua o Kirikiriroa Trust, who represent the five hapuu for the greater Hamilton area on issues relating to the management of Hamilton's natural and physical resources.

A Maaori Relationship Advisor role was established in March 2014 to provide support and advice to Council on issues related to Maaori and to help with the development of stronger relationships with local Maaori. Tame Pokaia was appointed by the Maaori King's office as Council's kaumatua, also in March, 2014 following the passing of our valued and respected kaumatua Moko Hamiora.

In November 2014, Her Worship the Mayor and elected members were privileged to be invited and hosted by the Maaori King, King Tuuheitia. King Tuuheitia shared his desire to work more closely with the Council in the future, which will bring benefits to Waikato-Tainui and also the residents of Hamilton.

Council also met with members of management from Waikato-Tainui to discuss building positive and stronger relationships between the organisations. It was agreed that more regular co-management meetings be held to support development of the relationship.

Implementing the joint management agreement with Waikato-Tainui on issues relating to the Waikato River is still in early stages and will continue in the coming year.



WHAT YOU CAN EXPECT FROM US

We provide democracy services to support effective, open and responsive city governance.

The Hamilton Plan

Democracy services are about governance and decision-making, which contribute to all of our Hamilton Plan priorities.

YOU CAN EXPECT: TIMELY AND OPEN ACCESS TO PUBLIC INFORMATION

MEASURE	LATEST RESULT 2013/14	TARGETS 2015/16 - 2024/25
The percentage of official information requests responded to within 20 working days.	97%	100%
What this tells us All requests for information are considered official. By law the Council must reply to official information requests within 20 working days. If extra time is needed, the applicant will be advised and given a reason and an estimated time period in which the information will be supplied.		
The number of complaints about Council withholding information upheld by the Ombudsman.	0 complaints upheld	0 complaints upheld
What this tells us Once a request for information is made the Council must supply the information unless there is a reason for withholding it. These reasons are set out in the Local Government Official Information and Meetings Act.		
The percentage of Council meeting agendas circulated at least two working days prior to the meeting	100%	100%
What this tells us We are required by law to make sure that meeting agendas are made publicly available within certain timeframes.		

DEMOCRACY SERVICES FUNDING IMPACT STATEMENT

Forecast for the year ended 30 June 2016-2025	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	4,065	551	1,212	1,696	2,315	3,233	3,597	4,327	5,644	5,915	6,807
Targeted rates	43	4,707	4,729	3,887	3,424	3,199	2,374	1,839	1,401	653	0
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	17	20	228	21	22	246	23	23	269	25	26
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	0	0	0	0	0	0
Total operating funding	4,125	5,278	6,169	5,604	5,761	6,678	5,994	6,189	7,314	6,593	6,833
Application of operating funding											
Payments to staff and suppliers	1,892	5,251	6,117	5,565	5,717	6,646	5,962	6,155	7,264	6,552	6,792
Finance costs	10	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads applied	2,935	0	0	0	0	0	0	0	0	0	0
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	4,837	5,251	6,117	5,565	5,717	6,646	5,962	6,155	7,264	6,552	6,792
Surplus (deficit) of operating funding	(712)	27	52	39	44	32	32	34	50	41	41
Sources of capital funding											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	957	0	0	0	0	0	0	0	0	0	0
Gross proceeds from sale of assets	2	1	1	2	2	2	2	2	2	2	2
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	959	1	1	2	2	2	2	2	2	2	2
Application of capital funding											
Capital expenditure											
• to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
• to improve the level of service	91	7	19	2	4	3	5	3	4	4	4
• to replace existing assets	156	21	34	39	42	31	29	33	48	39	39
Increase (decrease) in reserves	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	247	28	53	41	46	34	34	36	52	43	43
Surplus (deficit) of capital funding	712	(27)	(52)	(39)	(44)	(32)	(32)	(34)	(50)	(41)	(41)
Funding balance	0	0	0	0	0	0	0	0	0	0	0

CAPITAL PROJECTS LIST

In the following pages, we look at all the capital projects.

We set out what we will spend in these areas over the next decade.

We look at renewals, levels of service and growth.

KEY

R	= Renewals
LOS	= Levels of service
G	= Growth

	type	Yr 1 2015-16 \$000	Yr 2 2016-17 \$000	Yr 3 2017-18 \$000	Yr 4-10 2018-25 \$000
ARTS AND CULTURE					
Libraries					
CE10005 - Library collection purchases	R	1,048	1,076	1,104	8,707
CE10006 - Library asset renewal	R	164	102	81	683
CE10007 - Library building asset renewal programme	R	9	70	38	1,776
		1,221	1,248	1,223	11,166
Museum					
CE10008 - Museum asset renewal	R	139	98	94	1,011
CE10009 - ArtsPost earthquake strengthening	R	0	0	1,316	1,352
CE10010 - Public art support fund	R	30	31	32	248
CE10011 - Museum activity building renewals	R	390	210	115	2,859
		559	339	1,557	5,470
Hamilton city theatres					
CE10012 - Founders Theatre - plant & equipment	R	97	258	292	1,160
CE10013 - Technical services - equipment renewals	R	210	310	456	2,259
CE10014 - Founders Theatre building renewals	R	152	90	13	824
CE10159 - Founders Theatre stage house renewal	R	100	0	0	16,581
		559	658	761	20,824
Total Arts and Culture		2,339	2,245	3,541	37,460

	type	Yr 1 2015-16 \$000	Yr 2 2016-17 \$000	Yr 3 2017-18 \$000	Yr 4-10 2018-25 \$000
COMMUNITY SERVICES					
Housing Services					
CE10025 -Pensioner housing renewals	R	200	205	211	1,660
		200	205	211	1,660
Total Community Services		200	205	211	1,660
ECONOMIC DEVELOPMENT					
Claudelands and Stadia					
CE10040 - Business administration plant & equipment	R	0	0	53	305
CE10041 - Claudelands - plant & equipment	R	260	301	591	4,904
CE10042 - Seddon Park - plant & equipment	R	107	36	53	846
CE10043 - Waikato Stadium - plant & equipment	R	751	135	115	848
CE10044 - Turf services plant & equipment	R	25	55	74	415
CE10045 - Claudelands - property renewals	R	150	0	0	3,054
CE10046 - Seddon Park - property renewals	R	35	21	334	207
CE10047 - Waikato Stadium - property renewals	R	249	662	0	2,977
CE10048 - Stadia building renewals	R	333	424	694	8,281
CE10049 - Claudelands building renewals	R	61	0	9	1,773
CE15050 - Claudelands capital improvement programme	LOS	90	0	0	18
CE15051 - Ctdia capital improvement function	LOS	0	180	0	0
		2,061	1,814	1,923	23,628
Strategic Property					
CE10052 -Strategic Property renewals	R	262	77	8	1,593
CE10053 - Tenancy Inducement renewals	R	354	21	152	414
		616	98	160	2,007
Total Economic Development		2,677	1,912	2,083	25,635

	type	Yr 1 2015-16 \$000	Yr 2 2016-17 \$000	Yr 3 2017-18 \$000	Yr 4-10 2018-25 \$000
PARKS AND GREEN SPACES					
Cemeteries and Crematorium					
CE10021 - building renewals - cemeteries	R	12	10	3	259
CE10022 - renewal of crematorium assets	R	0	133	32	449
CE10023 - Hamilton Park, east & west cemeteries renewals	R	60	46	8	523
CE15024 - Hamilton Park Cemetery, burial & ash lawn extension	G	32	21	37	794
		104	210	80	2,025
Hamilton gardens					
CE10026 - Hamilton Gardens renewals	R	45	51	158	602
CE15027 - proposed development programme	G	1,828	2,627	2,786	0
CE10028 - Hamilton Gardens building renewals	R	165	132	48	805
		2,038	2,810	2,992	1,407
Parks					
CE10029 - toilet and changing room renewals	R	284	83	110	1,676
CE10030 - building renewals - parks & open spaces	R	233	238	48	1,592
CE10032 - parks & open spaces assets & playgrounds renewals	R	969	1,384	1,245	11,109
CE15033 - land purchase future reserves	G	830	226	232	130
CE15034 - destination playground - public toilets	LOS	500	257	0	575
CE15035 - Rototuna Park development	G	350	0	0	0
CE15036 - playground development programme	LOS	100	513	527	3,125
		3,266	2,701	2,162	18,207
Sports parks					
CE10031 - Sports area renewals	R	287	120	92	3,272
CE10160 - Galloway Park	R	0	0	0	598
CE15163 - Mahoe Park	LOS	0	0	0	747
CE10161 - Porritt Stadium	R	0	0	0	84
CE10162 - Resthills Park	R	0	0	0	412
CE10163 - Marist Park	R	0	0	0	386
CE10164 - Ashurst Park	R	0	0	0	309
CE15164 - Rototuna Park option 1	G	0	0	0	6,097
		287	120	92	11,905
Total Parks and Green Spaces		5,695	5,841	5,326	33,544

	type	Yr 1 2015-16 \$000	Yr 2 2016-17 \$000	Yr 3 2017-18 \$000	Yr 4-10 2018-25 \$000
RECREATION					
Aquatic Facilities					
CE10001 - Aquatic facilities building renewals	R	79	544	1,120	2,941
CE10002 - Waterworld hydroslide renewal	R	150	0	0	177
CE15165 - 25 meter pool	LOS	0	0	0	5,850
CE10003 - Waterworld operational asset renewals	R	180	197	252	3,332
CE10004 - Gallagher Aquatic Centre operational asset renewal	R	70	198	156	973
		479	939	1,528	13,273
Hamilton Zoo					
CE10015 - Zoo animal enclosure renewals	R	108	140	146	1,077
CE10016 - Zoo building renewals	R	108	62	85	717
CE10017 -Property renewals	R	14	11	0	614
CE15018 - Zoo browse plantation	LOS	0	21	0	0
CE10019 - Zoo quarantine replacement	R	80	0	0	0
CE10020 - Zoo animal replacement	R	40	41	42	331
		350	275	273	2,739
Total Recreation		829	1,214	1,801	16,012
SAFETY					
CE10037 - CCTV renewals	R	40	41	42	331
CE10038 - Animal education and control building - security fencing	R	70	0	0	0
CE10039 - Mobile inspection unit renewals	R	0	0	0	242
Total Safety		110	41	42	573
RUBBISH AND RECYCLING					
Ce10054 - Replacement of closed landfill assets	R	100	161	182	756
Ce15055 - Closed landfill management	LOS	200	259	236	507
CE10056 - Replacement of RTS & HOC assets	R	7	2	7	705
CE15057 - Resource Recovery Park	LOS	0	0	0	0
Total Rubbish and Recycling		307	422	425	1,968

	type	Yr 1 2015-16 \$000	Yr 2 2016-17 \$000	Yr 3 2017-18 \$000	Yr 4-10 2018-25 \$000
STORMWATER					
CE10058 - Replacement of stormwater assets	R	707	577	645	6,862
CE15059 - Rototuna stormwater infrastructure	G	574	332	900	6,632
CE15060 - Rotokauri stormwater infrastructure stage 1	G	0	0	0	28,677
CE15062 - Peacocke stormwater infrastructure stage 1	G	558	0	316	1,893
CE15063 - Peacocke stormwater infrastructure stage 2	G	0	0	0	474
CE15064 - Stormwater pipe upgrade - growth	G	125	128	132	1,038
CE15066 - Existing network improvements in new areas	G	100	103	105	830
CE15067 - Comprehensive stormwater consent implementation	LOS	0	0	184	1,767
CE15068 - Stormwater customer connections to the network	G	50	51	53	415
CE15162 - Integrated catchment management plan	G	350	359	379	2,490
Total Stormwater		2,464	1,550	2,714	51,078

TRANSPORT**Parking Management**

CE10069 - Resurfacing off street carparks	R	23	0	0	287
CE10070 - Replacement of parking enforcement equipment	R	360	370	5	225
CE10071 - Parking building renewal	R	256	26	5	86
		639	396	10	598

Transportation Network

CE10072 - Replacement of footpath	R	2,141	2,561	2,248	14,533
CE10073 - Replacement of street furniture	R	60	62	63	499
CE10074 - Replacement of drainage (kerb & channel)	R	1,229	1,261	1,294	10,207
CE10075 - Replacement of road base	R	937	1,836	2,093	16,609
CE10076 - Road resurfacing	R	3,970	4,258	4,561	35,139
CE10077 - Replacement of bridges and culverts	R	100	103	158	2,006
CE10078 - Replacement of retaining walls & structures	R	45	46	47	375
CE10079 - Replacement of environmental controls	R	10	10	11	149
CE10080 - Replacement of lighting	R	280	287	295	2,324
CE10081 - Replacement of traffic equipment	R	400	410	421	3,322
CE10082 - Replacement of street signs	R	70	72	74	582

	type	Yr 1 2015-16 \$000	Yr 2 2016-17 \$000	Yr 3 2017-18 \$000	Yr 4-10 2018-25 \$000
TRANSPORTATION					
CE15085 - Minor improvements to transport network	LOS	638	655	672	5,297
CE15086 - Bus stop infrastructure	LOS	113	115	118	935
CE15087 - Network upgrades to allow new development	G	175	180	184	1,454
CE15088 - Roothing upgrades & development in Peacocke stage 1	G	950	154	53	5,651
CE15089 - Roothing upgrades & development in Peacocke stage 2	G	2,050	770	527	7,947
CE15090 - Roothing upgrades & development - Rotokauri stage 1	G	777	1,221	772	21,170
CE15092 -Roothing upgrades & development in Rototuna	G	2,392	4,553	3,091	36,280
CE15093 - Roothing upgrades & development in Ruakura	G	0	0	0	4,547
CE15094 - Traffic signal improvements	LOS	300	308	0	0
CE15095 - Integrated transport initiatives	LOS	900	923	948	7,474
CE15096 - Cross city connector	G	0	0	0	5,744
CE15097 - Northern river crossing	G	0	0	0	7,447
CE10098 - Building and property renewals	R	30	105	3	732
		17,567	19,890	17,633	190,423
Total Transportation		18,206	20,286	17,643	191,021

	type	Yr 1 2015-16 \$000	Yr 2 2016-17 \$000	Yr 3 2017-18 \$000	Yr 4-10 2018-25 \$000
SEWERAGE					
CE10100 - Replacement of wastewater pump station assets	R	1,013	1,022	825	5,924
CE10101 - Replacement of wastewater assets	R	3,915	3,728	4,406	36,630
CE15103 - Increase capacity of wastewater pump stations	LOS	423	379	446	5,631
CE15104 - Wastewater pipe upgrade - growth	G	300	308	316	2,490
CE15105 - Increase capacity of wastewater network - Rototuna	G	1,400	274	671	6,073
CE15106 - Wastewater network upgrades to allow development	G	80	82	84	665
CE15107 - Increase capacity of network in Rotokauri stage 1	G	52	342	256	4,844
CE15109 - Increase capacity of network in Peacocke stage 1	G	1,722	69	0	60
CE15111 - Increase capacity of network throughout the city	G	350	4,104	3,202	8,997
CE15112 - Increase capacity of network (far east inteceptor)	G	0	0	0	6,421
CE15113 - Increase capacity of network (south inteceptor)	G	0	0	0	392
CE15114 - Increase capacity of network (bulk storage)	G	400	470	3,881	30,563
CE15160 - Wastewater model	R	0	0	0	1,099
CE15161 - Wastewater master plan	G	150	154	79	183
CE10115 - Replacement of wastewater treatment plant assets	R	2,224	1,889	1,901	12,156
CE15116 - Upgrade wastewater treatment plant systems	LOS	150	154	369	2,456
CE15117 - Upgrade wastewater treatment plant (Pukete 3)	G	950	2,052	6,056	9,298
CE15118 - Upgrade wastewater treatment plant (Pukete 4)	G	0	0	0	654
CE15120 - Wastewater treatment plant compliance	LOS	500	513	527	4,153
CE15121 - Wastewater customer connections to the network	G	50	51	53	415
Total Sewerage		13,679	15,590	23,072	139,104

	type	Yr 1 2015-16 \$000	Yr 2 2016-17 \$000	Yr 3 2017-18 \$000	Yr 4-10 2018-25 \$000
WATER SUPPLY					
CE10123 - Replacement of watermains	R	3,128	3,363	3,440	28,008
CE10124 - Replacement of water meters valves & hydrants	R	338	363	339	1,997
CE15126 - Upgrade or build new watermains in rototuna	G	773	515	2,503	7,136
CE15127 - Water pipe upgrade - growth	G	300	308	316	2,490
CE15128 - Upgrade/build new watermains in Rotokauri stage 1	G	505	115	105	2,927
CE15130 - Upgrade/build new watermains in Peacocke stage 1	G	75	105	747	2,063
CE15132 - Water network upgrades to allow new development	G	80	82	84	665
CE15133 - Water demand management - network water loss	LOS	399	410	421	148
CE15134 - Water demand management - Pukete reservoir zone	LOS	0	0	105	3,110
CE15135 - Upgrade/build distribution watermains in Peacocke	G	0	0	0	97
CE15136 - Water demand management - Dinsdale reservoir zone	LOS	25	477	11	0
CE15137 - Water demand management - newcastle reservoir zone	LOS	0	0	0	7,205
CE10138 - Replacement of treatment plant & reservoir assets	R	1,341	861	994	10,002
CE15139 - Water treatment plant compliance - minor upgrades	LOS	1,591	1,033	684	8,314
CE15140 - Rototuna reservoir and associated bulk mains	G	6,447	8,132	53	0
CE15141 - Water demand management - Hillcrest reservoir zone	LOS	0	0	0	10,011
CE15144 - Upgrade water treatment plant	G	500	2,052	8,426	17,768
CE10145 - Tools of trade renewals	R	50	51	53	415
CE15146 - Water customer connections	G	50	51	53	415
CE15148 - Upgrade or build new watermains in ruakura	G	513	0	0	709
CE15158 - Water model	R	0	0	0	1,014
CE15159 - Water master plan	G	150	77	0	183
CE15166 - Fluoride free water source	LOS	60	0	0	0
Total Water Supply		16,325	17,994	18,334	104,677

	class type	Yr 1 2015-16 \$(000s)	Yr 2 2016-17 \$(000s)	Yr 3 2017-18 \$(000s)	Yr 4-10 2018-25 \$(000s)
CORPORATE SERVICES					
Corporate buildings					
CE10151 - Renewals program	R	182	128	1,104	4,019
		182	128	1,104	4,019
Information services					
CE10152 - Network and infrastructure	R	380	605	342	2,276
CE10153 - Core business applications	R	420	965	706	6,026
CE10154 - Minor applications	R	10	21	11	131
CE15155 - Mobility and eservices	LOS	214	348	243	2,585
CE10156 - Lease funding of equipment	R	270	782	800	6,309
CE15157 - Authority replacement	LOS	500	1,539	0	0
		1,794	4,260	2,102	17,327
Performance					
CE10158 - Replacement of fleet vehicles	R	839	884	938	7,303
		839	884	938	7,303
Total Corporate Services		2,815	5,272	4,144	28,649
TOTAL COUNCIL		65,646	72,572	79,336	631,381

FINANCIAL MATTERS

This is where we discuss our financial strategy.

We also provide details on our significant forecasting assumptions.

You'll also find our forecasted financial statements.

96

FINANCIAL STRATEGY

102

SIGNIFICANT FORECASTING
ASSUMPTIONS

110

FORECAST FINANCIAL
STATEMENTS

136

DISCLOSURE STATEMENT

140

COUNCIL FUNDING IMPACT
STATEMENT AND RATING
INFORMATION

146

COUNCIL CONTROLLED
ORGANISATIONS

152

REVENUE AND FINANCING
POLICY

161

SUMMARY OF SIGNIFICANCE
AND ENGAGEMENT POLICY

162

SIGNIFICANT NEGATIVE
EFFECTS

FINANCIAL STRATEGY



BALANCING GROWTH WITH GOOD FINANCIAL MANAGEMENT

The Council will keep rates increases at 3.8 per cent and debt under 200 per cent of revenue.

The financial strategy is the cornerstone to the Council achieving the goal of managing growth while living within its means. Council will do this by keeping rates increases at 3.8 per cent¹ and reducing debt to 200 per cent of revenue, or below, by 2020.

The Council has successfully operated within the limits of its first financial strategy since 2012. The 2015-2025 strategy builds on this by continuing with similar limits which have proven to be prudent and sustainable.

By sticking to these limits Council is able to maintain its assets and service levels, keep its strong credit rating, balance its books and provide for growth.

DEBT

Debt Limit

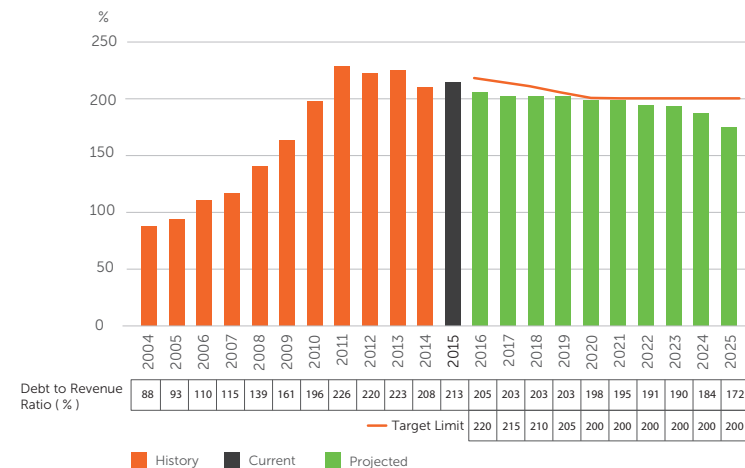
The debt to revenue ratio will be reduced to 200 per cent or below by 2020 and thereafter will remain below 200 per cent.

The Council has successfully changed the direction of debt and is projecting

debt levels within sustainable limits. In 2011 our debt to revenue ratio peaked at 226 per cent. It is prudent to operate at a lower level and the Council has set a target to get this ratio under 200 per cent by 2020 and to keep it there in the future.

During the past three years, the Council has been able to achieve an even lower debt balance than budgeted meaning that the Council is now in a strong position to accommodate the significant expenditure required for new infrastructure assets to service our growing city and have capacity to provide funding for unforeseen events.

Debt to revenue ratio

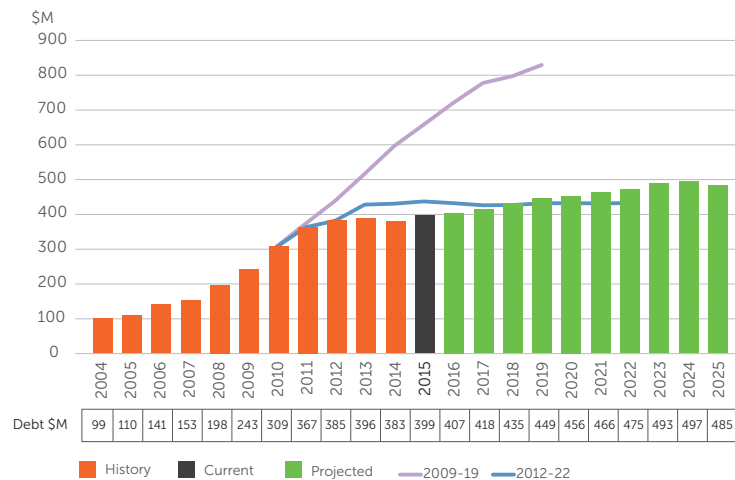


¹ Except for special short term targeted rates for the Hamilton Gardens



The graph below shows our debt projections from the 2009-2019, 2012-2022, and 2015-2025 10-Year plans. By sticking to the 200 per cent financial limit, the Council will be able to prudently increase borrowing to provide infrastructure to support the growth of Hamilton. The total overall debt calculation is included in the notes to the forecast financial statements.

Total overall debt



RATES

Rating Limits

Rates Increase

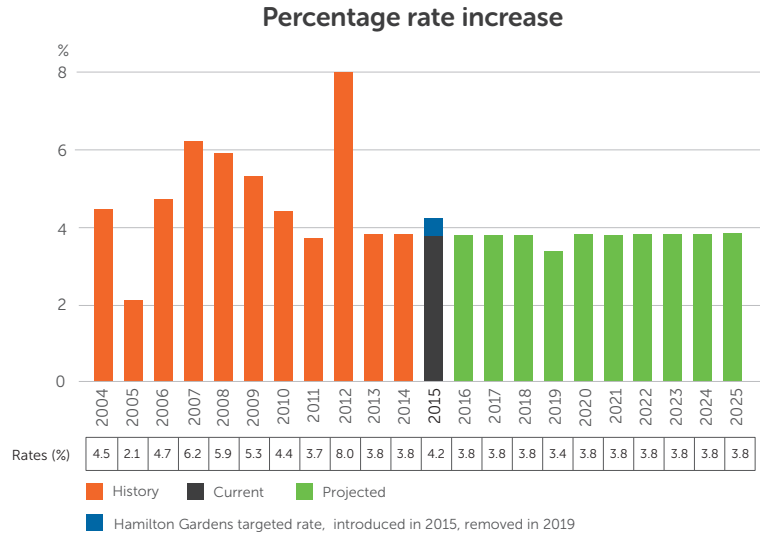
Rates increases to existing ratepayers will not exceed 3.8 per cent, except for special targeted rates (Hamilton Gardens).

Total Rates

Rates will not exceed 0.627 per cent of Hamilton's rateable capital value.

The Council will provide certainty to ratepayers over their rates bills. The Council has successfully achieved this since 2012. With that in mind a 3.8 per cent rates rise per year to existing ratepayers for each of the next 10 years is proposed.

The Council's total rates revenue is budgeted to increase by 4.6 per cent per year, allowing for a 0.8 per cent per year growth in the rates base.



As shown in above table, rates increased greater than the proposed 3.8 per cent increase in seven of the first nine years. In 2015 the Hamilton Gardens targeted rate was introduced. This rate ceases in 2019.

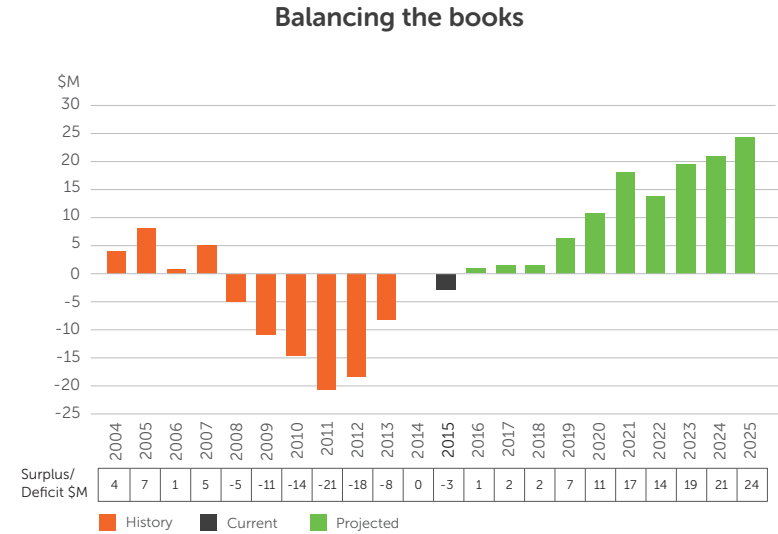
Setting rates at the 3.8 per cent level helps us to live within our means, by ensuring that current ratepayers are paying for the services they are using. The Council can achieve this constant rate increase by carefully managing costs, service levels and debt. The overall level of rates will also be capped relative to Hamilton’s capital value

BALANCING THE BOOKS

The Council will balance the books by 2016.

In recent years, the Council has spent more than it has earned and borrowed to pay the difference. Since 2012 we have changed direction and will balance the books in 2016. The Balancing the Books calculation is included in the forecast financial statements.

With operating surpluses the Council will be able to invest in the future by maintaining existing and providing new infrastructure for our growing city.



The Council has taken a conservative approach in considering whether it has balanced its budget by removing subsidies on significant one-off capital projects (such as the Ring Road project) and the value of assets vested to the Council from new development from its operating revenues. This revenue is irregular in nature and distorts the true operating surplus/deficit of the Council.

Surpluses from 2016 onwards will allow new assets and upgrades to be paid for with reduced requirements for increasing borrowing.

ASSET SALES

Council continues to investigate selling some assets in order to pay off debt quicker than projected. The Council has not included any projected asset sales in the 2015-2025 10-Year Plan due to the uncertainty associated with deciding to sell and ultimately achieving a sale. An example is our social housing assets. A decision has been made to sell these assets but they will only be sold if the Council gets the right price. Until there is certainty of a sale progressing, the Council will not anticipate receiving the proceeds.

GROWTH

Managing growth over the period of this 10-Year Plan and beyond is a big challenge because Hamilton is growing fast. Growth is positive for Hamilton because it means people want to live here and we are attracting businesses and investment.

With growth comes the need for investment in infrastructure. It is very expensive to put in new infrastructure and we also need to look after the assets we already have. Managing the demands for growth and balancing the opportunities for future ratepayers against affordable rates and debt levels for current rate payers is an enormous challenge for Hamilton.

Hamilton's population has been projected to grow from 153,000 in 2016 to 174,000 in 2025. This projection is based on fertility, mortality and migration assumptions and is prepared by the University of Waikato. Population projections have been used to help prepare 30-year demand forecasts for the Infrastructure Strategy and the related capital expenditure programme for the 10-Year Plan has been prioritised from this base.

ACTIVITY GROUP	2015-25 10-YEAR PLAN		
	GROWTH \$000'S	IMPROVE SERVICE LEVEL \$000'S	RENEWALS \$000'S
Sewerage	99,012	15,701	76,732
Stormwater	47,064	1,951	8,791
Transport	108,089	19,396	119,671
Water Supply	67,569	34,004	55,757
Other	15,990	19,134	160,074
All Activity Groups	337,724	90,186	421,025

The above table shows the total cost of projects over the period of the 10-Year Plan categorised by type of expenditure. Growth capital expenditure provides new or improved assets enabling more residents to live in our city; capital expenditure to improve service levels is where we are creating new assets to service the existing population; and renewals restore our existing assets to their original function or capacity.

While the Council is contributing significantly to growth not all growth infrastructure in all areas can be funded and third party funding will be required.

There are additional operating costs associated with adding new assets including depreciation. These can and will be absorbed in the 3.8 per cent rates increase limit.

POLICY ON SECURITIES

In order to borrow money the Council has to offer our lenders some security, just like residents do with their mortgage. Like most councils we secure our debt against our rates income. Our lenders like this as security and it helps keep our interest rates low. Giving rates as security means that our lenders can make us rate you more to repay debt. That is why it is important to keep our debt at a sustainable level.

In certain circumstances the Council may offer other security, including physical assets.

The full policy on giving securities can be found in the investment and liability management policy on the Council's website.

INVESTMENTS

The Council holds investments in companies, property and cash.

Investments in companies/trusts

The Council is an equity holder in six companies and has a controlling influence over one trust. The principal reason for holding an equity interest in these investments is to achieve efficiency and community outcomes rather than for a financial return on investment. The Council interest in the companies and trust is as follows:

COMPANY	SHAREHOLDING /INTEREST	PRINCIPAL REASON FOR INVESTMENT	BUDGETED RETURN
Hamilton Properties Ltd	100.00%	Protect tax losses	Nil
Waikato Regional Airport Ltd	50.00%	Economic development	Nil
Innovation Waikato Ltd	100.00%	Economic development	Nil
Local Authority Shared Services Ltd	24.58%	Efficient government	Nil
New Zealand Local Government Funding Agency Ltd	8.30%	Borrowing	\$100,000 per annum
New Zealand Local Government Insurance Corporation Ltd	3.17%	Risk management	Nil
Vibrant Hamilton Trust	100.00% control	Community funding	Nil

The Council has no plans to change its shareholdings, though in accordance with good practice this is reviewed regularly.

Property investments

The Council's Economic Development group of activities includes Council's property investment activity. Property investments are divided into two categories:

- Municipal and Domain Endowment Properties
- Municipal Endowment Investment Properties.

The Council's objective is to maximise the return from both categories, however due to historic arrangements the return on endowment properties is below market rates.

Expected rate of return on property value for the two categories is 3.5 per cent on the Municipal and Domain Endowment Properties, and 7 per cent on Municipal Endowment Investment Properties.

The Council from time to time will buy and sell endowment properties in the portfolio to improve financial returns. Surplus cash is held in the Municipal or Domain Endowment Fund and is available for reinvestment in property. All endowment transactions are governed by Council's investment and endowment policies.

Cash investments

The Council holds cash for three main reasons:

- To support the balance of 'cash-backed' reserves (this cash is not available to offset external debt).
- To ensure strong lines of liquidity and access to cash remain available to the Council. Cash is supplemented by the use of committed banking facilities.
- As a result of pre-funding maturing debt.

Cash is invested on short-term deposit to manage cash flows and maximise returns. The Council targets to exceed the average 90 day bank bill rate.

Other investments

As part of borrowing from the Local Government Funding Agency, the Council is required to invest in financial bonds with the agency. The Council will receive interest on these bonds equivalent to the cost of borrowing.

INSURANCE

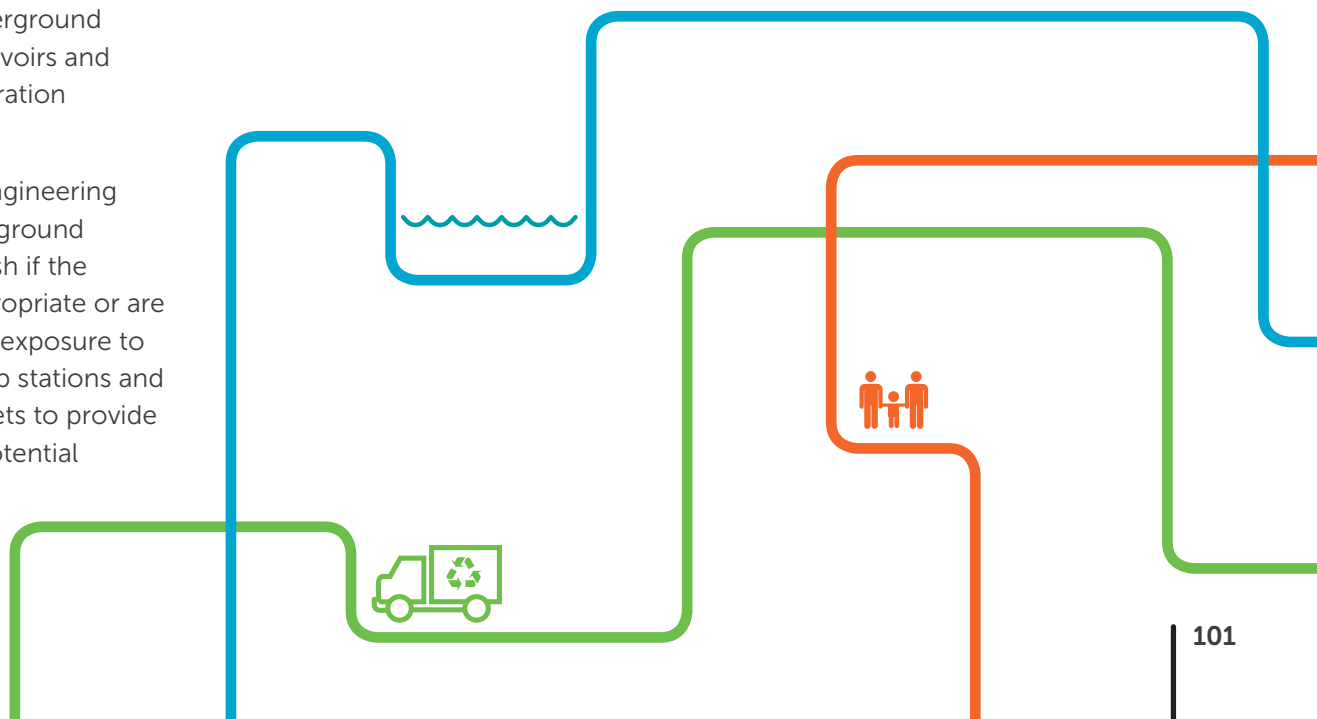
A group of Waikato councils, including Hamilton City Council, collectively tender their insurance programme through Local Authority Shared Services Ltd (LASS).

Significant savings for all councils in material damage insurance and infrastructure insurance have been made by using a 'maximum probable loss' approach rather than reinstatement value for all properties, and the benefit of spreading risk across a wider geographical area. Maximum probable loss is the anticipated value of the biggest monetary loss that might result from a catastrophe, whether natural or otherwise.

Underground infrastructure insurance is currently purchased up to 40 per cent of the asset value, with the assumption that central government will provide 60 per cent assistance in a disaster event. The central government funding is not guaranteed.

Based on risk and hazard profiling the Council has incorporated an additional layer of insurance on top of the regionally shared limit to ensure appropriate cover for our assets. These assets include the five Council owned bridges that span the Waikato River, key transportation bridges and underground infrastructure. The water and wastewater treatment plants, reservoirs and pump stations are fully insured including increased costs of operation through business interruption during a disaster event.

External expertise has been engaged to provide scientific and engineering advice on current assumptions relating to the environment and ground conditions of key council infrastructure. We are trying to establish if the current assumptions that influence our insurance levels are appropriate or are required to be increased or decreased. The work will review the exposure to both the reticulation networks and point assets (reservoirs, pump stations and treatment plants) to both above-ground and below-ground assets to provide the Council with a comprehensive understanding for the loss potential associated with a given event.





SIGNIFICANT FORECASTING ASSUMPTIONS

The assumptions outlined in this section are both financial and non-financial

A GROWING CITY

INFRASTRUCTURE PRIORITY

The Council has identified the ongoing delivery of core network infrastructure (water, wastewater, stormwater and transportation) as being the primary focus in the development of the 10-Year Plan 2015-2025. Three waters (stormwater, water supply and wastewater) infrastructure have been considered a priority over transport.

It has been assumed that the Council will take a lead role in providing strategic city-wide infrastructure.

Water and wastewater infrastructure requirements are based on the water and wastewater master plans and asset management plans.

The strategic transport network is largely in place and does not require significant additional investment over the life of the 10-Year Plan 2015-2025.

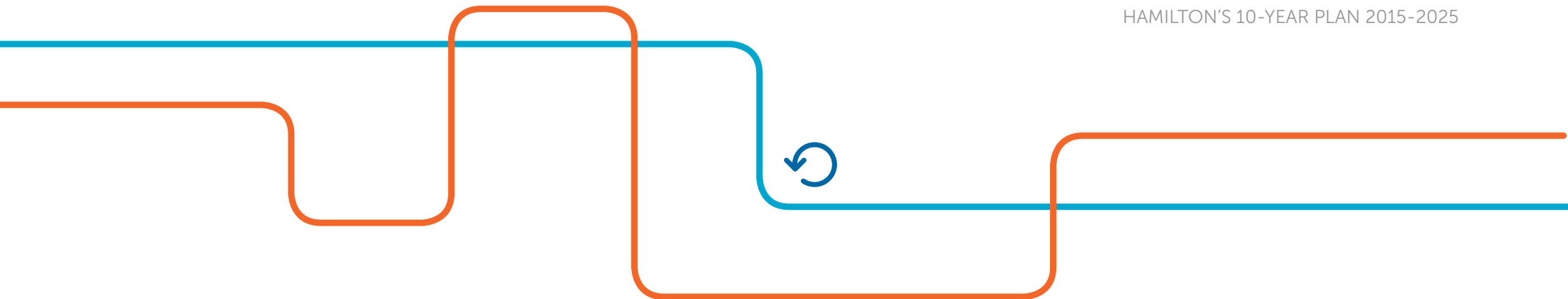
SETTLEMENT PATTERN

Hamilton Urban Growth Strategy (HUGS), Future Proof Growth Strategy and the Proposed Waikato Regional Policy Statement outline the existing long-term settlement pattern for the city.

The 10-Year Plan budget has been developed based on the following land use assumptions. There is a risk that central government may intervene and require the Council to release more land for development. Only the following areas have been considered for Council provision of growth infrastructure.

Citywide development

Investment in infrastructure to service the existing city will be ongoing over the life of the 10-Year Plan 2015-2025, with a higher priority given to investment in water and wastewater infrastructure over improvements to the transport network.



These ongoing investments will support infill and intensification.

Infill development within the existing city will be progressed in parallel with Greenfield areas to accommodate approximately 50 per cent of Hamilton's new dwellings. This regeneration will focus in and around key nodes as identified in the Proposed District Plan (PDP).

Stage 1 Residential Greenfields

Rototuna to remain the city's primary growth cell with investment prioritised on completing core strategic infrastructure including a connection to the Waikato Expressway (Resolution Drive extension).

Rotokauri Stage 1 Residential (as per the Operative District Plan boundary - noting that decisions on the PDP have extended this) and Peacockes Stage 1 Residential to be the focus for the city in parallel with Rototuna.

Stage 2 Residential Greenfields

Peacockes Stage 2 Residential to be the focus for the city following the development of Stage 1 Residential Greenfields, with key strategic infrastructure being progressed after 2025.

Leading up to this, ongoing investment is planned to meet the Southern Links/Peacockes transport arterial designations in preparation for delivery of strategic transport infrastructure. Additionally, work with the Ruakura developers to future-proof a waste water solution using the far eastern waste water interceptor will be progressed.

Rotokauri Stage 2 Residential to be the focus for the city following Peacockes Stage 2 Residential with infrastructure investment sitting outside of the 10-Year Plan 2015-2025.

Ruakura Growth Cell

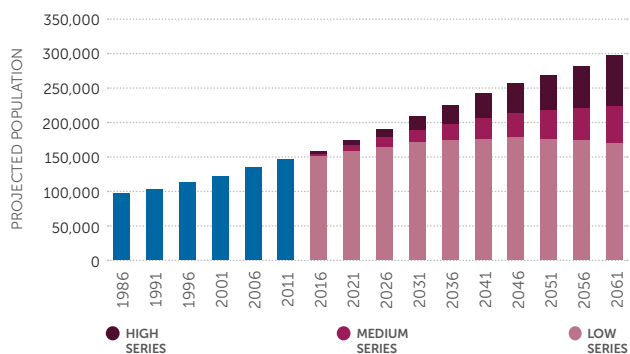
Council's role is limited to previous investments in strategic wastewater and transport infrastructure with private investment largely enabling development in this cell. Limited funding allocated to work with the developer.

Temple View and Te Rapa North

There is no Council investment programmed to service Temple View or Te Rapa North in the 10-Year Plan 2015-2025.

POPULATION GROWTH

Population growth has been forecast for territorial authorities in the Waikato by the National Institute of Demographic and Economic Analysis (University of Waikato). High, medium and low projections have been produced based on different fertility, mortality and migration. The medium projection has been used by the Council to prepare this budget.



Population projections have been used to help prepare 30-year demand forecasts for the Infrastructure Strategy and the related capital expenditure programme for the 10-Year Plan has been prioritised from this base.

Total population at 30 June is projected to be:

2016	2021	2025
153,330	164,280	173,570

AGEING POPULATION

People aged 60 years and above constitute Hamilton’s fastest growing age group. This has been factored into the dwelling and population projections upon which Hamilton City’s growth projections are based.

GROWTH INFRASTRUCTURE INVESTMENT

It is anticipated that all growth cells will be developed in a partnership between Council and privately funded infrastructure.

As Council’s current Financial Strategy does not allow for all growth infrastructure in all areas

zoned for development, third party funding has been anticipated across all growth cells through the vesting of developer provided infrastructure and the use of private development agreements (PDAs).

Limited funding has been assumed in the budget for the partnering with the development community. This funding for ‘upsizing’ is required to ensure that infrastructure is adequately sized to provide an efficient network and able to be used by downstream developments.

It has been assumed that Council will generally make upsizing contributions to developers on an incremental marginal cost basis where these are required.

REVENUE

DEVELOPMENT CONTRIBUTIONS REVENUE

Assumed revenue has been estimated using the Development Contributions (DC) Policy. The DC revenue assumption also considers current payment patterns, the number of DC’s still to be paid and when those assessments would expire and new assessments likely to be collected.

Development contribution revenue expected to be collected is (\$000):

2016	2017	2018	2019	2020
9,500	9,027	9,141	9,215	9,464

2021	2022	2023	2024	2025
9,734	10,025	10,339	10,677	11,041

Should Hamilton grow more quickly than expected, then development contribution revenue is likely to exceed these expectations. However the increase in revenue is likely to be offset by a need to accelerate growth related core network infrastructure. Conversely, if growth is slower than expected new infrastructure may be deferred until needed and this will offset loss of projected revenue.

RATEPAYER GROWTH

Hamilton’s population is projected by National Institute of Demographic and Economic Analysis 2014 (University of Waikato) to grow at over 1.3 per cent per annum over the 10 year period (2015-25) and 1 per cent for the 30 year period (up to 2045). Employment growth forecasts by Market Economics are lower than this, at around 1 per cent for the 10 year period and 0.7 per cent for the 30 year period.

There is a considerable amount of uncertainty around these forecasts, and the number of new ratepayers has been set at a conservative level of 0.8 per cent per annum, which is in line with its actual average over the last eight years.

2016	2017	2018	2019	2020
0.8%	0.8%	0.8%	0.8%	0.8%

2021	2022	2023	2024	2025
0.8%	0.8%	0.8%	0.8%	0.8%

RATES INCREASES

Council has included annual rates increases in the 10 Year Plan 2015-25 that do not exceed the Financial Strategy 2015-25 limit of 3.8 per cent for existing rate payers, excluding the Hamilton Gardens Targeted rate.

The recent change to the rating system from land value to capital value did not change the relativities between the sectors (residential 65 per cent, commercial 34 per cent, and rural 1 per cent) nor the amount of rates that Council will be seeking to collect. The rating system change does impact on the share that an individual rateable property incurs. The transition in rating system is being made over the entire 10 Year Plan period.

EXPENDITURE

COST GROWTH DUE TO GROWTH

As Hamilton grows costs increase on some services. The 10 Year Plan 2015-25 allows for increases of \$250,000 per annum for contract escalations relating to the growing number of households. This occurs only where the supplier agreement includes a set number of households and a contracted escalation if the number of households increase (an example is the household refuse collection contract). Many contracts do not include a contracted escalation clause.

Cost growth due to growth allowance included in the 10 Year Plan (\$000)

2016	2017	2018	2019	2020
0	250	500	750	1,000

2021	2022	2023	2024	2025
1,250	1,500	1,750	2,000	2,250

Further consequential cost growth has been included in relevant activity budgets, reflecting the cost of maintenance and operating new assets as a result of new growth assets being created.

INFLATION TREATMENT

Separate inflation rates have been used for the operational and capital budgets due to the different cost drivers that impact these types of cost.

Business and Economic Research Ltd (BERL) have been contracted on behalf of the local government sector to provide inflation forecasts for the period of the 10-Year Plan. These forecasts are related to the types of costs that the local government sector is likely to incur. These sector specific inflation cost adjustors are called the Local Government Cost Index (LGCI). This is a different inflation cost adjustor to the frequently used Consumer Price Index (CPI) and chosen because it is more relevant to the activities Council does.

The major cost components of the LGCI include:

- The general goods and services index
- The transport capex index

- The water services capex index
- Materials
- Fuels & Electricity
- Transport and communication
- Commission and contract services
- Business services
- Insurance premiums.

Operating expenditure and revenue (activities, DC's and Opex subsidies) inflation used in financial modelling is:

2016	2017	2018	2019	2020
2.16%	2.33%	2.43%	2.57%	2.71%

2021	2022	2023	2024	2025
2.85%	2.99%	3.13%	3.27%	3.41%

Capital expenditure and revenue (capital subsidies, capital contributions) inflation used in financial modelling is:

2016	2017	2018	2019	2020
2.34%	2.61%	2.64%	2.67%	2.80%

2021	2022	2023	2024	2025
2.96%	3.11%	3.27%	3.48%	3.67%

A variance in the LGCI operating expenditure rate of inflation of 1% would impact the budget by approximately \$1.270M per annum (including staff

costs). A similar variance in the capital expenditure inflation rate would impact the capital programme by approximately \$0.608M per annum.

Inflation is not applied to community grants, arts grants, event sponsorship, fixed priced contracts and other amounts that are not subject to inflation.

DEBT AND INTEREST

INTEREST RATES

Council uses PWC Treasury Division for the provision of advice for all aspects of Council’s treasury management. Council has in place policies that provide direction in the management of risks associated with its debt portfolio.

Council’s interest rate risk, the risk of adverse interest rate movements, is mitigated by requiring at least 50 per cent (but no more than 95 per cent) of Council’s debt to be at fixed rates with greater than 12 months to maturity. Council’s Liquidity and Funding Risk, the risk that Council may not be able to access funds at the time that we need or at a cost no greater than the existing terms, is mitigated in two ways: firstly, by spreading the due dates of our debt per the policy; and, secondly, by ensuring we have access to additional undrawn funds.

The policy also outlines the financial institutions from whom Council can borrow and includes borrowing caps for all but Local Government

Funding Agency (LGFA) and the New Zealand Government.

Being credit rated as AA- by Fitch Credit Ratings has provided the opportunity to access cheaper sources of debt. On average the margin benefit is 20 to 30 basis points, for example if the market is 6.4 per cent then Council can borrow at 6.1 per cent

Interest rates applying to debt are estimated based on current fixed rate contracts, forward looking market rates and expected credit margins.

The interest rate applying to cash investments is 4.5 per cent. It is estimated that the average cash balance of \$45M will earn approximately \$2M interest per annum.

The rates used in the 10-Year Plan are:

2016	2017	2018	2019	2020
5.9%	5.95%	6.0%	6.05%	6.1%

2021	2022	2023	2024	2025
6.1%	6.1%	6.1%	6.1%	6.1%

These rates reflect the current Fitch Credit Rating being maintained throughout the 10-Year Plan. A change in rating up or down could be expected to impact on interest costs by approximately 0.05 per cent or 5 basis points.

Interest expense is calculated using projected net debt (debt less the average cash balance) and then making adjustments for the timing of

capital expenditure (a lag in spending and debt drawdown) and adding back interest received.

A 1 per cent variance to interest rates would increase or decrease interest cost by \$4.097M per annum based on expected 2015/16 debt levels assuming all of Council’s debt is floating. Council currently has 85 per cent of its borrowings at fixed rates, therefore the impact of a 1 per cent variance would be \$0.615M

PRUDENT FINANCIAL POSITION

The Financial Strategy 2015-2025 set a debt limit that “The debt to revenue ratio will be reduced to below 200 per cent by 2020 and thereafter will remain below 200 per cent”. A 1 per cent variance to debt levels would increase or decrease interest cost by \$0.231M per annum based on 2015/16 interest rates.

ASSETS

PROPERTY INVESTMENT

Return on investment in property is based on the objective to maximize the financial return by operating these property assets to achieve the market or better than the market rates of return through maximum rental income, high levels of building occupancy and with quality tenants. Rents have been set in line with prevailing market conditions.

ASSET SALES

No future asset sales are included for the 10-Year

Plan due to the uncertainty of timing and sale value.

Proceeds from confirmed sales are factored into opening debt and municipal endowment funds as appropriate.

REVALUATION OF NON-CURRENT ASSETS

Revaluations have only been calculated on Property, Plant and Equipment as they are Council's largest area of non-current assets. The revaluation has been calculated on the preceding years balance as disclosed in the Statement of Financial Position with an inflation allowance calculated based on LGCI as listed in the Forecasts of Price Levels Change Adjustors 2014 Update berl.co.nz

USEFUL LIVES OF SIGNIFICANT ASSETS

Assets are depreciated on a straight-line basis over their useful lives with annual depreciation expense included in the total costs for each significant service. The Council has made a number of assumptions about the useful lives of its assets. These are disclosed in the depreciation note within the Statement of Accounting Policies included in the Prospective Financial Statements and in the Infrastructure Strategy 2015 -2045.

FINANCIAL DERIVATIVES

Due to the volatility of its nature, Council has not budgeted for financial derivatives gains and losses.

INVESTMENT PROPERTIES

Council revalues investment properties on an

annual basis but has not budgeted for any gains/losses over the period of the 10-Year Plan.

SOURCES OF FUNDS FOR REPLACEMENT OF SIGNIFICANT ASSETS

Capital expenditure to replace assets (renewals) is primarily funded from rates, and capital expenditure to improve levels of service and growth is funded by loans. Some capital expenditure is also funded by subsidies, DC'S and grants.

ACTIVITY SPECIFIC ASSUMPTIONS

STRATEGIC PLANS & IMPLEMENTATION PLANS

A number of strategic plans are in development or have recently been approved by Council. The related implementation plans are not yet finalised.

These plans include:

- River Plan
- Library Plan
- Zoo Plan (still in development)
- Dog Exercise Areas Plan
- City Transformation Plan

Seed funding has been provided for the River Plan. Other than this funding, these plans will require additional funding for implementation and this will be gained through future Annual Plan budget

processes. Mechanisms through the annual plan process do allow for amendment to the 10-Year Plan budget.

THEATRES

The recommendation that Council gift ownership of Clarence St Theatre (building and fixtures only) to a community trust has not been included in the 10-Year Plan. Operating expenditure has been included for the theatre assuming it is being operated by Council. Renewals and replacement of some related assets have been deferred pending a final decision during 2015 and are not included in the capital expenditure programme.

A capital amount of \$100,000 is allowed for the preparation of a Founders Theatre Upgrade Business Case in the 2016 year to explore all options in detail and identify the best outcomes. The estimated upgrade cost is included from the 2022 year.

INDOOR RECREATION CENTRE

An allowance has been made for an Indoor Recreation grant of \$4M and on-going operating cost of \$120,000 per year and is included in the 10-Year Plan from 2022.

PENSIONER HOUSING

Council has resolved to sell the Pensioner Housing portfolios to Social Housing providers but there is no certainty over the timeframe, value or extent of the portfolio being sold. It is probable that a sale of part or all of the portfolio will occur in the first 1-2 years of the 10-Year Plan. A request for

expressions of interest (REOI) sale process will run from 23 February 2015 for six months, and following this Council will consider any complying purchase offers. During the REOI process, it is possible that some units may become vacant and not be filled which may have implications for revenue.

As a result of the inherent uncertainties in the sale process, the following assumptions have been taken:

- No sale proceeds have been assumed in the budget.
- Revenue has been budgeted at a level required to meet the 100 per cent cost recovery target for the Pensioner Housing activity, and rental charges would need to increase an average 11 per cent to meet the revenue target in 2015/16. However Council is deferring the rental increase until the outcome of the sale process is determined later in 2015
- Operational costs are budgeted at the level required to maintain the service including repairs and maintenance and painting in accordance with the asset management plan (AMP). Due to the pending sale, these costs will be kept to a minimum until the outcome of the sale process is determined, thus offsetting any budgeted revenue shortfall.
- The renewals programme has been modified from that recommended in the AMP to a “minimal” renewal budget reflecting essential health and safety and building renewals. The budgets are an estimate, reflecting a “just in

time” renewals approach. There is a risk that the budget for essential renewals is insufficient due to unanticipated issues or a sale process that takes longer than 1-2 years. In these situations the Housing Upgrade reserve (value \$3.3M) or the 2016/17 Annual Plan may be required to fund any increase or shortfall in the renewals programme.

The renewal programme in accordance with the AMP was as follows (\$000s):

2016	2017	2018	2019	2020
343	313	330	1,023	1,070

2021	2022	2023	2024	2025
813	1,679	136	970	1,380

This has been amended to \$200,000 per year.

OTHER SPECIFIC ASSUMPTIONS

THIRD PARTY FUNDING – NEW ZEALAND TRANSPORT SUBSIDIES, WASTE MINIMISATION LEVY AND PROJECT WATERSHED FUNDING

Council has assumed that operating and capital expenditure programmes which have in the past received NZTA subsidies and/or satisfy the criteria that NZTA require in order to provide subsidy will continue to receive subsidy funding over the course of the 10-Year Plan. The subsidy rates that have generally been applied have been at the

subsidy rate of 51 per cent.

Council has assumed that levy contributions from central government under the relevant provisions of the Waste Minimisation Act 2008 will still be received over the full term of 10-Year Plan. Council will apply these funds to projects that meet the criteria set out in the Act.

Over the full term of 10-Year Plan Council has assumed that contributions will still be received from Waikato Regional Council for project Watershed projects. These contributions are sourced from the Waikato Regional Council targeted rate for Project Watershed. Council will apply these funds to projects that meet the criteria set out in the Project Watershed agreement between Council and Waikato Regional Council.

CLIMATE CHANGE

The New Zealand Climate Change Office (NZCCO) has been established as a business unit within the Ministry for the Environment responsible for leading the development, coordination and implementation of whole-of-government climate change policy. Climate trends are monitored by the NZCCO, which has predicted impacts of a moderate rate of climate change for the Waikato, including changes in average temperature, sea level rise and rainfall patterns. In general, Waikato, like much of the west coast of the New Zealand, is likely to become warmer and wetter.

There is variation with different predictions of likely changes to climate from different agencies

and organisations. However the impact on Council's infrastructure is considered acceptable when compared with the currently used design standards for new infrastructure if the NZCCO predicted impacts are generally accurate for:

- average temperature increases of 0.5 - 0.7°C, strongest warming in winter, temperatures up to 3°C warmer over the next 70 - 100 years and
- Up to 20 per cent wetter with more varied rainfall patterns and flooding up to four times as frequent by 2070

The topography and general lack of natural hazards in Hamilton is considered to be an advantage in comparison with other parts of the country (such as coastal communities) which will be more directly impacted by changes to climate.

SHARED SERVICES

The Council is currently part of a shared services review for water services with Waikato District Council and Waipa District Council. No decision has been made to change the way water services are provided. The 10-Year Plan has been developed based on Council continuing to provide water services.

FUTURE LEGISLATIVE CHANGES

The details of future legislative changes are unclear and therefore unable to be anticipated with any level of certainty.

The information that has been made available through various policy announcements to date

suggests that the potential risks to materially impact the 10-Year Plan are moderate in scale. However given the lack of detail available on future legislative changes and their timing, the projects contained in the 10-Year Plan have been planned based on the current legislative regime.

Changes to other legislation affecting the operation of Council cannot be anticipated at this point and therefore the 10-Year Plan has been developed based on current legislation and policy.

RESOURCE CONSENTS

It has been broadly assumed that the necessary consents will be able to be obtained and funding provision and time has been made within the relevant capital project budget and programme plan to facilitate obtaining the necessary planning permissions. The provision made has been determined by the relevant asset / budget manager based on previous experience and expert knowledge of the contemporary planning framework and legislation.

FORECAST FINANCIAL STATEMENTS

PROSPECTIVE STATEMENT OF CHANGES IN NET EQUITY

Forecast for the year ended 30 June 2016-2025

		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	notes	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Equity balance at 1 July		3,406,177	2,955,514	2,983,007	3,016,260	3,079,304	3,169,084	3,250,921	3,340,520	3,460,701	3,572,406	3,681,234
Total Comprehensive revenue and expenses for the period		155,475	27,493	33,253	63,044	89,780	81,837	89,599	120,181	111,705	108,828	160,995
Equity balance at 30 June		3,561,652	2,983,007	3,016,260	3,079,304	3,169,084	3,250,921	3,340,520	3,460,701	3,572,406	3,681,234	3,842,229
Accumulated comprehensive revenue and expense												
Balance at beginning of year		1,600,538	1,600,398	1,609,285	1,620,210	1,630,844	1,646,037	1,665,688	1,691,351	1,714,248	1,742,279	1,772,350
Operating surplus/deficit		11,508	9,232	10,500	10,187	15,193	19,651	25,663	22,897	28,031	30,071	33,451
Transfers (to) from restricted and council created reserves		(62)	(345)	425	447	0	0	0	0	0	0	0
Balance at end of year		1,611,984	1,609,285	1,620,210	1,630,844	1,646,037	1,665,688	1,691,351	1,714,248	1,742,279	1,772,350	1,805,801
Revaluation reserves												
Balance at beginning of year		1,788,333	1,314,249	1,332,510	1,355,263	1,408,120	1,482,707	1,544,893	1,608,829	1,706,113	1,789,787	1,868,544
Revaluation gains		143,967	18,261	22,753	52,857	74,587	62,186	63,936	97,284	83,674	78,757	127,544
Balance at end of year		1,932,300	1,332,510	1,355,263	1,408,120	1,482,707	1,544,893	1,608,829	1,706,113	1,789,787	1,868,544	1,996,088
Restricted and council created reserves												
Balance at beginning of year	15	17,306	40,867	41,212	40,787	40,340	40,340	40,340	40,340	40,340	40,340	40,340
Transfers to (from) reserves		62	345	(425)	(447)	0	0	0	0	0	0	0
Balance at end of year		17,368	41,212	40,787	40,340	40,340	40,340	40,340	40,340	40,340	40,340	40,340
Equity balance at 30 June		3,561,652	2,983,007	3,016,260	3,079,304	3,169,084	3,250,921	3,340,520	3,460,701	3,572,406	3,681,234	3,842,229

PROSPECTIVE BALANCING THE BOOKS MEASURE

Forecast for the year ended 30 June 2016-2025

		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	notes	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Total comprehensive revenue and expense for the period		155,475	27,493	33,253	63,044	89,780	81,837	89,599	120,181	111,705	108,828	160,995
Adjustments for balancing the books measure												
Losses		0	0	0	0	0	0	0	0	0	0	0
(Loss)/gain on property revaluations		143,967	18,261	22,753	52,857	74,587	62,186	63,936	97,284	83,674	78,757	127,544
Vested assets (included in Other revenue)		8,414	8,481	8,549	8,618	8,686	8,756	8,826	8,897	8,968	9,040	9,112
Ring Road subsidy (included in Subsidies and grants)		6,360	0	0	0	0	0	0	0	0	0	0
Total adjustments		158,741	26,742	31,302	61,475	83,273	70,942	72,762	106,181	92,642	87,797	136,656
Balancing the books surplus/(deficit)		(3,266)	751	1,951	1,569	6,507	10,895	16,837	14,000	19,063	21,031	24,339

The accompanying notes form part of these financial statements.

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

Forecast as at year ended 30 June 2016-2025

	notes	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue												
Rates, excluding targeted water supply rates	2	132,404	138,472	144,821	151,460	157,796	165,056	172,649	180,591	188,901	197,590	206,681
Targeted rates for water supply	2	8,121	7,772	7,953	8,146	8,356	8,582	8,827	9,090	9,375	9,682	10,012
Revenue from activities	3	41,280	42,056	43,525	44,621	45,965	47,447	48,594	49,772	51,588	54,033	55,946
Subsidies and grants	4	14,582	9,257	9,898	10,265	13,902	13,866	15,797	14,188	13,429	12,799	13,427
Development and financial contributions	5	7,571	9,500	9,027	9,141	9,215	9,464	9,734	10,025	10,339	10,677	11,041
Other revenue	6	11,141	13,381	13,523	13,662	12,117	12,229	12,332	12,445	12,568	12,683	12,807
Total revenue		215,099	220,438	228,747	237,295	247,351	256,644	267,933	276,111	286,200	297,464	309,914
Expenses												
Personnel costs		59,466	66,546	68,855	70,800	72,615	74,639	76,717	78,954	81,493	84,446	87,320
Depreciation and amortisation	7	56,295	58,269	58,352	60,086	61,586	63,273	63,590	65,224	67,676	70,236	73,471
Finance costs	8	24,887	22,647	23,543	24,650	25,693	26,446	26,952	27,485	28,256	28,911	28,630
Other expenses	9	62,943	63,744	67,497	71,572	72,264	72,635	75,011	81,551	80,744	83,800	87,042
Total expenses		203,591	211,206	218,247	227,108	232,158	236,993	242,270	253,214	258,169	267,393	276,463
Operating surplus/(deficit)		11,508	9,232	10,500	10,187	15,193	19,651	25,663	22,897	28,031	30,071	33,451
Gains		0	0	0	0	0	0	0	0	0	0	0
Losses		0	0	0	0	0	0	0	0	0	0	0
Share of associates' surplus/(deficit)		0	0	0	0	0	0	0	0	0	0	0
Surplus/(deficit) before tax		11,508	9,232	10,500	10,187	15,193	19,651	25,663	22,897	28,031	30,071	33,451
Income tax expense		0	0	0	0	0	0	0	0	0	0	0
Surplus/(deficit) after tax		11,508	9,232	10,500	10,187	15,193	19,651	25,663	22,897	28,031	30,071	33,451
Other comprehensive revenue and expense												
Gain/(loss) on property revaluations		143,967	18,261	22,753	52,857	74,587	62,186	63,936	97,284	83,674	78,757	127,544
Fair value through other comprehensive revenue and expense		0	0	0	0	0	0	0	0	0	0	0
Share of associates' other comprehensive revenue and expense		0	0	0	0	0	0	0	0	0	0	0
Other comprehensive revenue and expense for the period		143,967	18,261	22,753	52,857	74,587	62,186	63,936	97,284	83,674	78,757	127,544
Total comprehensive revenue and expense for the period		155,475	27,493	33,253	63,044	89,780	81,837	89,599	120,181	111,705	108,828	160,995

The accompanying notes form part of these financial statements.

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

Forecast as at 30 June 2016-2025

	notes	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS												
Current assets												
Cash and cash equivalents		25,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Debtors and other receivables		17,661	17,101	17,614	18,142	18,686	19,247	19,824	20,419	21,032	21,663	22,313
Prepayments		0	1,663	1,663	1,663	1,663	1,663	1,663	1,663	1,663	1,663	1,663
Inventory		533	237	244	251	259	267	275	283	291	300	309
Other financial assets	10	242	0	0	0	0	0	0	0	0	0	0
Non-current assets held for sale		0	0	0	0	0	0	0	0	0	0	0
Total current assets		43,436	64,001	64,521	65,056	65,608	66,177	66,762	67,365	67,986	68,626	69,285
Non-current assets												
Property, plant and equipment		3,901,574	3,294,067	3,338,252	3,420,301	3,524,625	3,615,307	3,714,254	3,841,118	3,969,679	4,083,047	4,231,327
Intangible assets		9,090	19,184	20,520	19,196	18,500	17,502	18,798	20,875	22,937	23,757	24,752
Investment property		57,326	24,308	24,308	24,308	24,308	24,308	24,308	24,308	24,308	24,308	24,308
Investment in associates	11	7,430	7,430	7,430	7,430	7,430	7,430	7,430	7,430	7,430	7,430	7,430
Other financial assets	10	9,765	8,280	8,280	8,280	8,280	8,280	8,280	8,280	8,280	8,280	8,280
Investment in subsidiaries	12	1	10,150	10,150	10,150	10,150	10,150	10,150	10,150	10,150	10,150	10,150
Total non-current assets		3,985,186	3,363,419	3,408,940	3,489,665	3,593,293	3,682,977	3,783,220	3,912,161	4,042,784	4,156,972	4,306,247
Total assets		4,028,621	3,427,420	3,473,461	3,554,721	3,658,901	3,749,154	3,849,982	3,979,526	4,110,770	4,225,598	4,375,532
LIABILITIES												
Current liabilities												
Employee entitlements		6,177	5,013	5,053	5,094	5,134	5,175	5,217	5,258	5,301	5,343	5,386
Creditors and other payables		18,183	13,621	15,017	16,078	17,061	18,095	19,160	20,240	21,769	23,219	24,504
Borrowings	14	107,744	79,048	81,217	84,443	86,900	88,168	90,175	91,821	94,243	94,676	91,474
Derivative financial instruments		0	0	0	0	0	0	0	0	0	0	0
Provisions		2,024	1,724	1,074	824	774	724	674	624	574	524	474
Total current liabilities		134,128	99,406	102,361	106,439	109,869	112,162	115,226	117,943	121,887	123,762	121,838
Non-current liabilities												
Employee entitlements		1,917	886	886	886	886	886	886	886	886	886	886
Borrowings	14	321,446	336,036	345,882	360,033	371,016	377,152	385,330	391,989	407,597	411,735	402,611
Derivative financial instruments		0	0	0	0	0	0	0	0	0	0	0
Provisions		9,479	8,085	8,072	8,059	8,046	8,033	8,020	8,007	7,994	7,981	7,968
Total non-current liabilities		332,842	345,007	354,840	368,978	379,948	386,071	394,236	400,882	416,477	420,602	411,465
Total liabilities		466,970	444,413	457,201	475,417	489,817	498,233	509,462	518,825	538,364	544,364	533,303
Net assets		3,561,652	2,983,007	3,016,260	3,079,304	3,169,084	3,250,921	3,340,520	3,460,701	3,572,406	3,681,234	3,842,229
EQUITY												
Accumulated funds		1,611,984	1,609,284	1,620,209	1,630,844	1,646,036	1,665,688	1,691,350	1,714,248	1,742,279	1,772,350	1,805,802
Other reserves		1,932,300	1,332,511	1,355,264	1,408,120	1,482,708	1,544,893	1,608,830	1,706,113	1,789,787	1,868,544	1,996,087
Restricted reserves	15	13,132	31,624	31,624	31,624	31,624	31,624	31,624	31,624	31,624	31,624	31,624
Council created reserves	15	4,236	9,588	9,163	8,716	8,716	8,716	8,716	8,716	8,716	8,716	8,716
Total equity attributable to Hamilton City Council		3,561,652	2,983,007	3,016,260	3,079,304	3,169,084	3,250,921	3,340,520	3,460,701	3,572,406	3,681,234	3,842,229
Total equity		3,561,652	2,983,007	3,016,260	3,079,304	3,169,084	3,250,921	3,340,520	3,460,701	3,572,406	3,681,234	3,842,229

The accompanying notes form part of these financial statements.

PROSPECTIVE STATEMENT OF CASH FLOWS

Forecast for the year ended 30 June 2016-2025

	notes	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES												
Cash will be provided from:												
Rates revenue	2	140,525	146,244	152,774	159,606	166,151	173,638	181,476	189,681	198,276	207,272	216,692
Fees, rents and charges	3	41,280	42,056	43,525	44,621	45,965	47,447	48,594	49,772	51,588	54,033	55,946
Government operating subsidies and grants	4	4,426	5,110	5,127	5,301	5,639	5,499	5,595	5,783	5,878	5,984	6,100
Government capital subsidies and grants	4	10,156	4,147	4,771	4,964	8,263	8,367	10,202	8,405	7,551	6,815	7,327
Other capital contributions	5 & 6	8,572	11,213	10,784	10,946	9,377	9,632	9,905	10,202	10,522	10,866	11,236
Interest received	6	1,200	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Dividends received	6	100	143	144	145	146	147	149	150	152	154	155
Sundry revenue	6	426	1,044	1,068	1,094	1,122	1,153	1,186	1,221	1,259	1,301	1,345
Total		206,685	211,957	220,193	228,677	238,663	247,883	259,107	267,214	277,226	288,425	300,801
Cash will be applied to:												
Salaries and wages		56,184	66,546	68,855	70,800	72,615	74,639	76,717	78,954	81,493	84,446	87,320
Payments for suppliers	9	64,368	61,845	65,475	69,513	70,103	70,438	72,811	79,356	78,116	81,282	84,711
Interest paid	8	24,887	22,647	23,543	24,650	25,693	26,446	26,952	27,485	28,256	28,911	28,630
Net GST paid		1,917	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900
Total		147,356	152,938	159,773	166,863	170,311	173,423	178,380	187,695	189,765	196,539	202,561
Net cash flow from operating activities		59,329	59,019	60,420	61,814	68,352	74,460	80,727	79,519	87,461	91,886	98,240
CASH FLOWS FROM INVESTING ACTIVITIES												
Cash will be provided from:												
Proceeds from sale of property, plant and equipment		108	139	137	145	149	151	157	159	166	172	175
Cash will be applied to:												
Purchase of property, plant and equipment	16	67,903	65,646	72,572	79,336	81,941	82,015	91,069	87,983	105,657	96,629	86,089
Net cash flow from investing activities		(67,795)	(65,507)	(72,435)	(79,191)	(81,792)	(81,864)	(90,912)	(87,824)	(105,491)	(96,457)	(85,914)
CASH FLOWS FROM FINANCING ACTIVITIES												
Cash will be provided from:												
Loans raised		25,618	32,913	67,440	112,802	78,865	17,829	70,610	38,730	83,455	44,996	38,099
Cash will be applied to:												
Loan repayments		17,152	26,000	55,000	95,000	65,000	10,000	60,000	30,000	65,000	40,000	50,000
Finance lease repayments		0	425	425	425	425	425	425	425	425	425	425
Total		17,152	26,425	55,425	95,425	65,425	10,425	60,425	30,425	65,425	40,425	50,425
Net cash flow from financing activities		8,466	6,488	12,015	17,377	13,440	7,404	10,185	8,305	18,030	4,571	(12,326)
Net increase/(decrease) in cash held		0	0	0	0	0	0	0	0	0	0	0
Opening cash and cash equivalents balance		25,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Closing cash and cash equivalents balance		25,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

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

The primary objective of the Council is to provide goods or services for community or social benefit rather than making a financial return. Accordingly, for the purposes of financial reporting, Hamilton City Council is a public benefit entity.

These prospective financial statements are for Hamilton City Council (the Council) as a separate legal entity. Consolidated prospective financial statements comprising the Council and its subsidiaries and associates have not been prepared as the income and expenditure is not material to the long-term planning of Council.

BASIS OF PREPARATION

The Council authorised the prospective financial statements on 30 June 2015. The Council which is authorised to do so and, believes that the assumptions underlying these prospective financial statements are appropriate. Council and management of Hamilton City Council accept responsibility for the preparation of the prospective financial statements, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures. No actual results have been incorporated within the prospective financial statements. Council do not intend to update the prospective financial statements subsequent to presentation.

Statement of compliance

The prospective financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The prospective financial statements have been prepared to comply with Public Benefit Entity Standards (PBE Standards) for a Tier 1 entity. The Council is adopting the PBE standards for the first time.

The reporting period for these prospective financial statements is for the 10 years ending 30 June 2025. The prospective financial statements are presented in New Zealand dollars, rounded to the nearest thousand (\$000), unless otherwise stated.

The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements. The purpose of the prospective financial information is to support the long-term planning of Council.

Measurement base

The measurement basis applied is historical cost, modified by the revaluation of certain assets and liabilities as identified in this summary of significant accounting policies. The accrual basis of accounting has been used unless otherwise stated.

For the assets and liabilities recorded at fair value, fair value is defined as the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's-length transaction. For investment property, non-current assets classified as held for sale and items of property, plant and equipment which are revalued, the fair value is determined by reference to market value. The market value of a property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction.

Amounts expected to be recovered or settled more than one year after the end of the reporting period are recognised at their present value. The present value of the estimated future cash flows is calculated using applicable inflation factors and a discount rate. The inflation rates used are obtained from the latest relevant BERL forecasts and the discount rate is the Council's forecast long-term cost of borrowing.

Judgements and estimations

The preparation of prospective financial statements using PBE standards requires the use of judgements, estimates and assumptions. Where material, information on the main assumptions is provided in the relevant accounting policy.

The estimates and assumptions are based on historical experience as well as other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis and adjustments are made where necessary.

Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes. Significant judgements and estimations include landfill post-closure costs, asset revaluations, impairments, certain fair value calculations and provisions.

SIGNIFICANT ACCOUNTING POLICIES

REVENUE

Revenue comprises rates, revenue from operating activities, investment revenue, gains, finance and other revenue and is measured at the fair value of consideration received or receivable. Revenue may be derived from either exchange or non-exchange transactions.

Exchange transactions

Exchange transactions are transactions where the Council receives assets (primarily cash) or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange.

Non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction. Specific accounting policies for major categories of revenue are outlined below:

Rates

Rates are set annually by a resolution from the Council 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 in full as at the date when rates assessment notices are sent to ratepayers. Rates revenue is classified as non-exchange except for metered water rates which are classed as exchange revenue.

Operating activities

The following categories (except where noted) are generally classified as transfers of non-exchange revenue.

Grants, subsidies and reimbursements

Grants, subsidies and reimbursements are initially recognised at their fair value where there is reasonable assurance that the payment will be received and all attaching conditions will be complied with. Grants and subsidies received in relation to the provision of services are recognised on a percentage of completion basis. Reimbursements (e.g. NZTA roading claim payments) are recognised upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

Development contributions

Development contributions are recognised as revenue when the relevant application for service connection; code of compliance; or s.224(c) completion of resource consent conditions is received.

Fees and charges

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 percent funded by users and classified as exchange revenue.

Fines and penalties

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.

Sale of goods

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

Other revenue

Specific accounting policies for major categories of other revenue are outlined below:

Dividends

Dividends are classified as exchange revenue and are recognised when the Council's right to receive a payment has been established.

Investment property lease rentals

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

Donated, subsidised or vested assets

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 the control of the asset is transferred to the Council.

Gains

Gains include additional earnings on the disposal of property, plant and equipment and movements in the fair value of financial assets and liabilities. Gains are classified as exchange revenue.

Finance revenue**Interest**

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

Donated services

The Council benefits from the voluntary service of many Hamiltonians in the delivery of its activities and services. Due to the difficulty in determining the precise value of these donated services with sufficient reliability, donated services are not recognised in these financial statements.

EXPENSES

Specific accounting policies for major categories of expenditure are outlined below:

Grants and sponsorship

Expenditure is classified as a grant or sponsorship if it results in a transfer of resources (e.g. cash or physical assets) to another entity for compliance with certain conditions relating to the operating activities of that entity. It includes any expenditure arising from a funding arrangement with another entity that has been entered into to achieve the objectives of the Council. Grants and sponsorships are distinct from donations which are discretionary or charitable gifts. Where grants and sponsorships are discretionary until payment, the expense is recognised when the payment is made. Otherwise, the expense is recognised when the specified criteria have been fulfilled.

Finance expense

Interest expense is recognised using the effective interest rate method. All borrowing costs are expensed in the period in which they are incurred.

Borrowing costs

The Council has elected to defer the adoption of NZ IAS 23 Borrowing Costs (revised 2007) in accordance with its transitional provisions that are applicable to public benefit entities. Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

Goods and Services Tax (GST)

All items in the prospective financial statements are stated exclusive of GST, with the exception of 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.

Taxation

Income tax expense on the surplus or deficit for the year comprises current and deferred tax.

Current tax is the expected tax payable based on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, plus any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of

deferred tax provided is based on the expected manner of realisation or settlement of the assets and liabilities, and the unused tax losses using tax rates enacted or substantively enacted at the end of the reporting period. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised.

Financial instruments

Financial instruments include financial assets (loans and receivables and financial assets at fair value through other comprehensive revenue and expense), financial liabilities (payables and borrowings) and derivative financial instruments. Financial instruments are initially recognised on trade-date at their fair value plus transaction costs. Subsequent measurement of financial instruments depends on the classification determined by the Council. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Council has transferred substantially all of the risks and rewards of ownership.

Financial instruments are classified into the categories outlined below based on the purpose for which they were acquired. The classification is determined at initial recognition and re-evaluated at the end of each reporting period.

ASSETS**Financial assets**

Financial assets are classified as loans and receivables or financial assets at fair value through other comprehensive revenue and expense.

Loans and receivables comprise cash and cash equivalents, trade and other receivables and loans and deposits.

Cash and cash equivalents comprise cash balances and call deposits with maturity dates of three months or less.

Trade and other receivables have fixed or determinable payments. They arise when the Council provides money, goods or services directly to a debtor, and has no intention of trading the receivable.

Loans and deposits include loans to other entities (including subsidiaries and associates), and bank deposits with maturity dates of more than three months.

Financial assets in this category are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date for assets of a similar maturity and credit risk. Trade and other receivables due in less than 12 months are recognised at their nominal value. A provision for impairment is recognised when there is objective evidence that the asset is impaired. As there are statutory remedies to recover unpaid

rates, penalties and water meter charges, no provision has been made for impairment in respect of these receivables.

Financial assets at fair value through other comprehensive revenue and expense relate to equity investments that are held by the Council for long-term strategic purposes and therefore are not intended to be sold. Financial assets at fair value through other comprehensive revenue and expense are initially recorded at fair value plus transaction costs. They are subsequently measured at fair value and changes, other than impairment losses, are recognised directly in a reserve within equity. On disposal, the cumulative fair value gain or loss previously recognised directly in other comprehensive revenue and expense is recognised within surplus or deficit.

Debtors and other receivables

Debtors and other receivables are measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the Council 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 liquidations, and default in payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

Inventory

Inventories consumed in the provision of services (such as botanical supplies) are measured at the lower of cost and current replacement cost.

Property, plant and equipment

Property, plant and equipment consist of:

- **Operational assets**
These include land, buildings (which includes cultural assets, community and leisure facilities), improvements, non-restricted parks and gardens, plant and equipment, vehicles, sports areas and library books.
- **Zoo animals**
Zoo animals are held primarily for a social and recreational purpose. The capital cost consists of the actual expense incurred in acquiring the Zoo animals.

- **Restricted assets**
These are parks and reserves owned by Council that cannot be disposed of because of legal or other restrictions and provide a benefit or service to the community.
- **Heritage assets**
These are museum collections and library collections (New Zealand Room).
- **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.

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council 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 for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported in the net 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.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Revaluation

Land and buildings (operational and restricted), heritage assets, and infrastructural 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 three years. All other asset classes are carried at depreciated historical cost.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive income 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 income 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 income.

Depreciation

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.

The useful lives and associated depreciation rates of major classes of assets have been estimated as shown on the table to the right.

DEPRECIATION INFORMATION

ASSET CLASS	LIFE	DEPRICIATION RATES
Buildings - structure/fit out/services	10-100 Yrs	1%-10%
Plant and vehicles	3-15 yrs	6.6%-33.3%
Furniture, fittings and equipment	5-10 yrs	10%-20%
Library books	8 yrs	12.5%
Zoo animal (acquisition costs)	10 yrs	10%
Improvements – Parks & Gardens	5 – 50 yrs	2% - 20%
Roads and traffic network:		
• Top surface (seal)	6 - 18 yrs	5.5% - 16.6%
• Pavement (basecourse)	30 - 140 yrs	2% - 4%
• Catchpits	70 yrs	2%
• Culverts	60 - 80 yrs	1.25% - 1.6%
• Footpaths	50 - 70 yrs	1.4% - 2%
• Kerbs and traffic islands	70 yrs	1.4%
• Signs	12 yrs	8.3%
• Street lights	25 yrs	4%
• Bridges	150 yrs	0.6%
• Traffic signals	15 yrs	6.6%
• Barriers	25 - 40 yrs	2.5% - 4%
• Bus shelters and parking meters	4 - 10 yrs	10% - 25%
• Verge, embankment and retaining walls	60 yrs	1.6%
Wastewater reticulation:		
• Pipes	60 - 100 yrs	1% - 1.6%
• Manholes	75 yrs	1.3%
• Treatment plant	5 - 100 yrs	1% - 20%
• Bridges	75 - 100 yrs	1% - 1.3%
• Pump stations	15 - 100 yrs	1% - 6.6%
Stormwater system:		
• Pipes	100 yrs	1%
• Manholes, cesspits	100 yrs	1%
• Service connections and outlets	30 - 100 yrs	1% - 3.3%
Water reticulation:		
• Pipes	60 - 80 yrs	1.25% - 1.6%
• Butterfly valves	50 - 75 yrs	1.3% - 2%
• Treatment plant	10 - 120 yrs	0.8% - 10%
• Meters	20 yrs	5%
• Hydrants	50 yrs	2%
• Reservoirs	30 - 80 yrs	1.25% - 3.3%

The residual value and useful life of an asset is reviewed and adjusted if applicable at each financial year end.

Heritage assets are not depreciated.

Depreciation is not provided in these statements on the following assets:

- Land
- Formation costs associated with roading
- Investment properties
- Non-current asset held for resale
- Work in progress and assets under construction.

Investment properties

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.

Non-current assets held for sale

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 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. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Intangible assets

Intangible assets comprise:

Computer software licences are capitalised at historic cost and are amortised on a straight-line basis over their estimated useful lives (5 years). Costs associated with maintaining computer software are recognised as an expense when incurred.

Resource consents which are not attributed to a specific asset are capitalised at historic cost and are amortised on a straight-line basis over their estimated useful lives (7 to 35 years).

Impairment of non-financial assets

The carrying amount of the Council's assets, other than investment property and inventories are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Council estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash flows, and where the Council would, if deprived of the asset, replace its remaining future economic benefits, value in use shall be determined as the depreciated replacement cost of the asset.

Where the Council accounts for revaluations of property, plant and equipment on a class of asset basis, an impairment loss on a revalued asset is recognised directly against any revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation reserve for that same class of asset.

Where the Council accounts for revaluations of property, plant and equipment on a class of asset basis, a reversal of an impairment loss on a revalued asset is credited directly to the revaluation reserve. However, to the extent that an impairment loss on the same class of asset was previously recognised in the surplus or deficit, a reversal of that impairment loss is also 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.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated into a hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset. The current/non-current classification of derivatives is explained in the derivatives accounting policy below.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on remeasurement recognised in the surplus or deficit.

Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are those that are designated into this category at initial recognition or are not classified in any of other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date. The Council includes in this category;

- Investments that it intends to hold long-term but which may be realised before maturity; and
- Shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive income, except for impairment losses, which are recognised in the surplus or deficit.

On derecognition the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Impairment of financial assets

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Loans and other receivables, and held-to-maturity investments

Impairment is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government stock bonds, general and community loans are recognised directly against the instruments' carrying amount.

Financial assets at fair value through surplus or deficit

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt instruments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through the other comprehensive income, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

LIABILITIES

Creditors and other payables

Short-term creditors and other payables are recorded at their face value.

Borrowings

Borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Finance charges, premiums payable on settlement or redemption and direct costs are accounted for on an accrual basis to the surplus or deficit using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Employee entitlements

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 period in which the employee renders the related service, such as retirement 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, annual leave, and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

Derivative financial instruments

The Council's activities expose it to the financial risks of changes in foreign exchange rates and interest rates. Council uses foreign exchange forward contracts and interest rate swaps to manage their foreign currency and interest rate exposure. Derivative financial instruments are recognised initially at fair value. The Council has elected not to hedge account for these derivative financial instruments.

Leases

Leases consist of:

Finance leases

A finance lease is a lease that 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 commencement of the lease term, Council recognises finance leases as assets

and liabilities in the statement of financial position at the lower of the fair value of the leased item or 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 certainty as to whether Council 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.

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.

Provisions

Council recognises a provision 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 expenditures 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 an interest expense and is included in "finance costs".

Financial guarantee contracts

A financial guarantee contract is a contract that requires the Council to make specified payments to reimburse the holder of the contract for loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value, even if a payment under the guarantee is not considered probable. If a financial guarantee contract was issued in a stand-alone arms length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, a liability is recognised based on the probability that the Council will be required to reimburse a holder for a loss incurred discounted to the present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation. However, if it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

Landfill post-closure costs

The Council has legal obligations under resource consent to provide ongoing maintenance and monitoring services at several of its landfill sites. Provision for post-closure costs is recognised as a liability when the obligation for post-closure arises.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including legal requirements and known improvements in technology. The provision includes all costs associated with landfill post-closure.

Amounts provided for landfill post-closure are capitalised to the landfill asset where they give rise to future economic benefits to be obtained. Components of the capitalised landfill asset are depreciated over their useful lives.

The discount rate used is a rate that reflects current market assessments of the time value of money and the risks specific to the Council.

All subsequent changes in the liability shall be recognised in the surplus/deficit and the periodic unwinding of the discount will also be recognised in the surplus/deficit as a finance cost as it occurs.

EQUITY

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Accumulated funds
- Revaluation reserves
- Restricted reserves
- Council created reserves

Accumulated funds comprise accumulated surpluses over the years.

Revaluation reserves comprise accumulated revaluation increments/decrements.

Restricted reserves are those funds subject to external restrictions accepted as binding by Council, which may not be revised by Council without reference to the Courts or a third party.

Council created reserves are formally imposed designations of public equity that indicate Council's intention to use a certain level of resources for a special purpose.

Prospective Statement of Cashflows

Cash and cash equivalents for the purposes of the cashflow statement comprises bank balances, cash on hand and short term deposits with a maturity of three months or less.

Operating activities include cash received from all non-financial revenue sources of the Council and record the cash payments made for the supply of goods and services. Investing activities relate to the acquisition and disposal of assets and investment revenue. Financing activities relate to activities that change the equity and debt capital structure of the Council and financing cost.

OTHER MATTERS

Public Benefit Entity Financial Reporting Standard 42 Prospective Financial Statements (PBE FRS 42)

The Council has complied with PBE FRS 42 in the preparation of these prospective financial statements. In accordance with PBE FRS 42, the following information is provided:

Description of the nature of the entity's current operation and its principal activities.

The Council is a territorial local authority, as defined in the Local Government Act 2002. The Council's principal activities are outlined within this 10-Year Plan.

Purpose for which the prospective financial statements are prepared.

It is a requirement of the Local Government Act 2002 to present prospective financial statements that span 1 year and include them within the 10-Year Plan. This provides an opportunity for ratepayers and residents to review the projected financial results and position of the Council. Prospective financial statements are revised annually to reflect updated assumptions and costs.

Bases for assumptions, risks and uncertainties

The financial information has been prepared on the basis of best estimate assumptions as the future events which the Council expects to take place. The Council has considered factors that may lead to a material difference between information in the prospective financial statements and actual results. These factors, and the assumptions made in relation to the sources of uncertainty and potential effect, are outlined within this 10-Year Plan.

Cautionary note

The financial information is prospective. Actual results are likely to vary from the information presented, and the variations may be material.

Other disclosures

These prospective financial statements were adopted as part of the 10-Year Plan 2015-2025 for Hamilton City Council. The Council is responsible for the prospective financial statements presented, including the assumptions underlying prospective financial statements and all other disclosures. The 10-Year Plan is prospective and as such contains no actual operating results

NOTE 2: RATES REVENUE

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
General rates, rates penalties											
General rate	125,592	13,154	27,566	43,322	60,520	79,249	99,616	121,729	145,709	171,675	199,762
Rates penalties	708	741	775	810	848	887	927	970	1,015	1,061	1,110
Less rates charges to council properties	(843)	(630)	(652)	(676)	(700)	(725)	(751)	(779)	(807)	(837)	(869)
Total	125,457	13,265	27,689	43,456	60,668	79,411	99,792	121,920	145,917	171,899	200,003
Targeted rates attributable to activities:											
Transitional rate	0	118,385	110,262	101,084	90,780	79,249	66,410	52,169	36,427	19,075	0
Community use rates	1,062	932	975	1,020	1,067	1,116	1,167	1,221	1,277	1,336	1,397
Access hamilton rate	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Business improvement district rate	280	280	280	280	280	280	280	280	280	280	280
Hamilton gardens rate	605	610	615	620	0	0	0	0	0	0	0
Total	6,947	125,207	117,132	108,004	97,127	85,645	72,857	58,670	42,984	25,691	6,677
Total rates, excluding metered water rates	132,404	138,472	144,821	151,460	157,795	165,056	172,649	180,590	188,901	197,590	206,680
Metered water rates	8,121	7,772	7,953	8,146	8,356	8,582	8,827	9,090	9,375	9,682	10,012
Total rates revenue	140,525	146,244	152,774	159,606	166,151	173,638	181,476	189,681	198,276	207,272	216,692
Total gross rates excluding metered water rates	133,506	140,443	147,558	155,030	162,268	170,508	179,160	188,246	197,795	207,818	218,345
Less rates remissions:											
• Hardship	253	353	369	386	403	423	442	461	484	506	528
• Other	849	1,618	2,368	3,184	4,069	5,029	6,069	7,194	8,410	9,722	11,136
Total remissions	1,102	1,971	2,737	3,570	4,472	5,452	6,511	7,655	8,894	10,228	11,664
Rates (net of remissions)	132,404	138,472	144,821	151,460	157,796	165,056	172,649	180,591	188,901	197,590	206,681

NOTE 3: ACTIVITY REVENUE

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue by group of activity											
Arts & culture *	1,865	1,679	1,718	1,760	1,805	1,854	1,907	1,671	1,724	2,229	2,305
Community support	1,908	2,292	2,458	2,517	2,582	2,652	2,728	2,809	2,897	2,992	3,094
Democracy services	28	17	220	18	18	237	19	20	259	21	22
Economic development	9,589	9,002	9,210	9,436	9,677	9,942	10,224	10,533	10,859	11,214	11,596
Parks and green spaces	3,511	3,022	3,104	3,196	3,295	3,401	3,516	3,640	3,774	3,918	4,122
Planning and development	6,383	7,410	7,583	7,767	7,967	8,182	8,416	8,667	8,939	9,231	9,546
Recreation *	4,643	4,429	4,790	5,103	5,415	5,562	5,720	5,891	6,076	6,810	7,042
Rubbish and recycling	310	339	347	355	364	374	385	396	409	422	436
Safety	1,683	2,136	2,185	2,239	2,296	2,358	2,426	2,498	2,576	2,661	2,751
Sewerage	4,628	5,271	5,400	5,598	5,742	5,897	6,069	6,247	6,442	6,653	6,880
Stormwater	285	241	246	252	259	266	273	281	290	300	310
Transport	6,335	6,064	6,108	6,256	6,417	6,591	6,779	6,981	7,200	7,435	7,689
Water supply	280	157	161	164	169	173	178	183	189	195	202
Overheads/support units	1,452	1,964	2,010	2,058	2,111	2,169	2,230	2,297	2,369	2,446	2,530
Less: internal revenue	(1,620)	(1,967)	(2,015)	(2,098)	(2,152)	(2,211)	(2,276)	(2,342)	(2,415)	(2,494)	(2,579)
Total revenue from activities	41,280	42,056	43,525	44,621	45,965	47,447	48,594	49,772	51,588	54,033	55,946
Revenue from activities by type											
Adshel contribution	59	36	37	38	39	40	41	42	43	45	46
"Environment waikato contribution (project water shed)"	550	449	459	471	483	496	510	525	542	559	578
Sale of goods	815	1,311	1,340	1,372	1,407	1,445	1,487	1,531	1,579	1,631	1,686
Fees and user charges	25,564	26,639	27,533	28,414	29,341	30,156	31,030	31,687	32,698	34,771	35,980
Infringements and fines	2,161	1,990	2,036	2,086	2,139	2,197	2,260	2,328	2,400	2,479	2,564
Rents received	7,438	5,955	6,206	6,357	6,521	6,697	6,888	7,094	7,316	7,556	7,862
Commission received	1,397	951	973	996	1,022	1,050	1,080	1,112	1,147	1,184	1,225
Ticketing commission received	0	14	14	15	15	15	16	16	17	17	18
External recoveries	2,555	4,361	4,571	4,507	4,623	4,967	4,886	5,030	5,426	5,357	5,539
Donations received	11	11	11	12	12	12	13	13	13	14	14
Other income	730	339	345	353	363	372	383	394	407	420	434
	41,280	42,056	43,525	44,621	45,965	47,447	48,594	49,772	51,588	54,033	55,946

NOTE 4: SUBSIDIES AND GRANTS

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
NZTA roading subsidy	4,426	4,230	4,226	4,378	4,693	4,527	4,595	4,753	4,816	4,888	4,966
NZTA roading subsidy - capital	10,156	4,147	4,771	4,964	8,263	8,367	10,202	8,405	7,551	6,815	7,327
Government grants & subsidies	0	0	0	0	0	0	0	0	0	0	0
Grants received	0	470	481	493	505	519	534	550	567	585	606
Waste minimisation levy	0	410	420	430	441	453	466	480	495	511	528
Total subsidies and grants	14,582	9,257	9,898	10,265	13,902	13,866	15,797	14,188	13,429	12,799	13,427

NOTE 5: DEVELOPMENT AND FINANCIAL CONTRIBUTIONS

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Stormwater	378	502	477	483	487	500	514	529	546	564	583
Transport	1,840	2,656	2,524	2,556	2,576	2,646	2,721	2,803	2,890	2,985	3,087
Sewerage	2,215	2,877	2,733	2,767	2,790	2,866	2,948	3,036	3,132	3,233	3,343
Water	1,483	1,915	1,820	1,843	1,858	1,908	1,963	2,021	2,084	2,153	2,226
Community infrastructure	788	1,550	1,473	1,492	1,504	1,544	1,588	1,636	1,687	1,742	1,802
Reserves	867	0	0	0	0	0	0	0	0	0	0
Total development and financial contributions	7,571	9,500	9,027	9,141	9,215	9,464	9,734	10,025	10,339	10,677	11,041

NOTE 6: OTHER REVENUE

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Other revenue:											
Capital contributions - general	1,001	1,713	1,757	1,805	162	168	171	177	183	189	195
Interest income	1,200	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Dividends	100	143	144	145	146	147	149	150	152	154	155
Petrol tax income	0	1,044	1,068	1,094	1,122	1,153	1,186	1,221	1,259	1,301	1,345
Vested assets	8,414	8,481	8,549	8,618	8,687	8,756	8,826	8,897	8,969	9,039	9,112
Other sundry income	426	0	5	0	0	5	0	0	5	0	0
Total other revenue	11,141	13,381	13,523	13,662	12,117	12,229	12,332	12,445	12,568	12,683	12,807

REVENUE RECLASSIFIED AS EXCHANGE OR NON-EXCHANGE TRANSACTIONS

Revenue may be derived from either exchange or non-exchange transactions:

Exchange transactions are transactions where the Council receives assets (primarily cash) or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange.

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue from exchange transactions											
Fees and user charges	25,032	26,978	27,877	28,767	29,704	30,527	31,415	32,081	33,104	35,191	36,413
Other revenue	6,677	9,264	9,543	9,544	9,735	10,166	10,167	10,407	10,911	10,947	11,248
Rental income	8,113	5,955	6,206	6,357	6,521	6,697	6,888	7,094	7,316	7,556	7,862
Subsidies and grants	977	471	481	493	506	519	534	550	567	586	606
Targeted rates for water supply	8,121	7,772	7,953	8,146	8,356	8,582	8,827	9,090	9,375	9,682	10,012
Total	48,920	50,440	52,060	53,307	54,822	56,491	57,831	59,222	61,273	63,962	66,141
Revenue from non-exchange transactions											
Development and financial contributions	7,571	9,500	9,027	9,141	9,215	9,464	9,734	10,025	10,339	10,677	11,041
Subsidies and grants	13,604	8,787	9,417	9,772	13,396	13,347	15,263	13,638	12,862	12,213	12,821
Infringements and fines	2,161	1,990	2,036	2,086	2,139	2,197	2,260	2,328	2,400	2,479	2,564
Other revenue	2,025	2,768	2,837	2,911	1,297	1,333	1,370	1,410	1,457	1,503	1,554
Rates, excluding targeted water supply rates	132,404	138,472	144,821	151,460	157,796	165,056	172,649	180,591	188,901	197,590	206,681
Vested assets	8,414	8,481	8,549	8,618	8,686	8,756	8,826	8,897	8,968	9,040	9,112
Total	166,179	169,998	176,687	183,988	192,529	200,153	210,102	216,889	224,927	233,502	243,773
Total revenue	215,099	220,438	228,747	237,295	247,351	256,644	267,933	276,111	286,200	297,464	309,914

NOTE 7: DEPRECIATION AND AMORTISATION EXPENSES BY GROUP OF ACTIVITY

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Directly attributable depreciation and amortisation expense by group of activity											
Arts & culture *	3,196	2,611	2,641	2,744	2,865	2,959	3,108	3,153	3,211	3,869	3,880
Community support	139	1,145	1,118	1,193	1,133	1,039	1,061	1,012	943	1,042	1,034
Democracy services	0	0	0	0	0	0	0	0	0	0	0
Economic development	2,184	5,928	5,284	5,715	5,601	5,552	6,141	5,942	6,073	6,435	6,413
Parks & green spaces	1,580	3,275	3,341	3,666	3,698	3,697	3,965	3,919	3,989	4,505	4,730
Planning & development	0	0	0	0	0	0	0	0	0	0	0
Recreation *	0	1,631	1,641	1,715	1,681	1,681	1,796	1,796	1,766	2,042	2,057
Rubbish & recycling	395	308	317	327	330	364	379	378	405	413	416
Safety	39	84	76	80	72	67	92	91	89	82	61
Sewerage	7,391	8,092	7,921	8,131	8,706	9,068	9,326	10,152	10,442	10,591	11,556
Stormwater	5,706	5,745	5,805	5,853	6,372	6,433	6,447	7,081	7,187	7,376	8,303
Transport	17,406	17,966	17,927	17,792	17,648	18,939	19,149	19,091	20,694	20,707	20,726
Water supply	7,190	7,553	7,416	7,616	8,252	8,535	8,803	9,551	9,706	9,817	10,754
Total	45,226	54,338	53,487	54,832	56,358	58,334	60,267	62,166	64,505	66,879	69,930
Depreciation and amortisation not directly related to a group of activity	11,069	3,931	4,865	5,254	5,228	4,939	3,323	3,058	3,171	3,357	3,541
Total depreciation and amortisation expense	56,295	58,269	58,352	60,086	61,586	63,273	63,590	65,224	67,676	70,236	73,471

* It should be noted that the group of activity structure between the 10-Year Plan 2012-22 and the 10-Year Plan 2015-25 has changed

NOTE 8: FINANCE COSTS

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Interest on bank borrowings	24,743	22,572	23,468	24,575	25,618	26,371	26,877	27,410	28,181	28,836	28,555
Interest on finance leases	144	75	75	75	75	75	75	75	75	75	75
Total finance costs	24,887	22,647	23,543	24,650	25,693	26,446	26,952	27,485	28,256	28,911	28,630

NOTE 9: OTHER EXPENSES

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Arts & culture *	18,699	16,974	17,762	18,252	18,886	19,172	19,329	19,465	20,131	21,518	22,282
Community support	5,850	6,329	6,648	6,974	8,016	6,774	6,996	7,175	7,320	7,703	7,732
Democracy services	5,245	5,252	6,127	5,577	5,727	6,674	5,973	6,163	7,273	6,562	6,802
Economic development	28,476	26,377	25,950	26,543	26,893	26,841	28,111	27,764	28,276	28,723	29,222
Parks & green spaces	20,452	21,571	22,595	23,575	24,069	24,638	24,981	25,362	26,180	27,599	28,556
Planning & development	10,782	11,531	12,084	12,066	12,272	12,536	12,592	12,970	13,415	14,046	14,745
Recreation *	11,470	11,258	11,707	12,119	12,171	12,449	12,639	17,730	13,507	14,353	14,835
Rubbish & recycling	6,497	7,371	7,534	10,784	8,162	8,429	8,659	8,965	9,255	9,601	9,991
Safety	5,005	5,087	5,237	5,380	5,510	5,630	5,732	5,893	6,065	6,255	6,454
Sewerage	22,969	25,029	25,810	26,878	28,672	29,993	31,041	33,073	34,383	35,311	36,895
Stormwater	8,433	8,642	8,874	9,090	9,756	9,875	10,580	10,811	11,220	12,205	13,769
Transport	41,989	45,708	46,462	47,357	48,381	49,694	50,505	51,618	54,303	55,471	56,509
Water supply	18,465	19,555	20,937	22,028	23,159	24,330	25,178	26,270	26,887	28,094	28,720
Overheads/support units	1,722	2,489	2,535	2,583	2,636	2,169	2,230	2,297	2,369	2,446	2,530
Less internal expenses	(2,463)	(1,967)	(2,015)	(2,098)	(2,152)	(2,211)	(2,276)	(2,342)	(2,415)	(2,494)	(2,579)
Total expenses from activities	203,591	211,206	218,247	227,108	232,158	236,993	242,270	253,214	258,169	267,393	276,463
Less depreciation and amortisation	(56,295)	(58,269)	(58,352)	(60,086)	(61,586)	(63,273)	(63,590)	(65,224)	(67,676)	(70,236)	(73,471)
Less finance costs	(24,887)	(22,647)	(23,543)	(24,650)	(25,693)	(26,446)	(26,952)	(27,485)	(28,256)	(28,911)	(28,630)
Less personnel costs	(59,466)	(66,546)	(68,855)	(70,800)	(72,615)	(74,639)	(76,717)	(78,954)	(81,493)	(84,446)	(87,320)
Total other expenses	62,943	63,744	67,497	71,572	72,264	72,635	75,011	81,551	80,744	83,800	87,042

* It should be noted that the group of activity structure between the 10-Year Plan 2012-22 and the 10-Year Plan 2015-25 has changed

NOTE 10: OTHER FINANCIAL ASSETS

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
CURRENT PORTION											
Loans investments											
Loan to Staples Rodway	242	0	0	0	0	0	0	0	0	0	0
Total current portion	242	0	0	0	0	0	0	0	0	0	0
NON-CURRENT PORTION											
Loans and receivables											
Term deposits with maturities greater than 1 year	4,300	3,303	3,303	3,303	3,303	3,303	3,303	3,303	3,303	3,303	3,303
Unlisted shares											
NZ Local Government Insurance Co Limited	337	227	227	227	227	227	227	227	227	227	227
NZ Local Government Funding Agency Limited	2,000	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866
Waikato Innovation Park Limited	2,400	2,506	2,506	2,506	2,506	2,506	2,506	2,506	2,506	2,506	2,506
Local Authority Shared Services Limited	728	378	378	378	378	378	378	378	378	378	378
Total non-current portion	9,765	8,280	8,280	8,280	8,280	8,280	8,280	8,280	8,280	8,280	8,280
Total other financials assets	10,007	8,280	8,280	8,280	8,280	8,280	8,280	8,280	8,280	8,280	8,280

NOTE 11: INVESTMENT IN ASSOCIATES

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Associates											
Waikato Regional Airport Limited	7,430	7,430	7,430	7,430	7,430	7,430	7,430	7,430	7,430	7,430	7,430
Total investment in associates	7,430	7,430	7,430	7,430	7,430	7,430	7,430	7,430	7,430	7,430	7,430

NOTE 12: INVESTMENT IN SUBSIDIARIES

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Subsidiaries											
Hamilton Properties Limited	1	1	1	1	1	1	1	1	1	1	1
Innovation Waikato Limited	0	10,149	10,149	10,149	10,149	10,149	10,149	10,149	10,149	10,149	10,149
Total investment in subsidiaries	1	10,150	10,150	10,150	10,150	10,150	10,150	10,150	10,150	10,150	10,150

NOTE 13: INVESTMENTS IN COUNCIL CONTROLLED ORGANISATIONS

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Associates											
Waikato Regional Airport Limited	7,430	7,430	7,430	7,430	7,430	7,430	7,430	7,430	7,430	7,430	7,430
Subsidiaries											
Hamilton Properties Limited	1	1	1	1	1	1	1	1	1	1	1
Innovation Waikato Limited	0	10,149	10,149	10,149	10,149	10,149	10,149	10,149	10,149	10,149	10,149
Other financial assets											
Local Authority Shared Services Limited	728	378	378	378	378	378	378	378	378	378	378
NZ Local Government Funding Agency Limited	2,000	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,866
Waikato Innovation Park Limited	2,400	2,506	2,506	2,506	2,506	2,506	2,506	2,506	2,506	2,506	2,506
Total investments in council controlled organisations	12,559	22,330	22,330	22,330	22,330	22,330	22,330	22,330	22,330	22,330	22,330

NOTE 14: BORROWINGS

The city's debt has been issued in accordance with the Local Government Act 2002. The loans are secured through the debenture trust deed over all rates with one exception. The \$1.0m loan used to purchase Victoria on the River property which is secured by first registered mortgage over the property.

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
CURRENT PORTION											
Secured loans	106,918	78,748	80,917	84,143	86,600	87,868	89,875	91,521	93,943	94,376	91,174
Finance leases	826	300	300	300	300	300	300	300	300	300	300
Total current portion	107,744	79,048	81,217	84,443	86,900	88,168	90,175	91,821	94,243	94,676	91,474
NON-CURRENT PORTION											
Secured loans	319,519	335,386	345,232	359,383	370,366	376,502	384,680	391,339	406,947	411,085	401,961
Finance leases	1,927	650	650	650	650	650	650	650	650	650	650
Total non-current portion	321,446	336,036	345,882	360,033	371,016	377,152	385,330	391,989	407,597	411,735	402,611
Total external debt	429,190	415,084	427,099	444,476	457,916	465,320	475,505	483,810	501,840	506,411	494,085
Adjustments required to determine overall debt:											
External debt	429,190	415,084	427,099	444,476	457,916	465,320	475,505	483,810	501,840	506,411	494,085
Less cash held and cash equivalents	(25,000)	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)
Plus reserves	17,368	36,713	36,288	35,841	35,841	35,841	35,841	35,841	35,841	35,841	35,841
Total overall debt	421,558	406,797	418,387	435,317	448,757	456,161	466,346	474,651	492,681	497,252	484,926
DEBT SERVICING PERFORMANCE INDICATORS											
Financial ratios											
Liquidity ratio (target > 110%)	>110%	>110%	>110%	>110%	>110%	>110%	>110%	>110%	>110%	>110%	>110%
Total overall debt / Total revenue (target 200% by 2020)	222%	205%	203%	203%	203%	198%	195%	191%	190%	184%	172%
Net interest on external debt / Total revenue (target <20%)	12%	11%	11%	11%	11%	11%	11%	11%	11%	10%	10%
Total overall debt as a multiple of cashflow (target <15)	8.4	7.4	7.5	7.7	7.5	6.9	6.6	6.7	6.2	5.9	5.4

Liquidity is defined as external term debt plus committed bank facilities plus liquid investments divided by current external debt.

Total overall debt is defined as total external debt less cash and cash equivalents, plus reserves required to be held in cash. Total revenue is defined as total revenue less vested assets, capital subsidies, and development contributions.

Net interest on external debt is defined as the amount equal to all interest and financing costs (on external debt) less interest income for the relevant period.

Cashflow is defined as net surplus (or deficit) plus depreciation, less vested assets, and capital subsidies.

Council uses synthetic instruments (swaps and FRAs) to manage its interest rate risk profile based on independent professional advice. The specific limits are outlined in the investment and liability management policy.

NOTE 15: RESERVES

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Restricted and council created reserves											
Cemetery plot maintenance in perpetuity	1,541	1,541	1,541	1,541	1,541	1,541	1,541	1,541	1,541	1,541	1,541
Dame Hilda Ross library memorial reserve	2	2	2	2	2	2	2	2	2	2	2
Domain endowment fund	2,144	2,144	2,144	2,144	2,144	2,144	2,144	2,144	2,144	2,144	2,144
Roman Catholic Schools library reserve	2	2	2	2	2	2	2	2	2	2	2
Waikato Art Gallery endowment reserve	8	8	8	8	8	8	8	8	8	8	8
Municipal endowment fund	9,435	27,927	27,927	27,927	27,927	27,927	27,927	27,927	27,927	27,927	27,927
Total restricted reserves	13,132	31,624	31,624	31,624	31,624	31,624	31,624	31,624	31,624	31,624	31,624
Council created reserves											
Bus shelter (adshel) reserve	212	212	212	212	212	212	212	212	212	212	212
Hamilton Gardens reserve	527	872	492	0	0	0	0	0	0	0	0
Housing upgrade reserve	3,101	3,101	3,101	3,101	3,101	3,101	3,101	3,101	3,101	3,101	3,101
Project watershed operating reserve	396	396	351	396	396	396	396	396	396	396	396
Rotokauri land sale reserve	0	2,167	2,167	2,167	2,167	2,167	2,167	2,167	2,167	2,167	2,167
Reserves contribution fund	0	2,332	2,332	2,332	2,332	2,332	2,332	2,332	2,332	2,332	2,332
Waste minimisation reserve	0	508	508	508	508	508	508	508	508	508	508
Total council created reserves	4,236	9,588	9,163	8,716	8,716	8,716	8,716	8,716	8,716	8,716	8,716
Total restricted and council created reserves	17,368	41,212	40,787	40,340	40,340	40,340	40,340	40,340	40,340	40,340	40,340

NOTE 15: RESERVES

	Activities to which the reserve relates	Opening balance July 2015	Transfers into reserve	Transfers out of reserve	Closing balance June 2015
Restricted reserves					
Cemetery plot maintenance in perpetuity reserve - to maintain and provide for improvements to the cemeteries.	Cemeteries and Crematorium	1,541	0	0	1,541
Domain endowment fund reserve - 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.	Parks and Green Spaces and Stormwater	2,144	0	0	2,144
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.	Strategic property investment	27,927	0	0	27,927
Waikato Art Gallery endowment reserve - to provide funds for the acquisition of works of art for the Waikato Museum of Art and History.	Arts promotion	8	0	0	8
Dame Hilda Ross children's library memorial fund - to manage a bequest by Dame Hilda Ross given for the purpose of extending the children's collection in the Dame Hilda Ross Memorial Arts Centre (children's library). Only the interest from the fund may be used for purchases.	Libraries	2	0	0	2
Roman Catholic Schools library fund - to manage a bequest made for the purpose of extending the children's collection in the children's library. The interest income from the fund may be used for children's book collection purchases.	Libraries	2	0	0	2
Total restricted reserves		31,624	0	0	31,624
Council created reserves					
Bus shelter reserve - to manage the income generated from advertising in bus shelters to provide, maintain and enhance passenger infrastructure.	Travel demand management	212	0	0	212
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.	Parks and Green Spaces and Stormwater	396	45	(45)	396
Housing upgrade reserve - to assist in improving council owned housing. There is no specific plan to use this reserve for the coming ten years while the council considers its future role in this activity.	Housing	3,101	0	0	3,101
Rotokauri land sale reserve - to manage funds derived from the sale of land in Foreman Road. These funds are for a purchase of land reserves in the rotokauri growth cell.	Strategic property investment	2,167	0	0	2,167
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.	Strategic property investment	2,332	0	0	2,332
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.	Waste minimisation	508	0	0	508
Hamilton Gardens reserve - to provide funds for the development of hamilton gardens. Funds are being sourced from a targeted rate over a four year period starting 2014/15.		527	1,901	(2,428)	0
Total council created reserves		9,243	1,946	(2,473)	8,716
Total restricted and council created reserves		40,867	1,946	(2,473)	40,340

NOTE 16: CAPITAL EXPENDITURE

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Capital expenditure disclosed in funding impact statements											
Arts and Culture *	3,637	2,339	2,245	3,541	3,704	3,111	2,015	10,962	11,279	3,192	3,197
Community Support	178	200	205	211	216	222	229	236	244	252	261
Democracy Services	0	0	0	0	0	0	0	0	0	0	0
Economic Development	294	2,677	1,912	2,083	1,710	3,418	6,196	4,676	4,602	3,002	2,031
Parks and Green Spaces	2,299	5,695	5,841	5,326	2,658	3,083	3,420	3,683	4,468	7,235	8,997
Planning and Development	0	0	0	0	0	0	0	0	0	0	0
Recreation *	0	829	1,214	1,801	1,127	1,593	2,799	1,439	7,244	688	1,122
Rubbish and Recycling	1,046	307	422	425	158	261	258	367	78	272	574
Safety	0	110	41	42	43	155	46	47	49	50	183
Sewerage	7,623	13,679	15,590	23,072	23,813	18,970	24,386	18,501	14,800	21,854	16,780
Stormwater	2,301	2,464	1,550	2,714	3,017	2,683	3,168	6,591	15,977	15,638	4,004
Transport	25,647	18,206	20,286	17,643	22,544	28,606	30,993	28,977	31,741	22,468	25,692
Water supply	17,409	16,325	17,994	18,334	18,363	16,560	14,173	8,871	10,042	17,744	18,924
Capital expenditure incurred by business units and internal service units											
Fleet vehicles	0	839	884	938	962	978	1,019	1,027	1,072	1,115	1,130
Information services	2,809	1,794	4,260	2,102	2,766	1,956	2,075	2,481	3,133	2,372	2,544
Corporate buildings	4,660	182	128	1,104	859	419	292	125	927	747	650
Total capital expenditure	67,903	65,646	72,572	79,336	81,940	82,015	91,069	87,983	105,656	96,629	86,089

* It should be noted that the group of activity structure between the 10-Year Plan 2012-22 and the 10-Year Plan 2015-25 has changed

NOTE 17: RECONCILIATION BETWEEN PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE AND PROSPECTIVE FUNDING IMPACT STATEMENT

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operating surplus/(deficit) per prospective statement of comprehensive revenue and expense	11,508	9,232	10,500	10,187	15,193	19,651	25,663	22,897	28,031	30,071	33,451
Items recognised as revenue in prospective statement of comprehensive revenue and expense and as capital expenditure funding sources in funding impact statement:											
Capital subsidies	(11,157)	(4,147)	(4,771)	(4,964)	(8,263)	(8,367)	(10,202)	(8,405)	(7,551)	(6,815)	(7,327)
Development, capital and financial contributions	(7,571)	(11,214)	(10,784)	(10,945)	(9,377)	(9,631)	(9,906)	(10,202)	(10,521)	(10,867)	(11,236)
Recognition of revenue from vested assets.	(8,414)	(8,481)	(8,549)	(8,618)	(8,687)	(8,756)	(8,826)	(8,897)	(8,969)	(9,039)	(9,112)
Non-cash items recognised in prospective statement of comprehensive revenue and expense and not included in funding impact statement:											
Depreciation	56,295	58,269	58,352	60,086	61,586	63,273	63,590	65,224	67,676	70,236	73,471
Operating funding surplus/deficit per prospective funding impact statement	40,661	43,659	44,748	45,746	50,452	56,170	60,319	60,617	68,666	73,586	79,247
Balance as per Council FISoperating surplus/deficit of funding	40,661	43,659	44,748	45,746	50,452	56,170	60,319	60,617	68,666	73,586	79,247



DISCLOSURE 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 10-Year Plan 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.

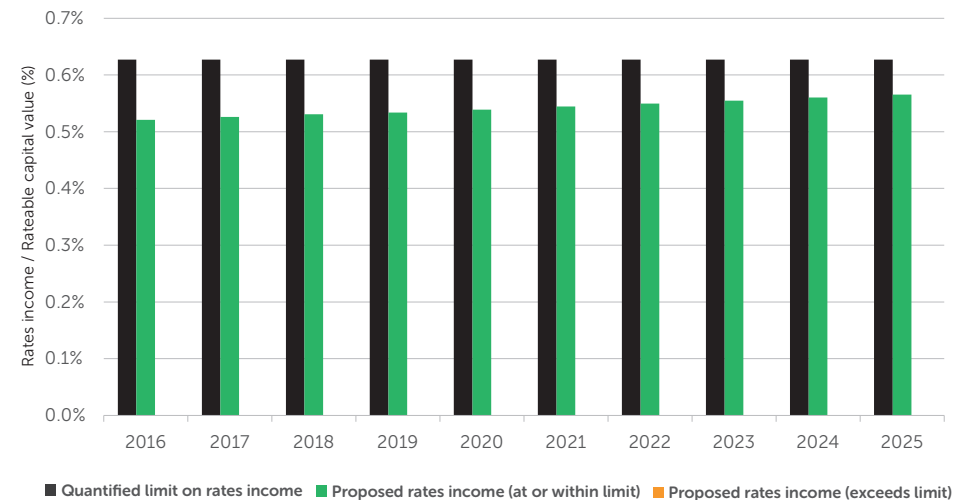
RATES AFFORDABILITY BENCHMARK

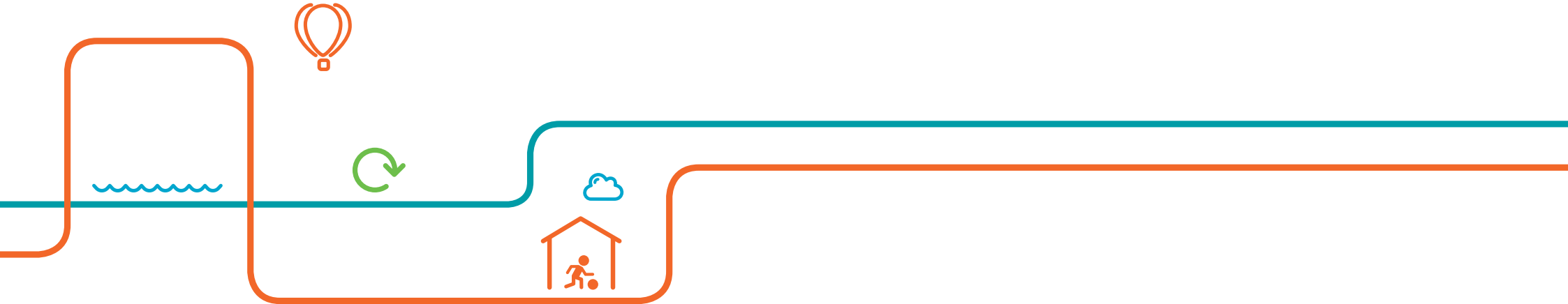
The Council meets the rates affordability benchmark if -

- its planned rates income equals or is less than each quantified limit on rates; and
- its planned rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability

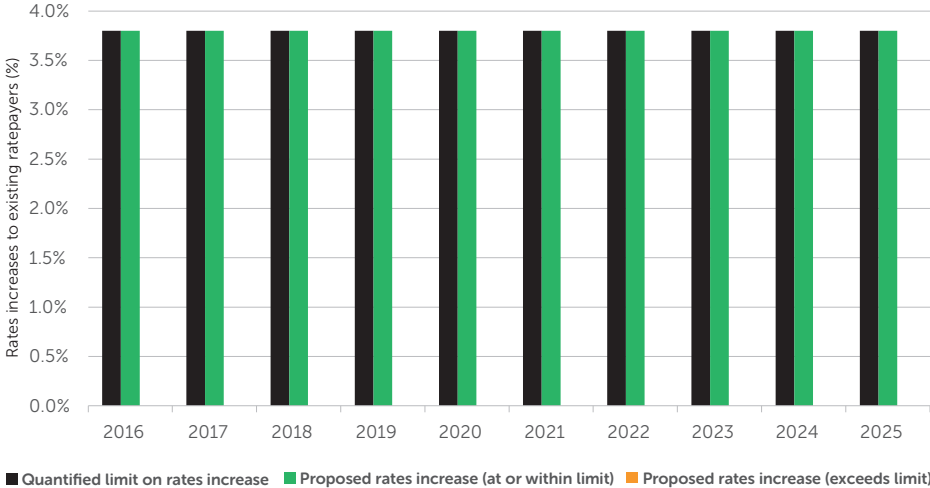
The following graph compares the Council's planned rates income with a quantified limit on rates contained in the Financial Strategy included in this 10-Year Plan. The quantified limit is that rates will not exceed 0.627 per cent of the city's rateable capital value.





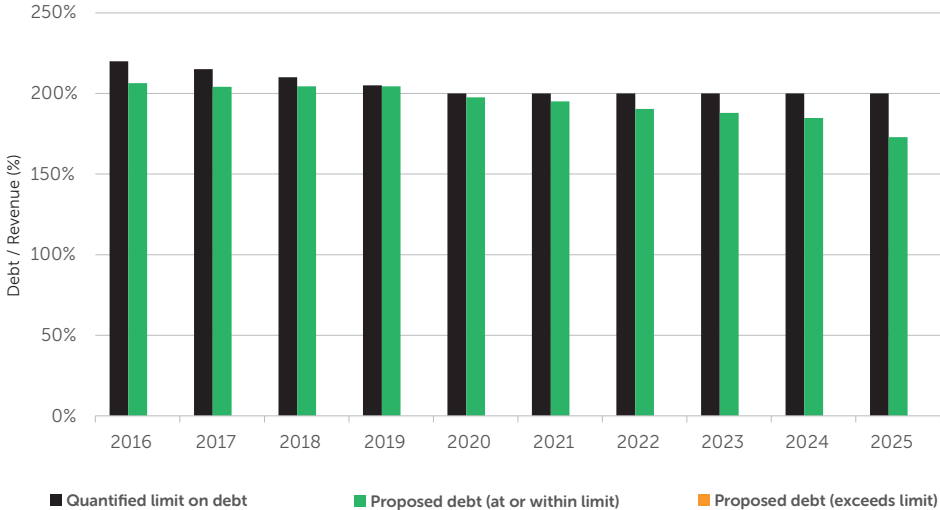
Rates (increases) affordability

The following graph compares the Council's planned rates increases with a quantified limit on rates increases contained in the Financial Strategy included in this 10-Year Plan. The quantified limit is that rates increases to existing ratepayers will not exceed 3.8 per cent, except for targeted rates (Hamilton Gardens).



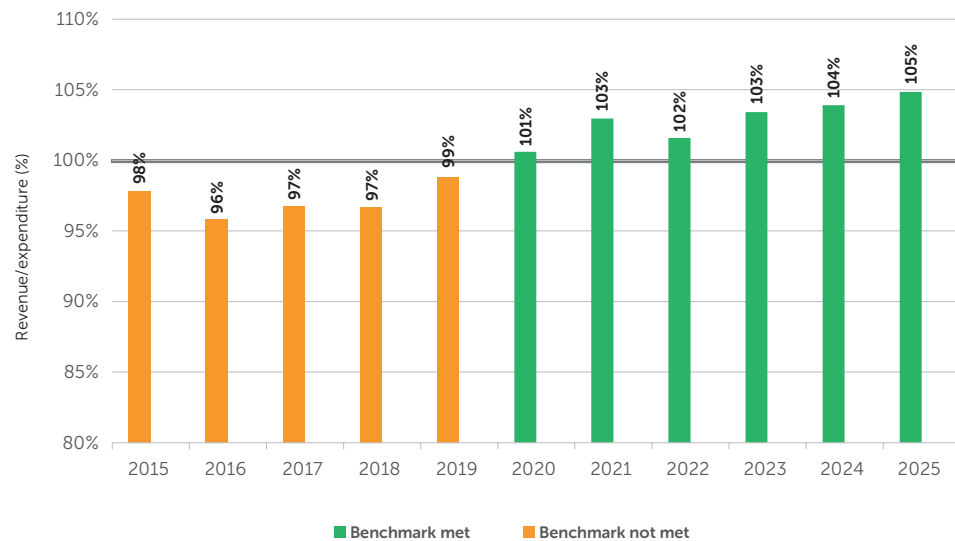
Debt affordability benchmark

The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing. The following graph compares the Council's planned debt with a quantified limit on borrowing contained in the Financial Strategy included in this 10-Year Plan. The quantified limit is that the debt to revenue ratio will be reduced to 200 per cent or below by 2020 and thereafter will remain below 200 per cent.



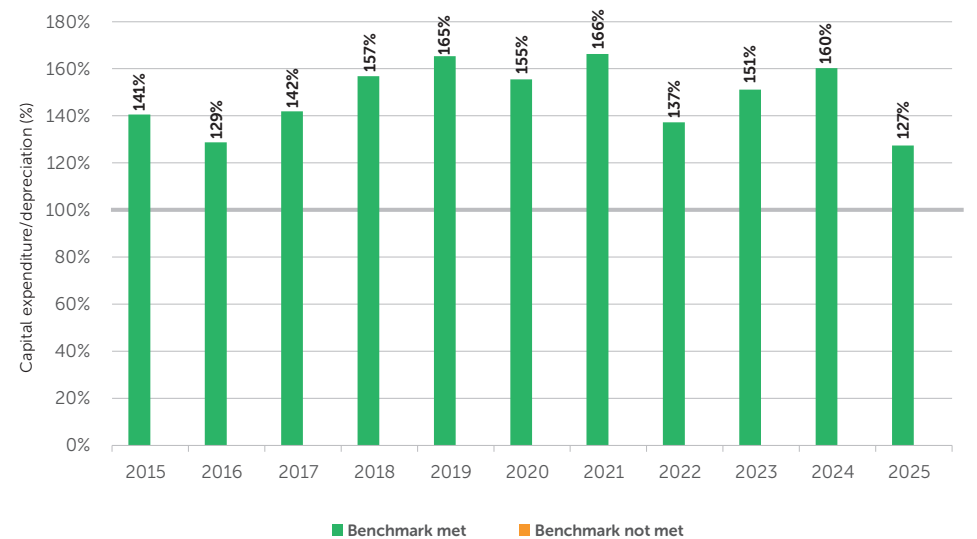
Balanced budget benchmark

The following graph displays the Council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment). The Council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.



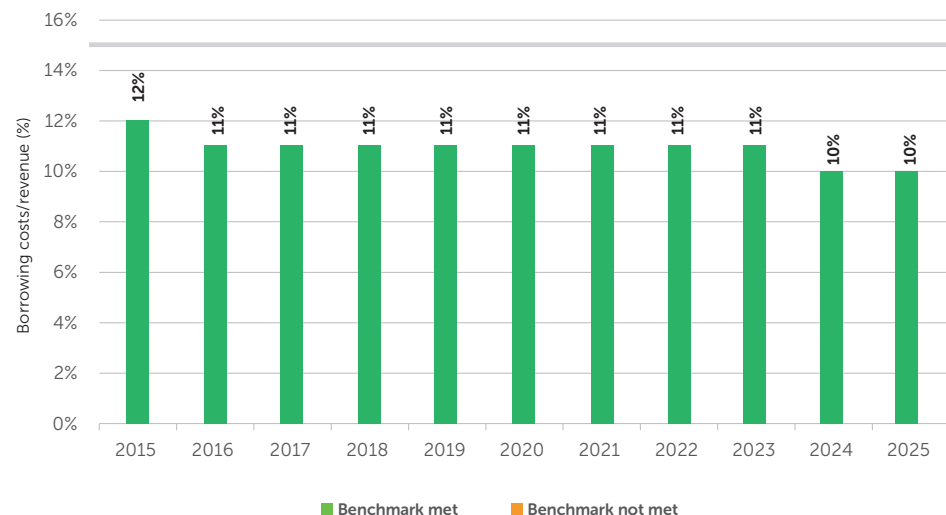
Essential services benchmark

The following graph displays the Council's planned capital expenditure on network services as a proportion of expected depreciation on network services. The Council meets this benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



Debt servicing benchmark

The following graph displays the Council's planned borrowing costs as a proportion of planned 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 is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 15 per cent of its planned revenue.



Additional information or comments

Council meets all the measures required by the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations) with one exception.

Council is required to measure its budget in accordance with the Balanced Budget Benchmark using the formulae prescribed by the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Balanced Budget Benchmark excludes a number of items of revenue that are included in both Generally Accepted Accounting Practice and Council's own Balancing the Books. These include development and financial contributions, vested assets, revaluations of property, plant and equipment, or any gains on derivative financial instruments.

The 10-Year Plan does not meet the Balanced Budget Benchmark as defined under the regulation until 2020. Council is of the opinion that this is due to the overall conservative nature of the measure and its inappropriateness in a growing city rather than any underlying unsustainable budget.

Council has noted the failure to meet this Benchmark but after considering the surpluses measured in accordance with its own "Balancing the Books" measure and Generally Accepted Accounting Practice is satisfied this is appropriate.

Council is of the opinion there are no material implications of not meeting the Balanced Budget Benchmark for the first four years of the 10-Year Plan and that the strong improvement in its financial results over the term of this Plan shows that its financial performance is sustainable.



COUNCIL FUNDING IMPACT STATEMENT

The Funding Impact Statement is made up of three parts:

- Rating Information for 2015/16
- Rates Samples for 2015/16
- The Whole of Council Funding Impact Statement for 2015-2025

The Funding Impact Statement should be read in conjunction with the Revenue and Financing Policy and Rating Policy. Figures in this statement are GST inclusive.

RATING INFORMATION FOR 2015/16

Council sets and assesses the following rates under the Local Government (Rating) Act 2002.

- General Rate
- Targeted Rates:

Transitional	Services category sewerage
Access Hamilton	Services category refuse
Business Improvement District (BID)	Metered water
Hamilton Gardens	Commercial and rural non-metered water
Services category water	

Details of the amount of rates to be collected and the categories that will pay these rates are in this funding impact statement.

GENERAL RATE

A general rate is set and assessed on the capital value of all rateable land in the city.

General rates are set on a differential basis on the categories of land identified below. The rating categories are defined in the Rating Policy. The differential basis is the use to which the land is put and the area of the land and in the case of the CBD Commercial differential, the location of the land. The different categories of rateable land are outlined in the table below.

The objective of including differentials in the general rate is to achieve a fair and equitable distribution of the general rate taking into account all factors Council believes are relevant.

This funding mechanism covers all services of Council. The total revenue sought is \$15.335 million.

Land described in Part 2 Schedule 1 of the Local Government (Rating) Act 2002 (broadly land owned or used by societies for arts or sports) will be assessed 50 per cent of the residential category rate (general and transistional rate) that applies to the land. The total revenue sought from the land is \$185,361.

GENERAL RATE

Source	Differential categories	Differential factor	Percentage of total general rates	General rate in the dollar of capital value (GST Incl)	Rates revenue (GST Incl)
General Rate	Residential	1.00	65.00%	0.00056887	\$9,967,762
	Commercial	1.5801	26.85%	0.00089885	\$4,116,902
	BID Commercial	1.5011	7.15%	0.00085391	\$1,097,005
	Rural	0.4346	1.00%	0.00024722	\$153,350

Uniform Annual General Charge

Council does not use a uniform annual general charge.

TARGETED RATES

Lump sum contributions are not sought or invited by Council in respect of targeted rates.

Transitional Rate

The rate is set and assessed on the land value of all rateable properties in the city. The transitional rates are set on a differential basis on the categories identified in the table below. The rating categories are defined in the Rating Policy. The differential basis is based on the use to which the land is put, the location of the land and/or area of the land.

The total revenue sought is \$138.015 million.

Source	Differential categories	Differential factor	Percentage of total general rates	General rate in the dollar of capital value (GST Incl)	Rates revenue (GST Incl)
Transitional Rate	Residential	1.0000	63.16%	0.01101898	\$87,176,504
	Commercial	2.3281	26.31%	0.02565286	\$36,306,941
	BID Commercial	2.2117	7.69%	0.02437022	\$10,618,300
	Multi Unit Residential	1.4171	1.79%	0.01561533	\$2,470,814
	Rural Residential	0.4618	0.05%	0.00508876	\$62,694
	Rural Small	0.3478	0.75%	0.00383238	\$1,034,532
	Rural Large	0.1653	0.25%	0.00182198	\$345,622

The Transitional rate funds the following activities:

- Planning Guidance & Compliance
- Animal Education and Control
- Stormwater Network
- Catchment Management
- Refuse Collection
- Waste Minimisation
- Landfill Site Management
- Arts Promotion
- City Planning
- Theatres
- Sewage Collection
- Sewage Treatment and Disposal
- Hamilton Gardens
- Economic Initiatives
- Libraries
- Museum
- Community Development
- Community Parks
- Gullies and native plantings
- Streetscapes
- Sports Parks
- Governance & Civic Affairs
- Environmental Health and Public Safety
- Water Treatment and Storage
- Water Distribution
- Transport Network
- Zoo
- Stadiums
- Claudelands
- Leisure Facilities
- Emergency Management

Metered Water Rate

The rate is set and assessed for metered and restricted flow water supply on a differential basis to all rating units that are metered (as defined by Hamilton City Council's Water Supply Bylaw 2013).

The rate is:

- a fixed amount based on the nature of the connection as follows:
 - \$422 for all metered rating units (except rural rating units receiving a restricted flow supply);
 - \$312 for rural rating units receiving a restricted flow supply.
- a charge per unit of water consumed or supplied on every metered connection in accordance with the following scale:

- All metered rating units (except rural rating units receiving a restricted supply) - \$1.76 per kilolitre of water supplied after the first 240 kilolitres of consumption or supply;
- Rural rating units receiving a restricted flow supply - \$1.30 per kilolitre of water supplied after the first 240 kilolitres of consumption or supply.

The rates contribute to the funding of the water distribution and water treatment and storage activities.

The total revenue sought is \$8.684 million.

Commercial and Rural Non-metered Water Rate

The rate is set and assessed on non-metered Commercial and Rural properties which are connected to or have a water supply available. The rate is \$422 per separately used or inhabited part of the rating unit.

The rates contribute to the funding of the water distribution and water treatment and storage activities. The total revenue sought is \$254,150.

Properties in the Waikato District Council and Waipa District Council supplied with water under contractual arrangements will be charged according to Council's Fees and Charging Schedule.

Access Hamilton Rate

The rate is set and assessed at a uniform rate per dollar of capital value on all rating units in the city (excluding 100 per cent non-rateable and 50 per cent non-rateable properties).

The rate is \$0.00023951 per dollar of capital value. The total revenue sought is \$5,750,000.

The Access Hamilton rate funds the work programmes and/or financing costs relating to this project as part of the transport network activity.

Business Improvement District Rates (BID)

The rate is set and assessed on all separately used or inhabited part of commercial rating units in the BID area as mapped in the Rating Policy. The rate is:

- a) BID Fixed rate: a fixed amount of \$230 per separately used or inhabited parts of a commercial rating unit within the defined area; and
- b) BID CV Rate: a rate per dollar of capital value required to meet the total revenue (after allowing for the total revenue raised by the fixed amount of \$230 per rating unit or separately used portion of a rating unit, is \$0.00003738

The rate provides funding to the economic initiatives activity. The total revenue sought is \$322,000.

Hamilton Gardens Rate

The rate is set and assessed as a fixed amount on all separately used or inhabited parts of each rating unit within the city. The rate is set at \$11.50.

The rate contributes funding to develop themed gardens and infrastructure as part of the Hamilton Gardens activity.

The total revenue sought is \$701,500.

Services Category Water Rate

The rate is set and assessed on properties as defined as a services category (see Rating Policy) and which are connected to the water supply.

- a) A fixed amount of \$422 per separately used or inhabited part of a rating unit; and
- b) A rate per dollar of land value of the rating unit, set at \$0.00273303. The rate provides funding towards the water distribution and water treatment and storage activities.

The total revenue sought is \$143,921.

Services Category Refuse Rate

The rate is set and assessed on properties defined as a services category (see Rating Policy) and which are provided with refuse collection service. The rate is:

- a) A fixed amount of \$148 per separately used or inhabited part of a rating unit; and
- b) A rate per dollar of land value per rating unit, set at \$0.00098732

The rate provides funding towards the refuse collection activity.

The total revenue sought is \$43,720

Services Category Sewerage Rate

The rate is set and assessed on properties defined as a services category (see Rating Policy) and which are connected to the sewerage network. The rate is:

- a) A fixed amount of \$404 per separately used or inhabited part of a rating unit; and
- b) The rate per dollar of land value per rating unit, set at \$0.00254788.

The rate provides funding towards the sewage distribution and sewage treatment and storage activities.

The total revenue sought is \$884,143.

FUTURE RATES

Council intends to set and assess rates from the sources listed above in each year of the Plan except the Hamilton Gardens rate which is budgeted to stop after the 2017/18 rating year.

SEPARATELY USED OR INHABITED PART OF A RATING UNIT (SUIP) - DEFINITION

Any part of a rating unit that is, or is able to be, separately used or inhabited by the ratepayer, or by any other person or body having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement.

For example, this means that each flat within a block of flats, or each shop within a block of shops, would be charged the relevant targeted rate. The same would apply to a farm with more than one dwelling, (i.e. worker accommodation), or a residential property with a separate fully self contained unit available for visitor accommodation.

Each use that involves a different activity that is conducted by a person, company, or organisation different to the ratepayer is considered to be a separate use. For example, if a photographic processing franchise operated within a store is operated by the store's staff, it is not a separate use. However if the same franchise is operated by a person, company, or organisation different to the store operator, it is considered a separate use.

INSPECTION OF RATING INFORMATION DATABASE

In accordance with the Local Government (Rating) Act 2002, the District Valuation Roll and Rates Records are available for public inspection at the Council offices, Garden Place, Hamilton, between the hours of 8.00am and 5.00pm on all business days of the week.

RATES BASE

The projected number of rating units is:

2016	56,600
2017	57,053
2018	57,509
2019	57,969
2020	58,433
2021	58,900
2022	59,371
2023	59,846
2024	60,325
2025	60,808

2015 - 2016 RATES - SAMPLE PROPERTIES

Differential	SUIPs	Land Value	Capital Value	2014 - 2015 RATES			2015 - 2016 PROPOSED RATES				Total Rates Change	
				General Rate	Targeted Rates	Total Rates	Land Value Transitional Rate	Capital Value General Rate	Targeted Rates	Total Rates	\$	Per cent
RESIDENTIAL SECTOR												
Vacant	1	200,000	200,000	2,360	61	2,422	2,204	114	59	2,377	-45	-1.85%
Modest	1	100,000	200,000	1,180	61	1,242	1,102	114	59	1,275	33	2.70%
Medium	1	200,000	400,000	2,360	111	2,472	2,204	228	107	2,539	67	2.71%
High	1	250,000	800,000	2,950	211	3,162	2,755	455	203	3,413	251	7.95%
Multi Unit	4	300,000	800,000	4,905	246	5,151	4,685	455	238	5,377	227	4.40%
RURAL SECTOR												
Vacant	1	400,000	400,000	1,608	111	1,719	1,533	99	107	1,739	20	1.17%
Medium	1	800,000	1,200,000	3,215	311	3,526	3,066	297	299	3,661	135	3.83%
High	1	2,000,000	2,300,000	3,639	586	4,225	3,644	569	562	4,775	550	13.01%
COMMERCIAL SECTOR												
Low	1	100,000	200,000	2,713	61	2,775	2,565	180	59	2,804	30	1.07%
Medium	1	250,000	500,000	6,783	136	6,919	6,413	449	131	6,994	75	1.08%
High	1	500,000	1,500,000	13,566	386	13,952	12,826	1,348	371	14,545	593	4.25%
CBD Medium	1	300,000	800,000	7,733	473	8,206	7,311	683	463	8,457	251	3.06%
CBD High	4	500,000	1,500,000	12,888	1,401	14,289	12,185	1,281	1,381	14,847	559	3.91%

WHOLE OF COUNCIL FUNDING IMPACT STATEMENT

Forecast for the year ended 30 June 2016-2025

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	125,459	13,265	27,689	43,456	60,669	79,411	99,792	121,920	145,917	171,899	200,004
Targeted rates	15,068	132,979	125,085	116,150	105,483	94,227	81,684	67,761	52,359	35,373	16,689
Subsidies and grants for operating purposes	4,426	5,110	5,127	5,301	5,639	5,499	5,595	5,783	5,878	5,984	6,100
Fees and charges	37,260	39,570	40,986	42,015	43,292	44,707	45,771	46,864	48,595	50,936	52,743
Internal charges and overheads recovered	1,300	2,143	2,144	2,145	2,146	2,147	2,149	2,150	2,152	2,154	2,155
Local authorities fuel tax, fines, infringement fees, and other receipts	4,446	3,530	3,612	3,700	3,795	3,898	4,009	4,129	4,258	4,398	4,548
Total operating funding	187,959	196,597	204,643	212,767	221,024	229,889	239,000	248,607	259,159	270,744	282,239
Application of operating funding											
Payments to staff and suppliers	120,822	130,291	136,352	142,371	144,879	147,273	151,729	160,505	162,237	168,247	174,362
Finance costs	24,887	22,647	23,543	24,650	25,693	26,446	26,952	27,485	28,256	28,911	28,630
Other operating funding applications	1,587	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	147,296	152,938	159,895	167,021	170,572	173,719	178,681	187,990	190,493	197,158	202,992
Surplus (deficit) of operating funding	40,663	43,659	44,748	45,746	50,452	56,170	60,319	60,617	68,666	73,586	79,247
Sources of capital funding											
Subsidies and grants for capital expenditure	11,157	4,147	4,771	4,964	8,263	8,367	10,202	8,405	7,551	6,815	7,327
Development and financial contributions	7,571	9,500	9,027	9,141	9,215	9,464	9,734	10,025	10,339	10,677	11,041
Increase (decrease) in debt	9,445	6,488	12,015	17,377	13,440	7,404	10,185	8,305	18,030	4,571	(12,326)
Gross proceeds from sale of assets	108	139	137	145	149	151	157	159	166	172	175
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	1,713	1,757	1,805	162	168	171	177	183	189	195
Total sources of capital funding	28,281	21,987	27,707	33,432	31,229	25,554	30,449	27,071	36,269	22,424	6,412
Application of capital funding											
Capital expenditure											
• to meet additional demand	9,164	25,988	30,068	36,452	36,902	33,260	39,488	30,855	40,556	38,912	25,243
• to improve the level of service	28,979	6,703	8,084	5,491	6,178	8,745	5,787	6,082	13,462	12,608	17,046
• to replace existing assets	29,760	32,955	34,420	37,393	38,861	40,010	45,794	51,046	51,638	45,109	43,799
Increase (decrease) in reserves	62	0	(117)	(158)	(260)	(291)	(301)	(295)	(721)	(619)	(429)
Increase (decrease) of investments	979	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	68,944	65,646	72,455	79,178	81,681	81,724	90,768	87,688	104,935	96,010	85,659
Surplus (deficit) of capital funding	(40,663)	(43,659)	(44,748)	(45,746)	(50,452)	(56,170)	(60,319)	(60,617)	(68,666)	(73,586)	(79,247)
Funding balance	0	0	0	0	0	0	0	0	0	0	0

COUNCIL CONTROLLED ORGANISATIONS

The Council is involved and represented in a number of organisations to assist in meeting its vision for the city. Council Controlled Organisations (CCOs) are any organisation in which one or more local authorities control 50 per cent or more of the voting rights or appoint 50 per cent or more of the directors. Council has an interest in following 10 CCOs: Local Authority Shared Services Ltd, New Zealand Local Government Funding Agency Ltd, Waikato Regional Airport Limited and its subsidiaries (Hamilton & Waikato Tourism Ltd and Titanium Park Ltd), Vibrant Hamilton Trust, Innovation Waikato Ltd and its subsidiaries (Waikato Innovation Park Ltd and New Zealand Food Innovation (Waikato) Ltd) and Hamilton Properties Ltd.

The following tables explain what these organisations do, Council’s objectives in regard to ownership, nature and scope of activities, key performance targets and outcomes. Council also has interests in Council Organisations details of which are available on the website.

As of 22 June 2015 final Statements of Intent and final figures have been received for:

- Waikato Regional Airport’s Statement of Intent (SOI). The final SOI has been approved for issue by the Chairman on behalf of the Board of Directors.
- Vibrant Hamilton Trust’s Statement of Intent (SOI). The final SOI has been approved for issue by the Trustees.

- New Zealand Local Government Funding Agency Limited’s Statement of Intent (SOI). The final SOI has been approved for issue by the Board of Directors.

Final Statements of Intent are yet to be received from :

- Local Authority Shared Services Limited. The draft Statement of Intent information is not expected to materially change.
- Innovation Waikato Limited and subsidiaries. The draft Statement of Intent information is not expected to materially change

ORGANISATION: HAMILTON PROPERTIES LIMITED (HPL)

Ownership	100%
Representation (total members)	1(1)
Significant policies and objectives	Council has retained this company with the view to utilising its tax losses in the future.
Nature and scope of activities	This is a non-operating company that is no longer trading.
Key performance targets	Exempt as a CCO for performance monitoring under Section 7 (3-5) LGA 2002 by Council resolution on 2 July 2013.

ORGANISATION: LOCAL AUTHORITY SHARED SERVICES LIMITED (LASS)

Ownership	13.72% shared valuation data service (SVDS) class shares and 37.5% Waikato regional transportation model (WTRM) Service class shares (this equates to 24.58% of the total weighted value of issued shares). The balance of shares is owned by other Local Authorities in the Waikato Region. Council has only one voting right out the twelve Local Authorities.														
Representation (total members)	1(12) - LASS has twelve directors, with each director representing a shareholder council.														
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	<p>The company has four major initiatives under the LASS umbrella, plus a support role for the collaborative work streams of the Waikato Mayoral Forum.</p> <ul style="list-style-type: none"> • Shared valuation data service (SVDS) • Waikato regional transportation model (WRTM) • Joint procurement initiatives • Waikato regional aerial photography service (WRAPS) <p>The specific objectives of the company are agreed each year in accordance with the constitution and the Statement of Intent.</p>														
Key performance targets	<ul style="list-style-type: none"> • Statement of Corporate Intent, Interim Report and Annual Report is presented to the CCO Subcommittee. • Financial forecasts and performance targets are specified annually in the Statement of Corporate Intent. • Joint procurement initiatives for goods and services are investigated and implemented. • Collaborative projects are identified and business cases are developed for the highest priority projects and the projects implemented. • Existing LASS are managed and renegotiated as required. • Positive cash flow will be maintained. • Expenditure shall not exceed that budgeted by more than 5% unless prior approval is obtained from the directors. • The Board will provide a written report on the business operations and financial position of the LASS to shareholder as a minimum on a six monthly basis. • Administrative support and regular updates provided to Mayoral Forum regarding progress for approved work streams. • The Shared Valuation Data Service (SVDS) is reliable, well maintained and available to users at least 99% of normal working hours. All SDVS major enhancements are supported by business case. • The Waikato Regional Transport Model (WRTM) is reliable, well managed and available to all users. Modelling reports requested are actioned within the agreed time frame. A report by the Contract Manager is provided to the Board at least every six months. • Shareholders are surveyed annually and satisfied with the performance of LASS. • Shareholders are informed on the benefits being provided to shareholding Councils by LASS. • Financial forecasts to be achieved: <table border="1" data-bbox="775 1390 2069 1498"> <thead> <tr> <th>Financial Forecasts</th> <th>2016</th> <th>2017</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>EBITDA</td> <td>\$10,000</td> <td>\$10,000</td> <td>\$10,000</td> </tr> <tr> <td>Net surplus /(deficit) before tax</td> <td>\$(428,000)</td> <td>\$(318,000)</td> <td>\$(99,000)</td> </tr> </tbody> </table>			Financial Forecasts	2016	2017	2018	EBITDA	\$10,000	\$10,000	\$10,000	Net surplus /(deficit) before tax	\$(428,000)	\$(318,000)	\$(99,000)
Financial Forecasts	2016	2017	2018												
EBITDA	\$10,000	\$10,000	\$10,000												
Net surplus /(deficit) before tax	\$(428,000)	\$(318,000)	\$(99,000)												

ORGANISATION: NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED (LGFA)

Ownership	8.3%																																												
Representation (total members)	1(19)																																												
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"> To ensure the Council’s finances are sustainable in the long term. To optimise debt funding terms and conditions for the Council, including flexible lending terms. To enhance the certainty of access to debt markets for the Council. To ensure savings in annual interest costs for the Council. To support LGFA to ensure profits are sufficient to pay a dividend to Council in accordance with the LGFA dividend policy. 																																												
Key performance targets	<ul style="list-style-type: none"> Statement of Corporate Intent, Interim Report and Annual Report is presented to the CCO Subcommittee. Financial Forecasts and Performance Targets are specified annually in the Statement of Corporate Intent. Financial forecasts to be achieved as follows: <table border="1" data-bbox="808 703 2027 1034"> <thead> <tr> <th>Financial Forecasts</th> <th>2016</th> <th>2017</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>Comprehensive income</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Net interest revenue</td> <td>\$16.17M</td> <td>\$18.23M</td> <td>\$19.16M</td> </tr> <tr> <td>Issuance and operating expenses</td> <td>\$5.65M</td> <td>\$6.58M</td> <td>\$7.06M</td> </tr> <tr> <td>Surplus</td> <td>\$10.52M</td> <td>\$11.65M</td> <td>\$12.10M</td> </tr> <tr> <td>Dividend</td> <td>\$1.75M</td> <td>\$1.75M</td> <td>\$1.75M</td> </tr> <tr> <td>Financial Position</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total assets</td> <td>\$6,002M</td> <td>\$6,560M</td> <td>\$7,940M</td> </tr> <tr> <td>Total LG loans</td> <td>\$5,760M</td> <td>\$6,484M</td> <td>\$7,610M</td> </tr> <tr> <td>Total Equity</td> <td>43.42</td> <td>53.32</td> <td>63.66</td> </tr> <tr> <td>Shareholders Funds/Total assets</td> <td>0.7%</td> <td>0.7%</td> <td>0.8%</td> </tr> </tbody> </table> <p>Performance targets to be met or exceeded as follows:</p> <ul style="list-style-type: none"> LGFA’s average cost of funds relative to the average cost of funds for New Zealand Government Securities for the period to: <ul style="list-style-type: none"> - 30 June 2016 will be less than 0.50% higher - 30 June 2017 will be less than 0.50% higher - 30 June 2018 will be less than 0.50% higher LGFA’s annualised issuance and operating expenses: <ul style="list-style-type: none"> - 30 June 2016 will no more than \$5.65 million - 30 June 2017 will no more than \$6.58million - 30 June 2018 will no more than \$7.06million The average margin above LGFA’s cost of funds charged to the highest rated participating local authorities will be no more than: <ul style="list-style-type: none"> - 30 June 2016 will no more than 0.10% - 30 June 2017 will no more than 0.10% - 30 June 2018 will no more than 0.10% Total lending to participating local authorities at: <ul style="list-style-type: none"> - 30 June 2016 will be at least \$5,760 million - 30 June 2017 will be at least \$6,970 million - 30 June 2018 will be at least \$7,610 million 	Financial Forecasts	2016	2017	2018	Comprehensive income				Net interest revenue	\$16.17M	\$18.23M	\$19.16M	Issuance and operating expenses	\$5.65M	\$6.58M	\$7.06M	Surplus	\$10.52M	\$11.65M	\$12.10M	Dividend	\$1.75M	\$1.75M	\$1.75M	Financial Position				Total assets	\$6,002M	\$6,560M	\$7,940M	Total LG loans	\$5,760M	\$6,484M	\$7,610M	Total Equity	43.42	53.32	63.66	Shareholders Funds/Total assets	0.7%	0.7%	0.8%
Financial Forecasts	2016	2017	2018																																										
Comprehensive income																																													
Net interest revenue	\$16.17M	\$18.23M	\$19.16M																																										
Issuance and operating expenses	\$5.65M	\$6.58M	\$7.06M																																										
Surplus	\$10.52M	\$11.65M	\$12.10M																																										
Dividend	\$1.75M	\$1.75M	\$1.75M																																										
Financial Position																																													
Total assets	\$6,002M	\$6,560M	\$7,940M																																										
Total LG loans	\$5,760M	\$6,484M	\$7,610M																																										
Total Equity	43.42	53.32	63.66																																										
Shareholders Funds/Total assets	0.7%	0.7%	0.8%																																										

ORGANISATION: WAIKATO REGIONAL AIRPORT LIMITED (WRAL) AND ITS SUBSIDIARIES, HAMILTON & WAIKATO TOURISM LTD AND TITANIUM PARK LTD

Ownership	50%																																												
Representation (total members)	0(5)																																												
Significant policies and objectives	<ul style="list-style-type: none"> To support the delivery of sustainable airport operations for the region To support and enable a strong, productive economy where it is easy to do business 																																												
Nature and scope of activities	<ul style="list-style-type: none"> Operate an efficient and compliant airport. Enhance the traveller experience. Maintain a viable aeronautical business. Maximise revenue diversification through non-aeronautical business opportunities. Ensure appropriate internal and external resource to enable a commercially driven and high performing organisation. 																																												
Key performance targets	<ul style="list-style-type: none"> Statement of Corporate Intent, Interim Report and Annual Report is presented to the CCO Subcommittee. Financial forecasts and performance targets are specified annually in the Statement of Corporate Intent. Financial performance targets be achieved as follows: <table border="1" data-bbox="808 662 2056 986"> <thead> <tr> <th></th> <th>2016</th> <th>2017</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td colspan="4">Consolidated company forecast:</td> </tr> <tr> <td>Earning before interest, tax, depreciation & amortisation (EBITDA)</td> <td>\$2.061M</td> <td>\$1.903M</td> <td>\$1.872M</td> </tr> <tr> <td>Net surplus/(deficit) after tax</td> <td>\$(0.421)M</td> <td>\$(0.701)M</td> <td>\$(0.760)M</td> </tr> <tr> <td>Net surplus/(deficit) after tax to average shareholders' funds</td> <td>(1)%</td> <td>(1)%</td> <td>(1)%</td> </tr> <tr> <td>Net surplus/(deficit) after tax to total assets</td> <td>(1)%</td> <td>(1)%</td> <td>(1)%</td> </tr> <tr> <td>Net cash flow (operating & investing)</td> <td>\$(632,000)</td> <td>\$28,000</td> <td>\$101,000</td> </tr> <tr> <td>Total liabilities/shareholders' funds (debt/equity ratio)</td> <td>25:75</td> <td>25:75</td> <td>24:76</td> </tr> <tr> <td colspan="4">Parent Company operations only:</td> </tr> <tr> <td>Percentage of non- landing charges revenue</td> <td>64%</td> <td>64%</td> <td>64%</td> </tr> <tr> <td>Interest cover</td> <td>2.86</td> <td>2.76</td> <td>3.00</td> </tr> </tbody> </table> <p>Non-financial performance targets:</p> <ul style="list-style-type: none"> Health & safety: <ul style="list-style-type: none"> Facilitate Health & Safety meeting every 2 months with representative from each company department. Zero Worksafe notifiable accident/ injuries. Commission independent review of the company's Health & Safety framework. Implement recommendations from the review to ensure best practice compliance. <p>Non-financial performance targets:</p> <ul style="list-style-type: none"> Operational Compliance: <ul style="list-style-type: none"> To achieve the Airport Certification Standards as required by the Civil Aviation Authority and as evidenced by the Civil Aviation Authority audit reports. Ensure airport is operationally available for all passenger services (except for uncontrollable events). Facilitate noise management meetings each 4 months in accordance with the Noise Management Plan. Customer satisfaction: <ul style="list-style-type: none"> Continuously monitor and improve the customer experience using the customer feedback form 		2016	2017	2018	Consolidated company forecast:				Earning before interest, tax, depreciation & amortisation (EBITDA)	\$2.061M	\$1.903M	\$1.872M	Net surplus/(deficit) after tax	\$(0.421)M	\$(0.701)M	\$(0.760)M	Net surplus/(deficit) after tax to average shareholders' funds	(1)%	(1)%	(1)%	Net surplus/(deficit) after tax to total assets	(1)%	(1)%	(1)%	Net cash flow (operating & investing)	\$(632,000)	\$28,000	\$101,000	Total liabilities/shareholders' funds (debt/equity ratio)	25:75	25:75	24:76	Parent Company operations only:				Percentage of non- landing charges revenue	64%	64%	64%	Interest cover	2.86	2.76	3.00
	2016	2017	2018																																										
Consolidated company forecast:																																													
Earning before interest, tax, depreciation & amortisation (EBITDA)	\$2.061M	\$1.903M	\$1.872M																																										
Net surplus/(deficit) after tax	\$(0.421)M	\$(0.701)M	\$(0.760)M																																										
Net surplus/(deficit) after tax to average shareholders' funds	(1)%	(1)%	(1)%																																										
Net surplus/(deficit) after tax to total assets	(1)%	(1)%	(1)%																																										
Net cash flow (operating & investing)	\$(632,000)	\$28,000	\$101,000																																										
Total liabilities/shareholders' funds (debt/equity ratio)	25:75	25:75	24:76																																										
Parent Company operations only:																																													
Percentage of non- landing charges revenue	64%	64%	64%																																										
Interest cover	2.86	2.76	3.00																																										

ORGANISATION: VIBRANT HAMILTON TRUST (VHT)

Ownership	Incorporated Society and Charitable Trust																
Representation (total members)	5(5)																
Significant policies and objectives	<p>The Vibrant Hamilton Trust is a Council Controlled Organisation as per the requirements under section 64(1) of the Local Government Act 2002. It was established to provide a legal entity which upon incorporation under the Charitable Trusts Act 1957 to receive funds from the Waikato Foundation Trust and is empowered to make distributions of income and capital for the charitable purposes authorised in its Trust Deed.</p> <p>The Waikato Foundation Trust transferred funds to the Vibrant Hamilton Trust (65%) and the Waikato District Community Wellbeing Trust Board (35%) on 31 January 2012. The Waikato Foundation Trust was subsequently disestablished.</p> <p>The objectives of Vibrant Hamilton Trust are:</p> <ul style="list-style-type: none"> Promote the social, economic, environmental and cultural wellbeing of the city of Hamilton and its communities. Relieve poverty through sustainable policies and practices. Advance education in the city of Hamilton, particularly to promote and advance economic standards for the benefit of the public. Deliver on strategic aspirations of the City of Hamilton as identified by the community from time to time and endorsed by Hamilton City Council. 																
Nature and scope of activities	The Vibrant Hamilton Trust is a Charitable Trust was established for the primary reason of earning a return on investment funds and the provision of grant distributions that meet the Trust’s criteria and the objects of the Trust Deed.																
Key performance targets	<ul style="list-style-type: none"> Statement of Corporate Intent, Interim Report and Annual Report is presented to the CCO Subcommittee. Financial forecasts and performance targets are specified annually in the Statement of Corporate Intent. Ensure trust membership obligations are fulfilled in accordance with section 5 of the Trust Deed. Ensure trustee’s deliver against position descriptions. Monitor the performance of investments by receiving and considering financial information, on at least a quarterly basis. Monitor investment mandate to ensure the investment portfolio reflects the risk tolerance, investment time zone and drawing requirement of the Trust. Review the performance of the Portfolio Manager. Ensure the minimum total annual grant of \$300,000 is made for 2016. Financial forecast targets to be achieved: <table border="1"> <thead> <tr> <th>Financial Forecasts</th> <th>2016</th> <th>2017</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>Surplus before grants made</td> <td>\$0.449M</td> <td>\$0.460M</td> <td>\$0.472M</td> </tr> <tr> <td>Grants made</td> <td>\$0.300M</td> <td>\$0.300M</td> <td>\$0.300M</td> </tr> <tr> <td>Portfolio investment balance</td> <td>\$6.512M</td> <td>\$6.672M</td> <td>\$6.844M</td> </tr> </tbody> </table>	Financial Forecasts	2016	2017	2018	Surplus before grants made	\$0.449M	\$0.460M	\$0.472M	Grants made	\$0.300M	\$0.300M	\$0.300M	Portfolio investment balance	\$6.512M	\$6.672M	\$6.844M
Financial Forecasts	2016	2017	2018														
Surplus before grants made	\$0.449M	\$0.460M	\$0.472M														
Grants made	\$0.300M	\$0.300M	\$0.300M														
Portfolio investment balance	\$6.512M	\$6.672M	\$6.844M														

ORGANISATION: INNOVATION WAIKATO LIMITED (IWL) AND ITS SUBSIDIARIES, WAIKATO INNOVATION PARK LTD (WIPL) AND NEW ZEALAND FOOD INNOVATION (WAIKATO) LIMITED (NZFIW)

Ownership	<p>Council has a 100% shareholding in IWL and a 19.81% shareholding in WIPL (i.e. Direct ownership). IWL owns 80.19% of WIPL, and WIPL owns 100% of NZFIW. The 100% shareholding in IWL was gifted by the Katolyst Group to Council on 9 October 2013.</p> <p>Council advanced \$2.4M to IWL in March 2009 and this was subsequently treated as investment in IWL. These shares in IWL were subsequently exchanged for shares in WIPL in July 2012 (being a 19.81% shareholding of WIPL).</p>																				
Representation (total members)	0(5)																				
Significant policies and objectives	<p>Council supports economic development through its investment in Innovation Waikato Limited.</p> <p>The core purpose of the IWL Group is:</p> <ul style="list-style-type: none"> To promote research, commercialisation and marketing of new and existing entities or individuals of new products, processes, technologies and quality improvement. To actively promote economic development by supporting the growth of business that contributes to New Zealand's export economy. <p>The focus of the Park is on innovation and technology- led businesses that enhance New Zealand's competitive advantage and align the region's economic development strategy in areas such as: agriculture, agribusiness, food processing , Value added food products from primary production, horticulture , environmental sustainability, enabling information and communication technology</p>																				
Nature and scope of activities	<p>Innovation Waikato Limited is involved in the business of the development and operation of the Innovation Park in Hamilton, which currently includes two commercially tenanted properties and a pilot spray dryer facility.</p>																				
Key performance targets	<ul style="list-style-type: none"> Statement of Corporate Intent, Interim Report and Annual Report is presented to the CCO Subcommittee. Financial forecast and performance targets are specified annually in the Statement of Corporate. Financial forecast targets to be achieved: <table border="1" data-bbox="817 943 1995 1118"> <thead> <tr> <th>Consolidated company forecast</th> <th>2016</th> <th>2017</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>Group EBITDA (earnings before interest, tax, dep & amortisation)</td> <td>\$3.055M</td> <td>\$4.077M</td> <td>\$4.784M</td> </tr> <tr> <td>Group cash from operating activities</td> <td>\$1.423M</td> <td>\$1.144M</td> <td>\$1.400M</td> </tr> <tr> <td>Surplus after tax & dividends</td> <td>\$0.670M</td> <td>\$0.830M</td> <td>\$1.470M</td> </tr> <tr> <td>Shareholders funds (including deferred income)/Tangible assets</td> <td>42%</td> <td>46%</td> <td>48%</td> </tr> </tbody> </table> Key objectives to be achieved for 2016 to 2018 includes: <ul style="list-style-type: none"> Contribute to a successful economic growth strategy, in collaboration with other regional agencies, NZTE and Callaghan Innovation. WIPL will specialise in funding grants, incubation, clustering, business attraction and business to business collaboration. New building completed and occupied, 100% rented by Tetrapak in 2015/16 and 100% banked financed. New building completed and occupied in 2017/18, with private capital injection. Major company attracted to the Park with signed agreement to lease 2015/16 and 2017/18. Agreement signed with new investor to introduce private capital to funds new building and reduce Hamilton City Council to a minority shareholding 2015/16 and 2017/18. Increasing production days for the spray dryer (2016: 300 days, 2017: 320 days and 2018: 323 days) Establishment of a milk sheep industry in the region in 2016/17 New drying technology established to develop meat/horticulture industry in 2017/18. 	Consolidated company forecast	2016	2017	2018	Group EBITDA (earnings before interest, tax, dep & amortisation)	\$3.055M	\$4.077M	\$4.784M	Group cash from operating activities	\$1.423M	\$1.144M	\$1.400M	Surplus after tax & dividends	\$0.670M	\$0.830M	\$1.470M	Shareholders funds (including deferred income)/Tangible assets	42%	46%	48%
Consolidated company forecast	2016	2017	2018																		
Group EBITDA (earnings before interest, tax, dep & amortisation)	\$3.055M	\$4.077M	\$4.784M																		
Group cash from operating activities	\$1.423M	\$1.144M	\$1.400M																		
Surplus after tax & dividends	\$0.670M	\$0.830M	\$1.470M																		
Shareholders funds (including deferred income)/Tangible assets	42%	46%	48%																		

REVENUE AND FINANCING POLICY

POLICY OBJECTIVES AND SCOPE

This policy outlines the choices Council has made to determine the appropriate funding of operating expenditure and capital expenditure from the sources¹ of funds listed in the Local Government Act 2002 (LGA). The policy also shows how Council has complied with section 101(3) . The comprehensive section 101(3)² analysis is separately documented in the Funding Needs Analysis.

Determining the appropriate way to fund Council activities is complex. It is a process that takes account of many matters including, but not limited to:

- Legal
- Social
- Competition
- Affordability
- Impact of change
- Efficiency
- Equity
- Cost
- Benefit
- Intergenerational equity
- Transparency
- Accountability
- Business
- Strategic alignment

This policy explains how Council plans to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

¹ The sources of funds are listed in section 103(2).

² All legislative references are to the Local Government Act 2002 unless otherwise stated.

PRINCIPLES OF POLICY

Council has determined the following basic principles to guide the appropriate use of funding sources.

User charges are preferred when a private benefit can be identified and it is efficient to collect the revenue.

Subsidies, grants and other income options are fully explored prior to rates being used.

Each generation of ratepayers should pay for the services they receive and borrowing can assist to achieve this outcome.

Capital costs to replace assets that reach the end of their projected economic life is firstly funded from rates.

Capital costs to upgrade or build new assets is funded firstly from sources other than rates (e.g. subsidies, grants, fundraising, financial contributions) and then borrowing.

Growth related capital costs are funded by development contributions.

Rates systems should be simple and easily understood.

Rates are not a charge for the use of a service.

If no other funding source can be used it is then appropriate to fund the remaining revenue requirement for operating expenditure from rates.

Complying with these principles can at times be challenging. The Council must apply judgment in assessing many options to determine appropriateness in its development of budgets or acquisition of assets and the choice of funding sources to implement these.

POLICY GUIDELINES

Operating cost funding sources

Operating costs are the day to day spending that maintains the services delivered by Council. This includes contributions to the wear and tear on assets used (depreciation), interest charged on borrowing for capital projects and corporate overheads.

Council must consider the funding of each activity in a way that relates exclusively to that activity. Some activities may be best funded by user charges, such as swimming pool admission fees, others with targeted rates, such as a water rate, and others from the general rate, such as road maintenance.

The funding sources for operating costs include:

User charges

User charges are used for services where there is an identifiable benefit to an individual or group. User charges are a broad group of fees charged directly to an individual or entity. It includes:

- Regulatory charges.
- Fines and penalties.
- Connection fees.
- Disposal fees.
- Deposits.
- Memberships.
- Statutory charges.
- Retail sales.
- Private works
- Planning and consent fees.
- Entry fees.
- Service charges.
- Hire.
- Permits
- Rent, lease, licenses for land and buildings

The price of the service is based on a number of factors, including:

- The cost of providing the service.
- The estimate of the users' private benefit from using the service.
- The impact of cost to encourage/discourage behaviours.
- The impact of cost on demand for the service.
- Market pricing, including comparability with other councils.
- The impact of rates subsidies if competing with local businesses.
- Cost and efficiency of collection mechanisms.
- The impact of affordability on users.
- Statutory limits.
- Other matters as determined by Council.

Council's ability to charge user charges is limited by the powers conferred on it by many statutes and regulations. As a general rule fees for statutory functions should be set at no more than the cost of providing the service. In some cases legislation sets the fees at a level that is below cost and in other cases, where provided by legislation (e.g. Waste Minimisation Act 2008). Council may set fees at greater than the cost of providing the service. Council considers it appropriate to incorporate overhead charges in the determination of the cost of providing a service.

Where Council is charging for the sale of goods or services not required by statute, Council's preference is to charge a market price, having regard to the powers conferred on it referred to in paragraph 12. This includes leases, rents and licences for land and buildings.

Fees and charges may be set by Council at any time and are reviewed by Council annually. A list of regular fees and charges is maintained on Council's website.

User charges revenue is allocated to the activity which generates the revenue.

Grants, sponsorship, subsidies and other income

Grants, sponsorship and subsidies are used where they are available. Many of these items are regular and predictable and therefore can be budgeted. Some items of other income are unexpected or unpredictable and may not be able to be prudently budgeted (e.g. reparation payments, civil defence and other reimbursements, legal settlements and insurance payouts).

Council expects to continue receiving substantial subsidies for road maintenance from government or its agencies. While this is recorded as operating income a large portion is for capital costs.

Investment income

Council's investment policy is documented in its Liability Management and Investment Policy. These investments generate income such as dividends, interest, and rents.

Income from assets is receipted to the activity that owns the asset.

Development contributions, financial contributions, proceeds from the sale of assets and lump sum contributions

Council does not collect revenue from these funding sources to fund operating costs.

Reserve funds

Council maintains a small number of cash funded reserve funds. Some of these reserve funds are available to meet operating costs (e.g. cemetery maintenance).

Council generally uses these funds for the purposes that the reserve was created.

Borrowing

Council borrowing is generally undertaken at a whole of Council level subject to the constraints on rates increases, debt levels set by the Financial Strategy.

Council generally plans to fund all cash operating costs from sources other than borrowing but may in specific circumstances, where it determines it is prudent to do so, fund some operating costs from borrowing.

Rates

Having appropriately exhausted all other funding sources, Council funds its remaining operating expenses from rates. For many activities this is the main funding source.

These matters were taken into account by Council when determining the funding requirements of each activity in the Funding Needs Analysis, as required by section 101(3)(a).

Council may establish targeted rates to fund operating costs.

Further information on rates can be found from page 126.

Summary of sources of funding for operating costs by activity

Council has applied the above preferences for the use of the funding sources to each activity in its Funding Needs Analysis. Table 1 describes the extent each funding source is used to fund operating costs following the initial s101(3)(a) assessment. Council has modified this assessment with its s101(3)(b) assessment, which requires Council to consider the overall impact of allocation of liability for revenue needs on the community as described from page 126. This includes the creation of the transitional rate, which is a targeted rate designed to address the impact of the change from land value to capital value for the general rate.

These ranges are expressed as a percentage of the cost of the activity. A key to interpret the graphics follows the table.

TABLE 1: SUMMARY OF FUNDING SOURCES BY ACTIVITY S.101(3)(A) ONLY

Activity	User charge	Grants, subsidies & other	Invest. Income	Fin. Cont.	Dev. Cont.	Reserve Funds	Borrowing	General Rates	Targeted rates
Parking Management	✓	x	x	x	x	x	x	x	x
Housing	✓	x	x	x	x	x	x	x	x
Building Control	✓	x	x	x	x	x	x	x	x
Cemeteries & Crematorium	✓	x	x	x	x	✓	x	x	x
Strategic Property Investment	x	✓	✓	x	x	x	x	x	x
Planning Guidance & Compliance	✓	x	x	x	x	x	x	✓	x
Animal Education and Control	✓	x	x	x	x	x	x	✓	x
Waste Minimisation	x	x	x	x	x	x	x	✓	x
Landfill Site Management	x	x	x	x	x	x	x	✓	x
Arts Promotion	x	x	x	x	x	x	x	✓	x
Partnership with Maori	x	x	x	x	x	x	x	✓	x
City Planning	x	x	x	x	x	x	x	✓	x
Emergency Management	x	x	x	x	x	x	x	✓	x
Stormwater Network	x	✓	x	x	x	x	x	✓	x
Refuse Collection	x	✓	x	x	x	x	x	✓	✓
Sewage Treatment and Disposal	✓	x	x	x	x	x	x	✓	✓
Hamilton Gardens	✓	x	x	x	x	x	x	✓	x
Economic Initiatives	x	x	x	x	x	x	x	✓	✓
Libraries	✓	✓	x	x	x	x	x	✓	x
Museum	✓	✓	x	x	x	x	x	✓	x
Community Development	✓	✓	x	x	x	x	x	✓	x
Community Parks	✓	x	x	x	x	x	x	✓	x
Gullies and native plantings	x	✓	x	x	x	x	x	✓	x
Streetscapes	x	✓	x	x	x	x	x	✓	x

Sports Parks	✓	x	x	x	x	x	x	✓	x
Governance & Civic Affairs	✓	x	x	x	x	x	x	✓	x
Theatres	✓	✓	x	x	x	x	x	✓	x
Sewage Collection	✓	x	x	x	x	x	x	✓	✓
Indoor Recreation	✓	✓	x	x	x	x	x	✓	x
Environmental Health and Public Safety	✓	✓	x	x	x	x	x	✓	x
Water Treatment and Storage	x	x	x	x	x	x	x	✓	✓
Water Distribution	✓	x	x	x	x	x	x	✓	✓
Transport Network	✓	✓	x	x	x	x	x	✓	✓
Zoo	✓	✓	x	x	x	x	x	✓	x
Stadiums	✓	x	x	x	x	x	x	✓	x
Claudlands	✓	✓	x	x	x	x	x	✓	x
Pools	✓	✓	x	x	x	x	x	✓	x

TABLE 2: SUMMARY OF FUNDING SOURCES BY ACTIVITY

KEY

Range Name	Range	Key
Unlikely	0	x
Minimal	0% -20%	✓
Low	20% -40%	✓
Moderate	40% - 60%	✓
High	60% - 80%	✓
Most	80% - 100%	✓
All	100%	✓

Council budgets will normally be set within these ranges. As these ranges are expressed as a percentage of the cost of the activity they may change over time because of changes in expenditure rather than changes in revenue. If budgets were marginally outside these ranges, it is unlikely that Council will consider that matter to have a high degree of significance and therefore warrant a consultation to change the Revenue and Financing Policy. It is also likely that actual funding sources will be different from budgeted funding sources.

FUNDING SOURCES FOR CAPITAL COSTS

Capital costs are those costs associated with the purchase and improvement of assets and for the repayment of debt. The funding sources for capital costs include:

User charges

User charges are generally not available for capital costs as individual user contributions would generally be too large to be affordable. Borrowing and charging users annually for financing costs (interest and principal) via rates is often a more affordable method of charging users contributions.

Council does charge for capital works that are solely for private benefit (e.g. a network extension to a single dwelling) or where capital works are undertaken outside of asset management plans at the request of individuals (e.g. a rural seal extension for dust suppression).

Grants, subsidies, and other income

Council relies on significant subsidies for capital works in its roads and bridges activity. Other activities are able to access grants and subsidies from time to time. Other income can be from many and varied sources and is unlikely to be predictable enough to budget for in advance. Other income used to fund capital costs could include bequests, insurance payouts, and legal settlements.

Grants, subsidies and other income are used wherever they are available.

Development contributions

Council collects development contributions to fund capital costs necessary to service growth over the long-term.

Council has a Development and Financial Contributions Policy. Most contributions receipted are transferred to loan accounts³. Development contribution funds received will be applied to the projects as identified by the policy. Projects identified in the policy may be either completed projects (with debt yet to be repaid from future development contributions) or future projects planned to be undertaken.

Note that, in addition to the requirements of sections 101(3) and 103 the Development and Financial Contributions Policy additionally describes

³ Many growth developments are undertaken in anticipation of growth. The growth portion of the project is funded from borrowing. When this occurs the development contribution receipts are then used to repay the debt.

⁴ As required by the Investment and Liability Management Policy.

funding matters further as stipulated by section 106(2)(c).

Financial contributions

Council collects financial contributions under the Resource Management Act 2001 to avoid, remedy or mitigate adverse effects on the environment as conditions to resource consents. The requirements for these contributions are outlined in the Operative and Proposed Hamilton District Plans. Most contributions are received as revenue by the vesting of assets in Council; some contributions may be paid to Council.

Proceeds from the sale of assets

From time to time Council disposes of assets. Many of these are low value items and the revenue is received by the activity that owns the assets.

Council's Strategic Property activity holds some higher value assets that are intended for sale. Unrestricted proceeds from the sale of these assets will be used to repay debt, unless resolved otherwise by Council⁴. Restricted revenues will be placed in the appropriate reserve fund and used for the purpose required by the document that imposes the restriction (e.g. municipal endowments reserve).

Reserve funds

Council maintains some reserve funds for capital projects and will approve the use of the funds when a project meets the specific criteria for the reserve.

Borrowing

Council must borrow to fund its asset programme. The amount of borrowing available is restricted by Council's Financial Strategy debt limits.

Borrowing, both the capital (principal) and interest components, is generally repaid by future rates.

Borrowing spreads the cost of the project over a longer period, smoothing changes in rates and ensuring that ratepayers who enjoy the benefit of long-lived assets contribute to their costs.

Lump sum contributions

Council has the option when undertaking a major project to seek lump sum contributions to the capital cost of the project from those who are identified in the projects "capital project funding plan"⁵. Lump sum contributions are provided for in the Local Government (Rating) Act 2002 and have stringent requirements placed on how they are used. Where a lump sum payment option is proposed ratepayers choose to participate or not. Council has previously used these provisions and may do so in the future.

Council does not presently plan to seek lump sum contributions.

Rates

Rates are primarily used to fund the day to day expenses including depreciation and borrowing interest costs. In each year Council calculates the cash surplus from operating revenue less operating costs to determine the amount of rates funding available to fund capital projects.

The greatest portion of this funding is rates assessed to pay for depreciation (which is a non-cash operating costs which council funds annually). These funds are used to fund renewal projects.

A portion of rates funds the capital (principal) repayments of debt.

Council may establish targeted rates to fund capital projects.

Summary of sources of funding for capital costs by activity

Council uses the following guidelines when considering the funding of capital projects:

- All projects are first funded from grants, subsidy or other income, which are budgeted as operating revenues
- Growth projects for network infrastructure that are required to meet increased demand are funded from development contributions, to the extent provided for in the Financial and Development Contributions Policy
- Reserve funds for other purposes are considered. Council has a small number of cash funded reserves available for capital costs projects
- Targeted rating options may be considered

⁵ Local Government (Rating) Act 2002 - s.117A

- Projects that have exhausted previous funding sources are funded from from general rates and/or debt

A single project may have a mix of each of these funding options.

Whenever Council resolves to consider funding a separate project, Council will consider the sources of funds above, the Revenue and Financing Policy and complete a section 101(3) assessment to determine an appropriate funding policy for the project. Generally Council will resolve the funding policy at the time the project is proposed in an Annual Plan or 10-Year Plan.

OVERALL FUNDING CONSIDERATION

Council is required by section 101(3)(b) to consider the overall impact of the allocation of liability for revenue needs on the community. It allows Council, as a final measure, to modify the overall mix of funding that would otherwise apply after the s 101(3)(a) analysis.

- i. Council will transition the impact of the change from the land value general rate of 2014/15 to a capital value general rate over 10 years. This is achieved by using the transitional targeted rate.
- ii. Council will modify the allocation of the rates liability between sectors of the rating base by the use of differentials on the general and transitional rates.
- iii. Council may waive or discount fees and charges where it considers it appropriate to do so. Some matters Council may consider in deciding whether it is appropriate to waive fees are for social reasons, for the promotion of events and facilities, for commercial reasons, due to poor service or to minimise risk.
- iv. Council may remit rates where it considers it appropriate to do so and as documented in the Rates Remissions Policy. These policies address social matters as well as adjusting rates for benefits that differ for some rates assessments (e.g. additional or no provision of some services).
- v. Council may use accounting provisions and reserve funds to spread the costs of activities over multiple years for the purpose of smoothing the cost to users and ratepayers.

vi. Council may modify the allocation of liability for growth related network infrastructure projects when considering the matters required by s106 in the Financial and Development Contributions Policy.

RATES

Council’s final consideration of funding by rates comes:

- After considering how the other funding sources will be used to fund operating and capital costs, and
- After that has been applied to activities in the Funding Needs Analysis, and
- After being adjusted for the overall funding considerations

The following section outlines the revenue and financing policy requirements that are used to set rates. To have a full understanding of rates they should be read having regard to the analysis above and in conjunction with the Rating Policy, Funding Impact Statement and Rates Resolution.

General rates

The General Rate is allocated to properties based on the capital value of the property. Council does not have a uniform annual general charge.

Council has chosen to differentiate the general rate into four differential rating categories (Residential, Commercial, CBD Commercial and Rural). The full definition of these categories is contained within the Rating Policy.

Council has determined in its Funding Needs Analysis that all or part of the following activities should be funded from the General rate:

- | | | |
|----------------------|---------------------|----------------------|
| • Refuse Collection | • Museum | • Transport Network |
| • Waste Minimisation | • Libraries | • Zoo |
| • Water Distribution | • Community Parks | • Stadiums |
| • Arts Promotion | • Sewage Collection | • Claudelands |
| • City Planning | • Streetscapes | • Leisure Facilities |
| • Theatres | • Sports Parks | • Hamilton Gardens |

- | | | |
|--|---------------------------------|--------------------------------|
| • Planning Guidance & Compliance | • Sewage Treatment and Disposal | • Governance & Civic Affairs |
| • Animal Education and Control | • Emergency Management | • Gullies and native plantings |
| • Stormwater Network | • Economic Initiatives | • Water Treatment and Storage |
| • Catchment Management | • Community Development | • Landfill Site Management |
| • Environmental Health and Public Safety | | |

The general rate differential factors for 2015/16 will be calculated as shown in the Rating Policy.

In setting the differential sectors, and the differential factors, Council considered the requirements of the Local Government Act and a number of other considerations, including:

- The activities funded by the general rate and the s101(3) considerations for the activities
- The historic relationship between the differential sectors and the existing level of the differential under the land value general rate
- The impact of any change, or rate of change to the differential
- The views of those impacted by the differentials
- Other reasonable options, and the advantages and disadvantages of those options
- The overall impact of the differential on ratepayers.

Targeted rates

Transitional Rate

Council has decided to move to a capital value general rate from a land value general rate. Having considered the overall impact of the change on ratepayers, Council determined that the impact of the change should be

transitioned over 10 years. For transparency, Council has chosen to achieve the transition by setting a transitional rate that is similar in effect to the prior land value general rate. The aggregate of the amounts raised by the capital value general rate and the land value transitional rate will equal the amount Council would otherwise have raised from the General Rate if the transition were not occurring.

The transitional rate is a land value rate, differentiated by seven differential rating categories (Residential, Commercial/Industrial, CBD Commercial/Ind, Multi Unit Residential, Rural Residential, Rural Small and Rural Large).

The full definition of these differential categories is contained within the Rating Policy. How the allocations to these categories are calculated is documented below under "Transition from land value to capital value general rates".

The transitional rate arises as a result of Council's s.101(3)(b) consideration of the overall impact in the allocation of liability for revenue. This rate mitigates the impact of the change from land value to capital for general rate. Council has determined in its Funding Needs Analysis that all or part of the following activities should be funded from the targeted rates (note these are the same activities as funded by the General Rate):

- Refuse Collection
- Waste Minimisation
- Water Distribution
- Arts Promotion
- City Planning
- Theatres
- Planning Guidance & Compliance
- Animal Education and Control
- Stormwater Network
- Catchment Management
- Environmental Health and Public Safety
- Museum
- Libraries
- Community Parks
- Sewage Collection
- Streetscapes
- Sports Parks
- Sewage Treatment and Disposal
- Emergency Management
- Economic Initiatives
- Community Development
- Transport Network
- Zoo
- Stadiums
- Claudelands
- Leisure Facilities
- Hamilton Gardens
- Governance & Civic Affairs
- Gullies and native plantings
- Water Treatment and Storage
- Landfill Site Management

The transitional rate differential factors for 2015/16 will be calculated as shown in the Rating Policy.

Transition from land value to capital value general rates

In 2014 Council decided to change from the land value general rate to a capital value general rate. In order to minimise the effect of the change on individual ratepayers Council decided to transition the change over 10 years.

This is implemented by changing the general rate to capital value from 1 July 2015 and at the same time introducing a targeted rate based on land value and differentiated similarly to the land value general rate of 2014/15. Each year 10 per cent of the total cost of the activities funded by the general and transitional rate will be transferred as shown on the table below.

TABLE 3: TRANSITION PROCESS

Year	Land Value Transition Rate		Capital Value General Rate
2015/16	90%		10%
2016/17	80%		20%
2017/18	70%		30%
2018/19	60%		40%
2019/20	50%		50%
2020/21	40%		60%
2021/22	30%		70%
2022/23	20%		80%
2023/24	10%		90%
2024/25	0%		100%

The total rates requirement for the activities funded from the activities listed will be split between each rate according to these ratios each year. This allows for adjustments in budgets over time.

Other targeted rates

Council collects a few targeted rates either to fund activities as identified in the Funding Needs Analysis or as a result of Council's overall funding considerations.

TABLE 4: TARGETED RATE TYPES

Name	Activities funded	Basis for Rate
Access Hamilton	Access hamilton projects and finance costs in the transportation activity.	Capital value across whole city.
Business Improvement District	Bid projects as part of the economic initiatives activity.	Fixed amount per SUIP ⁶ and a rate per dollar of capital value for all properties in the BID area ⁷ .
Hamilton Gardens	Gardens development projects in the hamilton gardens activity.	Fixed amount per SUIP across the whole city.
Metered water supply	Water distribution and water treatment and storage activities.	Fixed amount per water connection supplied with water and a charge per unit of water consumed or supplied to non-residential properties.
Commercial Non-metered Water Supply	Water distribution and water treatment and storage activities	Fixed amount per SUIP with water supplied or available.
Services water	Sewage distribution and sewage treatment and storage activities	Fixed amount per property and a rate per dollar of land value for connected land used for certain purposes as defined in the rating policy.
Services refuse	Refuse collection activity	Fixed amount per property and a rate per dollar of land value for connected land used for certain purposes as defined in the rating policy.
Services sewerage	Sewage collection and sewage treatment and disposal activity	Fixed amount per property and a rate per dollar of land value for connected land used for certain purposes as defined in the rating policy.

⁶ SUIP or Separately used or inhabited part of a rating unit is as required, defined each year in the Funding Impact Statement.

⁷ The BID area map is in the Rating Policy.

REFERENCES

Funding Needs Analysis, section 101(3), provides the background and analysis to explain the funding decisions made by Council. It is guided by the funding principles and choices of funding sources documented in the Revenue and Financing Policy.

The Development and Financial Contributions Policy provides further analysis, as required by section 106(2)(c). This explains why Council has chosen to use development and financial contributions to fund the capital costs needed to meet increased demand for community infrastructure.

The Liability Management and Investment Policy places restrictions on the use of the proceeds from asset sales.

The Rating Policy further clarifies the funding requirements of Council by documenting matters not included in the Funding Impact Statement, rates resolution or this policy. It includes the allocation of activity rates requirements to different differential categories, detailed definitions and maps for rating areas.

The Funding Impact Statement is included in each Long-term Plan and Annual Plan as required by clauses 15 or 20 of schedule 10. This statement shows the results of the detailed rates calculation for the first year of the plan.

Together the above documents form the necessary components to lawfully charge under the Local Government Act for the revenue requirements of Council. Council must also comply with other legislation in regard to the setting of some fees and charges and the Local Government (Rating) Act 2002 for the setting of rates.

SUMMARY OF THE SIGNIFICANCE AND ENGAGEMENT POLICY

The Significance and Engagement Policy assists Council to determine the significance of matters before it makes any decisions. It then assists to determine how and when Council will engage with communities and the extent to which community engagement is required. A full version of the Council's Significance and Engagement Policy is at hamilton.govt.nz/policies

Policy Summary

An assessment of the degree of significance of proposals and decisions and the appropriate level of engagement will be considered in the early stages of a proposal before decision making occurs and, if necessary, reconsidered as a proposal develops.

The Council will take into account the following matters when assessing the degree of significance of proposals and decisions and the appropriate level of engagement:

- Legal requirements to engage with the community.

- The financial consequences of the proposal or decision
- The portion of the community affected by the proposal or decision
- The likely impact on the community, including recognising Maaori cultural values and their relationship to land and water
- Whether the proposal affects the level of service of a significant activity (including commencing or ceasing an activity) or involves the transfer of ownership or control of strategic assets (a list of strategic assets is included in the full Significance and Engagement Policy)
- Whether community interest is high
- Whether community views are already known, including the community's preferences about the form of engagement
- The form of engagement used in the past for similar proposals and decisions.

In general, the more significant an issue, the greater the need for community engagement.

The Council will apply a consistent and transparent approach to engagement.

Where required to, the Council will use a special consultative procedure as set out in Section 83 of the Local Government Act 2002

For all other issues requiring a decision, the Council will determine the appropriate level of engagement on a case by case basis. This will be guided by the Community Engagement Guide included in the full Significance and Engagement Policy.

Joint management agreements, memorandum of understanding or any other similar high level agreements will be considered as a starting point when engaging with Maaori.

When Council makes a decision that is significantly inconsistent with this policy, the steps identified in section 80 of the Local Government Act 2002 will be undertaken.

SIGNIFICANT NEGATIVE EFFECTS

Council’s activities are provided to the community with the aim of maintaining or improving the wellbeing of Hamilton citizens. The positive contributions that our activities make can sometimes also cause negative effects that need to be managed or mitigated.

The following table lists the significant negative effects that have been identified. Where an activity is not listed, the Council has not found any significant negative effects on the community.

Activity	Effect	Mitigation
Wastewater	Wastewater can have negative environmental effects with the odour, noise and discharge that can be released.	Effects are managed through complying with resource consents. This includes maintaining odour control devices at treatment plants and upgrading or replacing infrastructure as necessary.
Stormwater	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 storm water quality and investigating the sources of contaminants.
Water Supply	Extracting an excess volume of water from the Waikato River can impact the amount of water available for users’ downstream from Hamilton.	Resource consents restrict the amount of water that can be taken from the Waikato River.
Three Waters (as above)	Water management practices can vary from Maaori cultural beliefs and practices. This includes the mixing of water from different water catchments, discharge of treated wastewater into the Waikato River and water supply practices.	Maaori values on the extraction of water and discharge into the Waikato River are considered in all water management activities. Council consults with the local Iwi as part of the resource consent processes.
Transport	Traffic can cause noise and air pollution which effects the environment.	Roads carrying more than 15,000 vehicles per day are surfaced with asphalt to reduce the noise. Alternative methods of transport are developed to mitigate air pollution such as walkways, cycling and public transport.
	Natural Heritage sites can be negatively impacted by the construction of new roads.	Projects are investigated to identify possible heritage artefacts. Tangata whenua and other affected parties are consulted prior to construction.
	Roads can form barriers between sections of the community. They can be difficult to cross particularly for pedestrians, cyclists and also motor vehicles.	Affected communities are consulted with prior to the construction on new roading projects. Provisions are put in place to assist pedestrians and cyclists such as refuge islands, traffic signals and underpasses or over bridges.
Closed landfill management	Closed landfill sites can potentially have negative effects on the environment and public health.	Closed landfills are managed to comply with resource consents. These include monitoring gas and leachate.
Rubbish and recycling	Public bins, private refuse bags and recycling can overflow or be torn open by animals which causes a negative visual impact on the community.	The Council manages collection contracts and enforces the Solid Waste Bylaw 2012 to minimise the risk of occurrence. The community is informed when the refuse will be collected on a different day.
Cemeteries and crematorium	Leachate from burial grounds can enter the groundwater	Soil and water tests are taken regularly as required by resource consents to ensure leachate does not enter any groundwater
	Cremator units can discharge contaminated air into the environment.	Maintenance is done regularly at cremator units as per the manufactures guidelines. This reduces the likelihood of negative cultural or environmental effects on the community.
Claudelands and stadia	Significant events at Claudelands, Seddon Park and Waikato Stadium may have temporary environmental and social effects. These include litter, traffic congestion, anti-social behaviour, noise and lighting effects for surrounding residents.	Council manages these effects in compliance with the District Plan, resource consents and effective asset management planning. These include having effective event management plans in place which includes plans to monitor alcohol, traffic and security at and around the event.

AUDIT NEW ZEALAND

To the reader

Mana Aotake Aotearoa

Independent auditor's report on Hamilton City Council's 2015/25 Long-Term Plan

I am the Auditor-General's appointed auditor for Hamilton City Council (the Council). Section 94 of the Local Government Act 2002 (the Act) requires an audit report on the Council's Long Term Plan (the plan). I have carried out this audit using the staff and resources of Audit New Zealand. We completed the audit on 30 June 2015.

Opinion

In my opinion:

- the plan provides a reasonable basis for:
 - long term, integrated decision-making and coordination of the Council's resources; and
 - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 136 to 139 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 and accurately reflect the information drawn from City Council's audited information.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee complete accuracy of the information in the plan.

Basis of Opinion

We carried out our work in accordance with the Auditor-General's Auditing Standards, relevant international standards and the ethical requirements in those standards¹.

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate audit procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our audit procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face over the next 30 years;
- the information in the plan is based on materially complete and reliable asset and

- activity information;
- the Council's key plans and policies have been consistently applied in the development of the forecast information;
- the assumptions set out within the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures and forecast financial information has been adequately explained within the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

I am responsible for expressing an independent opinion on aspects of the plan, as required by sections 94 and 259C of the Act. I do not express an opinion on the merits of the plan's policy content.

Independence

We have followed the independence requirements of the Auditor-General, which incorporate those of the External Reporting Board. Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council or any of its subsidiaries.

Leon Pieterse, Audit New Zealand

On behalf of the Auditor-General, Auckland, New Zealand

¹ The International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and The International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information.

