

2018-28 MAAHERE TEKAU TAU

# 2018-28 10-YEAR PLAN

VOLUME 1

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KO TAA TAATOU KAUNIHERA



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# INTRODUCTION

## KOORERO WHAKATAKI

# SUMMARY

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## OUR 10-YEAR PLAN

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

Hamilton is one of the fastest growing cities in New Zealand - we are now a city of 165,000 people and, in ten years, we expect to be home to more than 187,600 people. This growth is exciting for the city - it has the potential to provide great economic, social and cultural benefit to the people of Hamilton. But it is also challenging for us as there is increased demand for core services, infrastructure and community facilities.

This 2018-28 10-Year Plan does not shy away from these challenges. It is a bold plan embracing the opportunities that growth presents as well as making the most of what we've already got. Included in the plan is:

- strategic infrastructure for growth throughout the city, including opening a new growth cell in Peacocke, to the south of the city
- a transport programme to improve safety, congestion and transport choice (walking, cycling and public transport)
- a community infrastructure programme to enhance what we have and provide new community spaces and facilities for a growing city; and
- a major renewals and maintenance programme to look after and replace existing assets when needed.

This 10-Year Plan also includes an update to our Financial Strategy. We are currently borrowing to pay for everyday costs and this plan will get us to a point where we 'balance the books' from 2021/22. To do this, we are:

- increasing average rates to existing ratepayers by 9.7 % in 2018/19, and then continuing with annual increases of 3.8% after that
- making changes to our development contributions policy so that developers pay an appropriate share of growth costs
- taking advantage of a \$180M interest-free loan from the government to help pay for growth infrastructure - this saves more than \$65M in interest costs for our city
- working with the government and other partners to access almost \$500M in external funding

- increasing our debt to revenue ratio to 230 % (that means we can borrow \$2.30 for every \$1.00 we collect in revenue)
- Taking up opportunities afforded by innovation, insight and technology to realise savings of \$94M.

We have had unprecedented engagement with the community throughout the planning process. In the following pages you will see more detail about the challenges we have considered, what the community has had to say about them and how we have responded through the 10-Year Plan.

# WHAKARAAPOTOTANGA

## TAA TAATOU MAHERE TEKAU TAU 2018-28

Ia toru tau me hanga te kaunihera i teetehi mahere mokamoka hei whakatakoto I te aronga moo te tekau tau. Maa teenei pukapuka e whakaatu ana I ngaa kaupapa, I ngaa mahere me te aronga o te whakapau moni moo te tekau tau kei te heke mai, aa, moo te toru tau haere ake nei.

Ko Kirikiriroa teetehi o ngaa taaone nui o Aotearoa e tupu tere ana - teenei waa tonu he taaone nui ka noho 165,000 taangata, engari a ngaa tau tekau ka piki ki te 187,600 taangata neke atu. He whakatupuranga miiharo moo Kirikiriroa - maa teenei ka whai hua te ohanga, ngaa aahurea me ngaa hapori taangata katoa o Kirikiriroa. Engari tonu ngaa uauatanga moo te kaunihera

moo ngaa ratonga matua, kaupapa hanganga me ngaa kaupapa nohonga taangata.

Ehara teenei mahere I te mea huna I ngaa wero nui. He mahere tootika e kimi ana I ngaa hua e taarewa ana me te whakatupu I ngaa rawa me ngaa rauemi kei ngaa kapu o te kaunihera. Kei roto I te mahere 2018-28 ko eenei:

- ko ngaa hanganga rautaki hei whakatupu taaone nui, aa, ki te huaakina te whaitua o Peacocks ki te tonga o taaone nui
- he hootaka puunaha waka e whakapai atu ana I te haumarutanga, popoketanga me te koowhiringa hari (hikoi, paihikara me ngaa waka hari aa iwi)
- he hotaka hanganga hapori hei whakareia oo taatou rauemi me te aata whakarite I ngaa waahi me ngaa rawa ahumahi moo teetehi taaone nui e tupu ana

- he hootaka matua hei whakahou, hei tiaki hoki I ngaa rawa me ngaa rauemi iinaa taawhito ana te rawa, te rauemi ranei.

Taapiri mai ana teenei mahere tekau tau I te rautaki puutea whakahou a te kaunihera. Kei te tono puutea te kaunihera hei utua I ngaa mea o ia raa, aa, maa teenei mahere e aawhina mai I a maatou ki te 'whaarite te pukapuka' mai I te 2021/22. Ki te tuutuki teenei, maa te kaunihera e:

- me piki ake te reeti o ngaa kaiutu reeti ki te 9.7% I te tau 2018/19, kaatahi ka whai tonu I te pikinga a tau o te reeti 3.8% a muri ake
- me tinihia te take whakahaere koha whakawhanake kia utu tika ngaa kaiwhakaahu I ngaa utu whanake
- me tango te kaunihera I te \$180M utu huamoni kore mai I te kaawanatanga hei utu I ngaa take pakiaka whanake - naa te utu huamoni ka tiaki I te \$65M maa

teenei ka taea te tono puutea \$115M mai I te Manatuu Waka

- mahi ngaatahi atu ki te kawanatanga me te hunga mahi ngaatahi ki te kohikohi puutea \$500M mai I teetehi atu puna puutea kee
- me piki ake te oowehenga nama ki te whiwhinga take ki te 230% (e mea ana ka taea te tono puutea \$2.30 moo ia \$1.00 e kohia nei ki te whiwhinga take
- Ko te whai waahi ki te tiaki I te \$94M maa te mahi auaha me te puurere hangarau hou.

Kua kaha rawa aa taatou mahi tapua ki te haapori taangata. Kei ngaa whaarangi e whai ake nei ka kite maahea koe I ngaa wero kua aata wanangahia e maatou, kua aata whakarongo ki ngaa koorero katoa mai I ngaa haapori me taa maatou urupare I roto I te maahere tekau tau.

# OUR COMMUNITY OUTCOMES

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

## OUR THREE COMMUNITY OUTCOMES ARE:



### **A GREAT RIVER CITY**

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



### **A CITY THAT EMBRACES GROWTH**

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



### **A COUNCIL THAT IS BEST IN BUSINESS**

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



# LISTENING TO OUR COMMUNITY

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## LOOKING AFTER WHAT WE'VE GOT

The starting point of this 10-Year Plan is looking after what we've got. The previous six years has seen restrained spending and deferred asset renewal and maintenance to reduce debt. As a result, our finances are in better shape than they have been but some of our assets, particularly our community facilities, need attention.

It is now critical that we invest in our assets to ensure they remain fit-for-purpose and have the capacity to accommodate both the current and future needs of our city. The community has been very clear that they want us to take care of what we have - to fix things when they break and replace them when they need replacing. To get back on track, we need to invest more on maintenance and renewals.

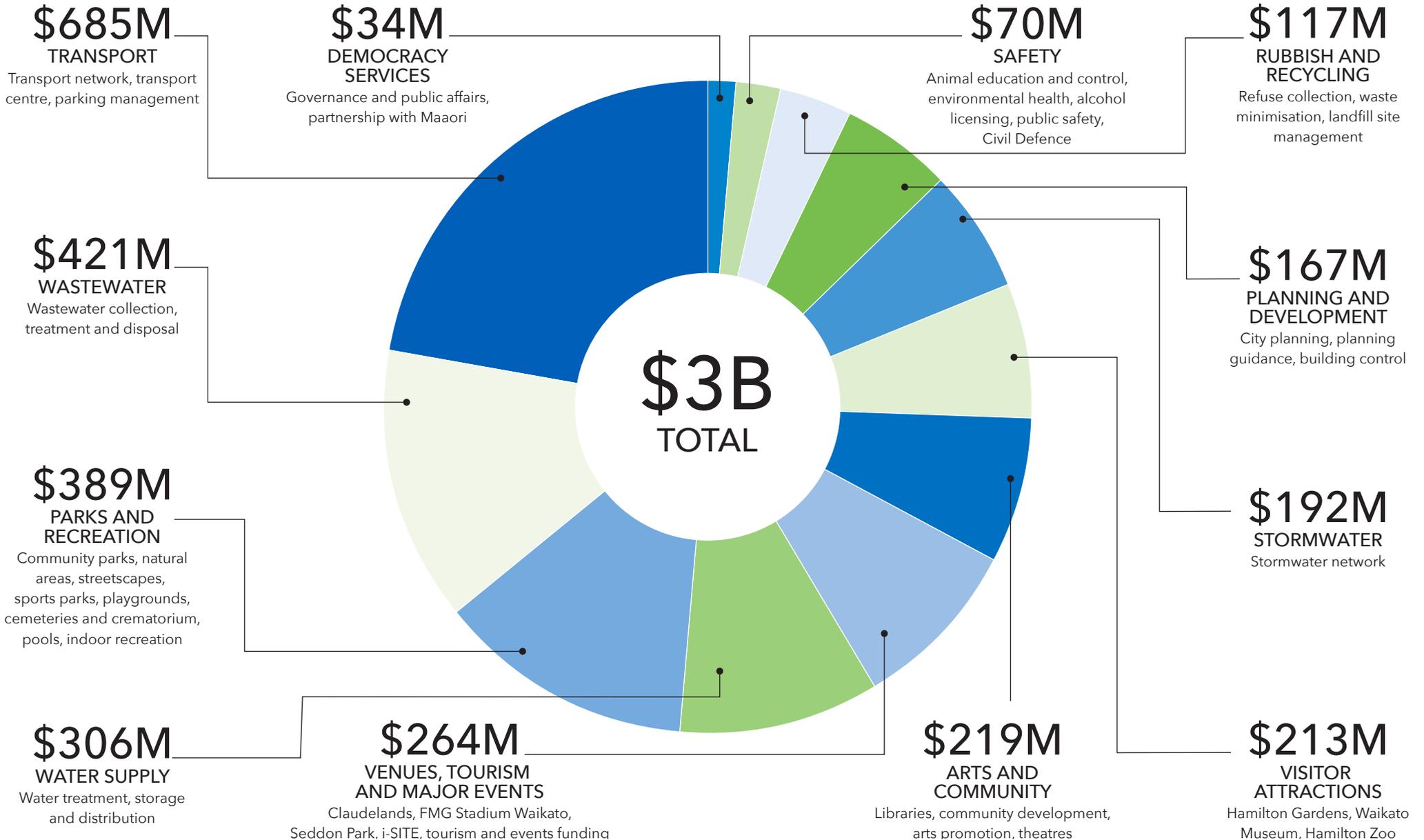
We also need to spend more to operate these assets and provide services expected of us. Greater demand, increasing compliance requirements, and an expectation to provide better services have all driven these costs up.

Collectively, this is what we refer to as the everyday costs of running the city - for activities such as repairing roads, operating libraries, maintaining parks and collecting rubbish.

Over the next ten years, we plan to spend \$3B on everyday costs. A breakdown of this is shown on the next page.

## WHERE DOES THE MONEY GO?

This graph shows the breakdown of everyday costs over the next ten years (figures include inflation).



## RATES

The 10-Year Plan also sets us on a path to ensure our 'everyday revenue' (mainly from rates, fees and charges) is enough to pay for our everyday costs.

We have been borrowing to pay for some of these costs which is not sustainable.

To address this, we considered a number of options for increasing rates, moving to a capital value rating system faster and introducing a Uniform Annual General Charge (UAGC). Under a capital value rating system, rates are calculated based on the total value of a property (i. e. land and buildings combined). Most councils in New Zealand use a capital value rating system. A UAGC is a fixed amount of rates that is part of the total rates calculation, not an additional charge.

Our original proposal was for average rates increases to existing ratepayers of 9.5% for two years, an immediate move to 100%

capital value rating, and a \$500 UAGC from the first year of the plan.

Feedback from the community told us the level of rates increase was too high, and the change to the rating system was too fast. In response, we have scaled back the changes.

We have limited the average rates increase to 9.7% in year one and 3.8% per year after that. This means ratepayers are better off from year two onwards than they would have been under the original proposal. The transition to capital value and the introduction of the \$500 UAGC will now both be phased over three years.

This means we are planning to continue borrowing to pay for some of our everyday costs for the first three years of the plan. After that, we will create surpluses which will be used to pay back debt.

## GROWTH

To meet projected growth demands, the city needs an extra 12,500 houses over the next ten years along with additional businesses and jobs to support this.

Our role is to provide new strategic infrastructure, such as roads, pipes and parks, to enable this. We also need to ensure existing infrastructure can support the increased population.

This 10-Year Plan includes significant growth-related investment right across the city, including the development of a new growth area in Peacocke, in the south of the city. Opening Peacocke for development was the clear preference of those that provided feedback on this topic.

The Peacocke development is supported by a 10-Year interest-free loan from the Government plus significant New Zealand Transport Agency (NZTA) subsidies, and will include a new bridge across the Waikato River.

Our growth plans reflect feedback from the community that housing development needs to be supported by appropriate community and transport infrastructure, that developers need to pay an appropriate share of costs and that we need to encourage a mix of new suburbs and infill development in existing neighbourhoods.

## TRANSPORT IMPROVEMENT

Travellers in Hamilton have increasingly been feeling the effects of our growing population. We are investing in a programme of transport improvements over the next ten years to manage congestion, keep people safe and support choice in how they travel.

Community feedback has generally supported our overall transport goals, but opinion is divided about how much, and in which areas, we should invest.

We have decided on a balanced programme that includes safety upgrades to a number of intersections, improvements to the most congested parts of the road network, investment in public transport infrastructure and delivery of the Biking Plan. This programme remains the same as that presented as part of consultation.

We have budgeted for just over half our investment in transport improvements to be paid for by the New Zealand Transport Agency (NZTA).

## COMMUNITY INFRASTRUCTURE

Providing community spaces and assets that enable people to come together and enjoy themselves helps a city thrive. But we also need to consider what is affordable.

This 10-Year Plan aims to get the balance right with an enhanced programme of community infrastructure projects and an increased focus on working with partners to share the costs.

The topic of community infrastructure attracted a lot of interest and feedback during consultation, which is a positive sign of a highly engaged community. We have heard from several passionate advocates for particular projects as well as from those who are concerned about spending on discretionary new projects.

To reflect community feedback, we have redirected some of our spending away from

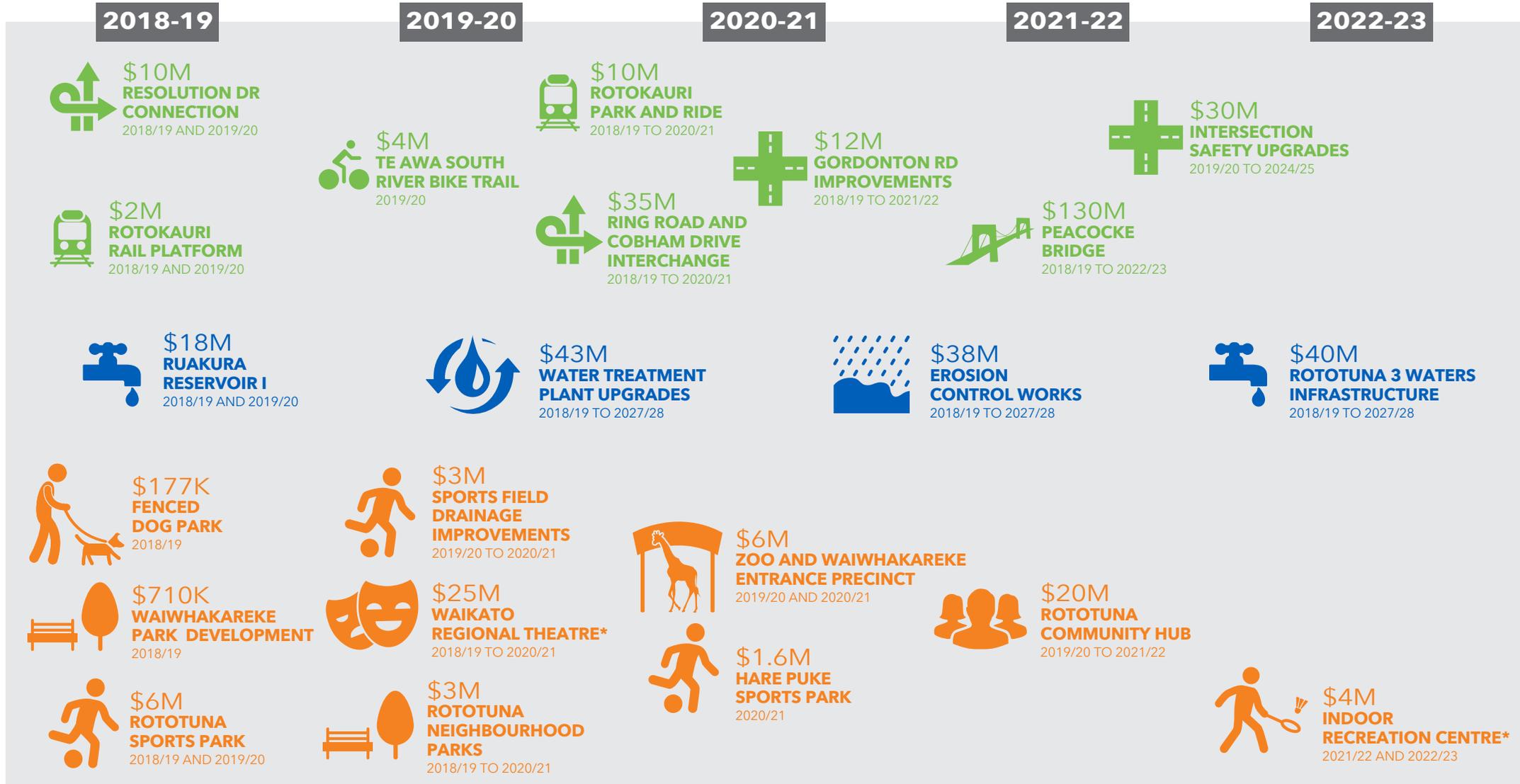
new projects, such as the proposed Central City Park and Garden Place development and towards upgrading and improving existing facilities such as the Hamilton Zoo and Hamilton Gardens.

We also recognise that we can't pay for everything on our own so we are working very closely with other stakeholders and the community to deliver projects together. This partnership approach is essential for delivering projects such as the new indoor recreation centre, the Waikato Regional Theatre, the Hamilton Gardens development plan, the Hamilton Zoo entry precinct and the Playgrounds of the Future plan.

A summary of key projects over the next ten years is shown over the page. Further detail of what you can expect from each of our activity areas is shown on Pages 16-56.



# TIMELINE OF MAJOR PROJECTS



2023-24

2024-25

2025-26

2026-27

2027-28



**\$32M**  
**INTERSECTION**  
**CAPACITY**  
**UPGRADES**  
2021/22 TO 2026/27



**\$120M**  
**PEACOCKE**  
**TRANSPORT**  
**INFRASTRUCTURE**  
2018/19 TO 2027/28



**\$52M**  
**BIKING PLAN**  
**PROJECTS**  
2018/19 TO 2027/28



**\$50M**  
**RUAKURA**  
**TRANSPORT**  
**INFRASTRUCTURE**  
2018/19 TO 2027/28



**\$54M**  
**ROKOKAURI**  
**TRANSPORT**  
**INFRASTRUCTURE**  
2018/19 TO 2027/28



**\$47M**  
**ROKOKAURI 3 WATERS**  
**INFRASTRUCTURE**  
2018/19 TO 2027/28



**\$13M**  
**RUAKURA**  
**RESERVOIR II**  
2024/25 AND 2025/26



**\$46M**  
**WASTEWATER TREATMENT**  
**PLANT UPGRADES**  
2018/19 TO 2027/28



**\$117M**  
**PEACOCKE 3 WATERS**  
**INFRASTRUCTURE**  
2018/19 TO 2027/28



**\$27M**  
**HAMILTON GARDENS**  
**DEVELOPMENT**  
2018/19 TO 2027/28



**\$46M**  
**PEACOCKE PARKS AND OPEN SPACE**  
**LAND ACQUISITION AND**  
**DEVELOPMENT**  
2018/19 TO 2027/28



**\$8M**  
**PLAYGROUNDS**  
**OF THE FUTURE**  
2018/19 TO 2027/28



**\$1.6M**  
**ROKOKAURI**  
**SPORTS PARK**  
2027/28

KEY



Transport



Three Waters



Community

*\*Through partnerships with community organisations we are contributing funding to these new community facilities. We will not own these assets.*

# SERVICES WE PROVIDE

KO NGAA TUKU  
RATONGA AA TE  
KAUNIHERA

**In the following pages we look at the 12 service areas that contribute to the delivery of our community outcomes.**

**We outline what we do, our plans, what you can expect from us and show you how we will measure our progress.**

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



# DELIVERING ON OUR COMMUNITY OUTCOMES

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

- a great river city
- a city that embraces growth
- a council that is best in business.

## WHAT YOU CAN EXPECT FROM US

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

**A CITY THAT EMBRACES GROWTH:** Our city has infrastructure that meets our current demands, supports growth and helps build a strong economy.

**A COUNCIL THAT IS BEST IN BUSINESS:** Our council is customer focussed, financially sustainable and has the best people delivering the best outcomes for the city.

We will use the following measures to see how well we are doing in delivering on our community outcomes:

HOW WILL YOU KNOW WE'RE DELIVERING?	WHAT WE WILL MEASURE	LATEST RESULT (2016/17)	TARGETS			
			2018/19	2019/20	2020/21	BY 2027/28
We want to know what Hamiltonians think of our city. We survey our residents every two years to find out what they think.	Percentage of residents who think Hamilton is a great place to live.	81%	Maintain or increase from the previous rating			
	Percentage of residents who are proud of how Hamilton looks and feels.	60%	Maintain or increase from the previous rating			
We are putting infrastructure in place to grow as a city. The Gross Domestic Product (GDP) tells us about our city's economy.	The annual average percentage change in the GDP growth for Hamilton.	2.8% (Sept 2016-Sept 2017)	Positive growth	Positive growth	Positive growth	Positive growth
We will be financially responsible. The measure indicates if the debt to revenue ratio and rates increases do not exceed the limits in the Financial Strategy.	We will stay within the debt and rating limits, as described in the Financial Strategy.	Achieved	Achieved	Achieved	Achieved	Achieved
We aim to be best in business in our interactions with customers at our reception, call centre and facilities (excluding Claudelands and stadia). The measure is an indication of how easy we are to do business with.	We are rated positively when asked how easy we are to do business with.	New measure	Establish baseline	Maintain or increase from the previous year	Maintain or increase from the previous year	Maintain or increase from the previous year

# DEMOCRACY SERVICES

Local democracy is about providing Hamiltonians with excellent governance and sound leadership for the city.

We want to provide open and effective city governance and opportunities for people to be involved in shaping our city.

We want to continue to meet constitutional and legislative requirements to ensure our meeting and other governance processes comply with the relevant statutory frameworks.

## DOING THIS WILL CONTRIBUTE TO US BEING BEST IN BUSINESS

### WHAT WE DO

#### OUR ACTIVITIES:

- **Governance and public affairs**
- **Partnership with Maaori**

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

We support public engagement with the mayor, councillors and with our democratic processes. This includes facilitating local government elections, by-elections, council and committee meetings, petitions, referenda and official information requests.

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

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

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

### LOOKING AHEAD

We will undertake at least one representation review in the next six years to ensure that our communities of interest within the city are effectively represented and to determine how they will vote for their elected representatives.

We will develop a civic education programme for schools, tertiary institutions and community groups to promote a better understanding of, and active engagement in the local democracy processes which allow the public to help shape their city.

We will continue to build positive and stronger relationships with our Maaori partner organisations and through partnership projects with Waikato Tainui.

## WHAT YOU CAN EXPECT FROM US

### Timely and open access to public information.

HOW WILL YOU KNOW WE'RE DELIVERING?	WHAT WE WILL MEASURE	LATEST RESULT (2016/17)	TARGETS			
			2018/19	2019/20	2020/21	2021/22- 2027/28
We want to engage with the community to inform our decision making. We survey our residents every two years to find out what they think.	The percentage of residents who believe we make decisions that are in the best interests of the city.	47%	Maintain or increase from the previous rating			

## SIGNIFICANT NEGATIVE EFFECTS

There are no significant negative effects associated with this activity.

## PROSPECTIVE DEMOCRACY SERVICES FUNDING IMPACT STATEMENT

FORECAST FOR YEAR ENDED 30 JUNE 2018-2028	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	1,643	1,418	2,714	2,831	2,945	3,531	3,073	3,143	3,758	3,188	3,344
Targeted rates	4,065	1,236	791	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	53	60	64	65	66	67	69	70	71	73	74
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	1	2	2	2	2	2	2	2	2	2	2
<b>Total operating funding</b>	<b>5,762</b>	<b>2,716</b>	<b>3,571</b>	<b>2,898</b>	<b>3,013</b>	<b>3,600</b>	<b>3,144</b>	<b>3,215</b>	<b>3,831</b>	<b>3,263</b>	<b>3,420</b>
<b>Application of operating funding</b>											
Payments to staff and suppliers	5,659	2,752	3,380	2,849	2,944	3,548	3,058	3,114	3,755	3,206	3,357
Finance costs	1	1	1	1	1	1	1	1	1	1	1
Internal charges and overheads applied	-	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding</b>	<b>5,660</b>	<b>2,753</b>	<b>3,381</b>	<b>2,850</b>	<b>2,945</b>	<b>3,549</b>	<b>3,059</b>	<b>3,115</b>	<b>3,756</b>	<b>3,207</b>	<b>3,358</b>
<b>Surplus/(deficit) of operating funding</b>	<b>102</b>	<b>(37)</b>	<b>190</b>	<b>48</b>	<b>68</b>	<b>51</b>	<b>85</b>	<b>100</b>	<b>75</b>	<b>56</b>	<b>62</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>										
<b>Applications of capital funding</b>											
Capital expenditure:											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	17	3	3	3	3	3	3	3	3	3	3
- to replace existing assets	55	105	68	68	78	63	101	83	51	48	91
Increase/(decrease) in reserves	30	(145)	119	(23)	(13)	(15)	(19)	14	21	5	(32)
Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding</b>	<b>102</b>	<b>(37)</b>	<b>190</b>	<b>48</b>	<b>68</b>	<b>51</b>	<b>85</b>	<b>100</b>	<b>75</b>	<b>56</b>	<b>62</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(102)</b>	<b>37</b>	<b>(190)</b>	<b>(48)</b>	<b>(68)</b>	<b>(51)</b>	<b>(85)</b>	<b>(100)</b>	<b>(75)</b>	<b>(56)</b>	<b>(62)</b>
<b>Funding balance</b>	<b>-</b>										

Refer to Note 17: Operating Funding Variance by Activity for significant operating variances.

# VENUES, TOURISM AND MAJOR EVENTS

Venues, Tourism and Major Events is about showcasing and leveraging Hamilton's event venues, visitor attractions and services.

We want to continue to deliver events that support local business opportunities, stimulate our economy and promote our city.

## PROVIDING THIS ACTIVITY WILL HELP US DELIVER A GREAT RIVER CITY

### WHAT WE DO

#### OUR ACTIVITIES:

- **Claudelands**
- **FMG Stadium Waikato (events and turf management)**
- **Seddon Park (events and turf management)**
- **i-SITE Visitor Information Centre**
- **Tourism and events funding**

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

events and other major events.

We provide funding for event sponsorship and annual funding to the Regional Tourism Organisation, Hamilton and Waikato Tourism Limited.

We manage the Hamilton i-SITE to provide residents and visitors to Hamilton access to quality, up to date information and a nation-wide booking service for activities, attractions, transport, accommodation and events.

### LOOKING AHEAD

We will continue to attract a range of national and international standard events to Hamilton, most of which will be held at H3 Venues. Our venues are well positioned to cater for growth within their existing capacity levels and will be maintained to an appropriate standard.

Alongside several neighbouring councils, our annual funding to Hamilton and Waikato Tourism supports the development of a range of strategic tourism initiatives. These initiatives will strengthen the attraction of both Hamilton and the surrounding Waikato Region to the visitor market.

## WHAT YOU CAN EXPECT FROM US

**Our venues are places you want to visit.**

HOW WILL YOU KNOW WE'RE DELIVERING?	WHAT WE WILL MEASURE	LATEST RESULT (2016/17)	TARGETS			
			2018/19	2019/20	2020/21	BY 2027/28
We provide stadia (FMG Stadium Waikato and Seddon Park) and Claudelands to host events. The measure indicates the utilisation of stadia (FMG Stadium Waikato and Seddon Park) and Claudelands.	The number of people attending events at the stadia (FMG Stadium Waikato and Seddon Park) and Claudelands. <sup>^</sup>	512,093 (Claudelands: 310,951 Stadia: 201,142)	438,000	440,000	441,000	442,000-447,000

## SIGNIFICANT NEGATIVE EFFECTS

ACTIVITY	EFFECT	MITIGATION
Claudelands	Significant events at Claudelands may have temporary environmental and social effects. These include litter, traffic congestion, anti-social behaviour, noise and lighting effects for surrounding residents.	We manage these effects in compliance with the District Plan and resource consents. Effective event management plans are also put in place to reduce the negative effects. These include alcohol, traffic and security strategies.
Stadium	Significant events at Seddon Park and FMG Stadium Waikato may have temporary environmental and social effects. These include litter, traffic congestion, anti-social behaviour, noise and lighting effects for surrounding residents.	

<sup>^</sup>The number of people attending events at our facilities is difficult to anticipate as it is dependent on the availability and cycles of major events in the city. For example, a major event such as the rugby world cup can cause a peak in attendance that is will not occur consistently in subsequent years. The target has been set to reflect this cyclic nature of events.

## PROSPECTIVE VENUES, TOURISM AND MAJOR EVENTS FUNDING IMPACT STATEMENT

FORECAST FOR YEAR ENDED 30 JUNE 2018-2028	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	4,307	7,286	12,938	16,625	17,773	17,892	17,320	19,339	21,583	22,354	21,160
Targeted rates	11,001	6,716	4,098	310	317	324	332	340	348	357	366
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	6,198	6,464	6,069	6,217	6,355	6,466	6,620	6,767	6,935	7,107	7,288
Internal charges and overheads recovered	-	20	20	21	21	22	22	23	23	24	25
Local authorities fuel tax, fines, infringement fees and other receipts	386	249	133	113	105	100	95	89	80	69	62
<b>Total operating funding</b>	<b>21,892</b>	<b>20,735</b>	<b>23,258</b>	<b>23,286</b>	<b>24,571</b>	<b>24,804</b>	<b>24,389</b>	<b>26,558</b>	<b>28,969</b>	<b>29,911</b>	<b>28,901</b>
<b>Application of operating funding</b>											
Payments to staff and suppliers	14,969	16,962	16,420	16,547	16,713	16,953	17,646	19,372	19,059	18,985	20,324
Finance costs	3,321	1,998	1,829	1,815	1,798	1,739	1,648	1,477	1,314	1,119	993
Internal charges and overheads applied	-	20	20	21	21	22	22	23	23	24	25
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding</b>	<b>18,290</b>	<b>18,980</b>	<b>18,269</b>	<b>18,383</b>	<b>18,532</b>	<b>18,714</b>	<b>19,316</b>	<b>20,872</b>	<b>20,396</b>	<b>20,128</b>	<b>21,342</b>
<b>Surplus/(deficit) of operating funding</b>	<b>3,602</b>	<b>1,755</b>	<b>4,989</b>	<b>4,903</b>	<b>6,039</b>	<b>6,090</b>	<b>5,073</b>	<b>5,686</b>	<b>8,573</b>	<b>9,783</b>	<b>7,559</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	100	100	100	100	100	100	100	100	100	100
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in debt	(394)	(26)	(1,295)	(1,579)	(1,735)	(1,573)	(2,191)	(2,800)	(3,007)	(3,745)	(2,799)
Gross proceeds from sale of assets	-	3,963	2,125	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding</b>	<b>(394)</b>	<b>4,037</b>	<b>930</b>	<b>(1,479)</b>	<b>(1,635)</b>	<b>(1,473)</b>	<b>(2,091)</b>	<b>(2,700)</b>	<b>(2,907)</b>	<b>(3,645)</b>	<b>(2,699)</b>
<b>Applications of capital funding</b>											
Capital expenditure:											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	152	1,093	266	102	391	381	76	54	143	194	107
- to replace existing assets	2,730	5,117	4,760	3,180	3,864	4,126	2,847	2,655	5,183	5,646	4,660
Increase/(decrease) in reserves	77	(375)	893	142	149	110	59	277	340	298	93
Increase/(decrease) in investments	249	(43)	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding</b>	<b>3,208</b>	<b>5,792</b>	<b>5,919</b>	<b>3,424</b>	<b>4,404</b>	<b>4,617</b>	<b>2,982</b>	<b>2,986</b>	<b>5,666</b>	<b>6,138</b>	<b>4,860</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(3,602)</b>	<b>(1,755)</b>	<b>(4,989)</b>	<b>(4,903)</b>	<b>(6,039)</b>	<b>(6,090)</b>	<b>(5,073)</b>	<b>(5,686)</b>	<b>(8,573)</b>	<b>(9,783)</b>	<b>(7,559)</b>
<b>Funding balance</b>	<b>-</b>										

Refer to Note 17: Operating Funding Variance by Activity for significant operating variances.

# VISITOR ATTRACTIONS

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

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

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

## PROVIDING THIS ACTIVITY WILL HELP US DELIVER A GREAT RIVER CITY

### WHAT WE DO

#### OUR ACTIVITIES:

- **Hamilton Gardens**
- **Waikato Museum**
- **Hamilton Zoo**

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

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

Hamilton Zoo provides a recreational and educational resource for visitors and our community, while also working to conserve wildlife. Waiwhakareke Natural Heritage Park

will add a complimentary dimension to the zoo experience of local wildlife and habitats in the Waikato when it opens.

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

### LOOKING AHEAD

Visitor Attractions is looking to maximise the potential of Hamilton's three major cultural and tourism assets to take better advantage of New Zealand's leading economic driver - tourism.

We will continue to support the success of the Hamilton Gardens and seek to increase the economic contribution it makes to our city. We plan to leverage off growing visitor numbers to the Gardens to support the wider Hamilton tourism industry.

We plan to combine the Hamilton Zoo with Waiwhakareke to create a second major tourism attraction that focuses on conservation and environmental sustainability.

As the third attraction in the trilogy, we are looking for opportunities to link the Waikato Museum to the river while enhancing its status as Waikato's premium cultural institution.

Through a strategic and collective approach, we will increase visitor numbers to all of our city's main attractions. We will do so by delivering an even more diverse range of high-quality, relevant and accessible programmes, exhibitions and innovative experiences. This will be done in a way that offers a more cohesive approach to promoting and accessing Hamilton's attractions to our residents and visitors to the city.

We are committed to identifying and implementing initiatives that will reduce the contribution ratepayers make toward our attractions without negatively affecting the visitor experience.

## WHAT YOU CAN EXPECT FROM US

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

HOW WILL YOU KNOW WE'RE DELIVERING?	WHAT WE WILL MEASURE	LATEST RESULT (2016/17)	TARGETS			
			2018/19	2019/20	2020/21	BY 2027/28
We offer a diverse range of quality, relevant programmes and experiences. The measure indicates residents and non-residents enhanced interest in these attractions.^^	Maintain or increase visitation to the Hamilton Enclosed Gardens.	New measure	Establish baseline	Equal or greater than baseline	Equal or greater than previous year	Equal or greater than previous year
	Maintain or increase visitation to the Waikato Museum and Hamilton Zoo.	269,760 (Waikato Museum: 136,955, Hamilton Zoo: 132,805)	At least 250,000	At least 250,000	At least 250,000	At least 250,000

## SIGNIFICANT NEGATIVE EFFECTS

ACTIVITY	EFFECT	MITIGATION
Museum and Hamilton Gardens	Natural heritage sites may be adversely impacted as part of further developing the Hamilton Gardens or by work around the Museum.	Projects are investigated to identify possible heritage artefacts. Taangata whenua and other affected parties are consulted prior to development.

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

## PROSPECTIVE VISITOR ATTRACTIONS FUNDING IMPACT STATEMENT

FORECAST FOR YEAR ENDED 30 JUNE 2018-2028	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	4,034	7,483	10,820	13,254	14,601	14,624	11,464	12,043	12,403	13,922	17,849
Targeted rates	9,950	7,732	4,088	808	893	980	1,071	1,164	1,260	1,359	1,461
Subsidies and grants for operating purposes	80	85	85	85	85	85	85	85	85	85	85
Fees and charges	2,872	3,296	3,742	4,305	5,387	6,029	6,589	7,018	7,191	7,366	7,552
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	27	153	47	52	52	52	51	50	49	47	62
<b>Total operating funding</b>	<b>16,963</b>	<b>18,749</b>	<b>18,782</b>	<b>18,504</b>	<b>21,018</b>	<b>21,770</b>	<b>19,260</b>	<b>20,360</b>	<b>20,988</b>	<b>22,779</b>	<b>27,009</b>
<b>Application of operating funding</b>											
Payments to staff and suppliers	13,105	13,994	14,025	14,792	15,661	16,277	16,387	17,802	18,791	19,884	22,322
Finance costs	149	183	169	289	302	305	293	268	243	216	490
Internal charges and overheads applied	-	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding</b>	<b>13,254</b>	<b>14,177</b>	<b>14,194</b>	<b>15,081</b>	<b>15,963</b>	<b>16,582</b>	<b>16,680</b>	<b>18,070</b>	<b>19,034</b>	<b>20,100</b>	<b>22,812</b>
<b>Surplus/(deficit) of operating funding</b>	<b>3,709</b>	<b>4,572</b>	<b>4,588</b>	<b>3,423</b>	<b>5,055</b>	<b>5,188</b>	<b>2,580</b>	<b>2,290</b>	<b>1,954</b>	<b>2,679</b>	<b>4,197</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	300	1,862	1,925	300	300	2,700	2,700	2,700	2,700	2,700
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in debt	155	2,042	(115)	2,468	42	(6)	(292)	(402)	(445)	(498)	5,743
Gross proceeds from sale of assets	-	193	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	1,639	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding</b>	<b>1,794</b>	<b>2,535</b>	<b>1,747</b>	<b>4,393</b>	<b>342</b>	<b>294</b>	<b>2,408</b>	<b>2,298</b>	<b>2,255</b>	<b>2,202</b>	<b>8,443</b>
<b>Applications of capital funding</b>											
Capital expenditure:											
- to meet additional demand	2,744	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	76	4,746	4,076	6,267	3,537	3,467	3,122	2,845	2,792	2,865	9,121
- to replace existing assets	2,709	2,904	1,704	1,625	1,907	2,063	1,937	1,675	1,329	1,608	1,761
Increase/(decrease) in reserves	72	(941)	555	(76)	(47)	(48)	(71)	68	88	408	1,758
Increase/(decrease) in investments	(98)	398	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding</b>	<b>5,503</b>	<b>7,107</b>	<b>6,335</b>	<b>7,816</b>	<b>5,397</b>	<b>5,482</b>	<b>4,988</b>	<b>4,588</b>	<b>4,209</b>	<b>4,881</b>	<b>12,640</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(3,709)</b>	<b>(4,572)</b>	<b>(4,588)</b>	<b>(3,423)</b>	<b>(5,055)</b>	<b>(5,188)</b>	<b>(2,580)</b>	<b>(2,290)</b>	<b>(1,954)</b>	<b>(2,679)</b>	<b>(4,197)</b>
<b>Funding balance</b>	<b>-</b>										

Refer to Note 17: Operating Funding Variance by Activity for significant operating variances.

# ARTS AND COMMUNITY

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

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

We want to support our local artists.

## PROVIDING THIS ACTIVITY WILL HELP US DELIVER A GREAT RIVER CITY

### WHAT WE DO

#### OUR ACTIVITIES:

- **Community development**
- **Libraries**
- **Arts promotion**
- **Theatre**

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

Our Community Development team and facilities support the wellbeing of our communities. They do so by enabling local organisations and private providers to deliver a variety of community based

services and activities to meet the needs of local communities. We provide grants to community groups through a community assistance fund.

Hamilton City Libraries promotes literacy through a network of six libraries and the online e-book collection. Services and programmes include provision of books and other materials in a range of formats, literacy based community programmes and events and the collection and preservation of the documentary heritage of the city.

We are active in the support and promotion of arts and culture in the city. We do this

through supporting local public artworks and encouraging local and regional theatre ventures. This work is enabled through our Arts Agenda, and Public Art process. We work proactively with artists and groups throughout the city to support the development of new public art.

## LOOKING AHEAD

Enabling communities to achieve their own visions in their own way is key to growing a strong and vibrant city. We are focusing on making sure that individuals and groups have access across the city to a wide range of community support and services that help them in their development. We want these services to be responsive to how the community and service users want to use them.

To better support our communities to achieve their goals, this 10-Year Plan provides extra funding through the community assistance grant. We are also establishing a fund which will be available to eligible social housing providers for support with research, administration,

designs and plans and consent applications.

The capacity of our libraries network will be improved with the construction of a new library in Rototuna. Funding has been allocated for the enhancement of existing space in the central city library so that it can cater for a wider variety of community uses.

We will invest with a range of partners through the Momentum Waikato Community Foundation in the delivery of a new international standard performing arts theatre (the Waikato Regional Theatre) for the Waikato region to be built in Hamilton.

## WHAT YOU CAN EXPECT FROM US

- **To be satisfied with our libraries.**
- **We will provide facilities and spaces that encourage the community to come together.**

HOW WILL YOU KNOW WE'RE DELIVERING?	WHAT WE WILL MEASURE	LATEST RESULT (2016/17)	TARGETS			
			2018/19	2019/20	2020/21	BY 2027/28
We provide libraries. The measure indicates how satisfied customers are with our libraries.	The percentage of customers satisfied with libraries.	New measure	Establish baseline	Maintain or increase from the previous year	Maintain or increase from the previous year	Maintain or increase from the previous year
We aim to provide services and facilities which enable residents to meet, connect and have a sense of community. We survey our residents every two years to find out what they think.	The percentage of residents who feel a sense of community with others in their neighbourhood.	56%	Maintain or increase from the previous rating			

## SIGNIFICANT NEGATIVE EFFECTS

ACTIVITY	EFFECT	MITIGATION
Arts Promotion	Natural heritage sites may be adversely impacted by the construction of new public art works.	Projects are investigated to identify possible heritage artefacts. Taangata whenua and other affected parties are consulted prior to construction.

## PROSPECTIVE ARTS AND COMMUNITY FUNDING IMPACT STATEMENT

FORECAST FOR YEAR ENDED 30 JUNE 2018-2028	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	4,087	8,300	11,375	15,272	18,916	19,053	19,316	20,274	20,816	21,775	21,918
Targeted rates	10,121	7,240	3,316	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	3	2	2	2	2	2	2	2	2	2	2
Fees and charges	946	829	837	844	852	861	872	881	892	904	915
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	26	10	38	97	111	104	99	93	84	74	65
<b>Total operating funding</b>	<b>15,183</b>	<b>16,381</b>	<b>15,568</b>	<b>16,215</b>	<b>19,881</b>	<b>20,020</b>	<b>20,289</b>	<b>21,250</b>	<b>21,794</b>	<b>22,755</b>	<b>22,900</b>
<b>Application of operating funding</b>											
Payments to staff and suppliers	12,746	13,055	18,158	25,148	14,000	14,061	14,187	14,663	15,081	15,850	16,489
Finance costs	179	8	410	1,498	1,889	1,821	1,720	1,536	1,361	1,177	1,037
Internal charges and overheads applied	-	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding</b>	<b>12,925</b>	<b>13,063</b>	<b>18,568</b>	<b>26,646</b>	<b>15,889</b>	<b>15,882</b>	<b>15,907</b>	<b>16,199</b>	<b>16,442</b>	<b>17,027</b>	<b>17,526</b>
<b>Surplus/(deficit) of operating funding</b>	<b>2,258</b>	<b>3,318</b>	<b>(3,000)</b>	<b>(10,431)</b>	<b>3,992</b>	<b>4,138</b>	<b>4,382</b>	<b>5,051</b>	<b>5,352</b>	<b>5,728</b>	<b>5,374</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	55	114	116	119	122	125	129
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in debt	(17)	(1,694)	8,874	22,946	6,909	(1,769)	(2,414)	(3,046)	(3,253)	(3,497)	(3,077)
Gross proceeds from sale of assets	-	3	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding</b>	<b>(17)</b>	<b>(1,691)</b>	<b>8,874</b>	<b>22,946</b>	<b>6,964</b>	<b>(1,655)</b>	<b>(2,298)</b>	<b>(2,927)</b>	<b>(3,131)</b>	<b>(3,372)</b>	<b>(2,948)</b>
<b>Applications of capital funding</b>											
Capital expenditure:											
- to meet additional demand	-	-	1,405	9,743	8,489	-	-	-	-	-	-
- to improve the level of service	94	94	1,354	15	15	16	16	16	17	17	18
- to replace existing assets	2,062	2,610	2,613	2,973	2,719	2,781	2,449	2,266	2,319	2,505	2,791
Increase/(decrease) in reserves	74	(823)	502	(216)	(267)	(314)	(381)	(158)	(115)	(166)	(383)
Increase/(decrease) in investments	11	(254)	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding</b>	<b>2,241</b>	<b>1,627</b>	<b>5,874</b>	<b>12,515</b>	<b>10,956</b>	<b>2,483</b>	<b>2,084</b>	<b>2,124</b>	<b>2,221</b>	<b>2,356</b>	<b>2,426</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(2,258)</b>	<b>(3,318)</b>	<b>3,000</b>	<b>10,431</b>	<b>(3,992)</b>	<b>(4,138)</b>	<b>(4,382)</b>	<b>(5,051)</b>	<b>(5,352)</b>	<b>(5,728)</b>	<b>(5,374)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Refer to Note 17: Operating Funding Variance by Activity for significant operating variances.

# PARKS AND RECREATION

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

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

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

## PROVIDING THIS ACTIVITY WILL HELP US DELIVER A GREAT RIVER CITY

### WHAT WE DO

#### OUR ACTIVITIES:

- **Community parks (including play spaces)**
- **Natural areas**
- **Streetscapes**
- **Sports parks**
- **Cemeteries and crematorium**
- **Pools**
- **Indoor recreation**

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

We provide, operate and maintain 196 parks and associated assets across more than 1,142 hectares in the city. These assets include recreational facilities such as playgrounds and play spaces like skate parks, natural areas and open spaces, sports parks and community amenities such as public toilets.

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

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

We are a key provider of public aquatic facilities in Hamilton, which are dedicated to promoting health, recreation and rehabilitation through swimming and water related activities. These facilities offer many recreational programmes and activities for

the community, including lane and leisure swimming, aqua education, a health and fitness centre and an early childhood centre.

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

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

## LOOKING AHEAD

The focus for our parks and recreation activity is to make sure all Hamiltonians have good access to well maintained parks, open spaces and recreation facilities wherever they are in the city.

We are investing in this activity to make sure that the quality and breadth of the parks and recreation network keeps up with growth. This includes the development of new sports parks, upgrades to drainage and irrigation on sports parks, upgraded and new play spaces which will be informed by community consultation and working with partners towards a new indoor recreation facility.

## WHAT YOU CAN EXPECT FROM US

- **Access to a park or open space in your neighbourhood.**
- **To be satisfied with our community facilities (pools and community facilities).**

HOW WILL YOU KNOW WE'RE DELIVERING?	WHAT WE WILL MEASURE	LATEST RESULT (2016/17)	TARGETS			
			2018/19	2019/20	2020/21	BY 2027/28
We provide parks and open spaces across our city. The measure indicates how accessible parks and open spaces are across the city.	Percentage of households that have access to a neighbourhood park or open space within 500 metres walking distance.	76%	At least 76%	At least 76%	At least 76%	At least 80%
We provide pools and community facilities. The measure indicates how satisfied customers are with these facilities.	The percentage of customers satisfied with pools and community facilities.	New measure	Establish baseline	Maintain or increase from the previous year	Maintain or increase from the previous year	Maintain or increase from the previous year

## SIGNIFICANT NEGATIVE EFFECTS

ACTIVITY	EFFECT	MITIGATION
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.
	At times the air cremator units can discharge into the environment and may contain residual contaminants.	Maintenance is done regularly on the cremator units as per the manufactures guidelines. This reduces the likelihood of negative cultural or environmental effects on the community.

## PROSPECTIVE PARKS AND RECREATION FUNDING IMPACT STATEMENT

FORECAST FOR YEAR ENDED 30 JUNE 2018-2028	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	5,394	14,360	20,371	30,453	29,682	29,312	31,167	33,763	34,948	37,351	42,347
Targeted rates	13,826	11,960	5,726	0	0	0	0	0	0	0	0
Subsidies and grants for operating purposes	124	7	7	7	7	7	7	7	7	7	7
Fees and charges	6,573	6,965	7,784	8,040	8,289	8,529	8,775	9,035	9,255	9,478	9,721
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	175	298	187	204	201	208	203	201	190	176	222
<b>Total operating funding</b>	<b>26,092</b>	<b>33,590</b>	<b>34,075</b>	<b>38,704</b>	<b>38,179</b>	<b>38,056</b>	<b>40,152</b>	<b>43,006</b>	<b>44,400</b>	<b>47,012</b>	<b>52,297</b>
<b>Application of operating funding</b>											
Payments to staff and suppliers	22,202	24,703	23,988	24,924	27,554	28,063	26,578	27,017	28,128	29,671	30,531
Finance costs	1,607	2,352	2,525	3,263	3,475	3,696	3,613	3,423	3,173	2,946	3,842
Internal charges and overheads applied	-	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding</b>	<b>23,809</b>	<b>27,055</b>	<b>26,513</b>	<b>28,187</b>	<b>31,029</b>	<b>31,759</b>	<b>30,191</b>	<b>30,440</b>	<b>31,301</b>	<b>32,617</b>	<b>34,373</b>
<b>Surplus/(deficit) of operating funding</b>	<b>2,283</b>	<b>6,535</b>	<b>7,562</b>	<b>10,517</b>	<b>7,150</b>	<b>6,297</b>	<b>9,961</b>	<b>12,566</b>	<b>13,099</b>	<b>14,395</b>	<b>17,924</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	300	271	866	233	749	105	179	12	13	13
Development and financial contributions	1,818	938	1,330	1,590	1,771	2,305	2,701	3,089	3,287	3,203	2,945
Increase/(decrease) in debt	1,735	16,532	6,667	14,000	1,872	3,786	(2,426)	(2,335)	(4,308)	(3,870)	18,510
Gross proceeds from sale of assets	-	1,944	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding</b>	<b>3,553</b>	<b>19,714</b>	<b>8,268</b>	<b>16,456</b>	<b>3,876</b>	<b>6,840</b>	<b>380</b>	<b>933</b>	<b>(1,009)</b>	<b>(654)</b>	<b>21,468</b>
<b>Applications of capital funding</b>											
Capital expenditure:											
- to meet additional demand	1,916	7,281	4,518	11,065	1,874	3,137	1,888	3,457	2,580	3,401	24,965
- to improve the level of service	2,185	10,556	4,525	6,129	1,452	2,290	485	570	140	644	984
- to replace existing assets	3,364	7,287	5,153	9,145	6,998	7,051	7,349	8,431	8,164	8,476	12,739
Increase/(decrease) in reserves	(529)	(646)	1,634	634	702	659	619	1,041	1,206	1,220	704
Increase/(decrease) in investments	(1,100)	1,771	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding</b>	<b>5,836</b>	<b>26,249</b>	<b>15,830</b>	<b>26,973</b>	<b>11,026</b>	<b>13,137</b>	<b>10,341</b>	<b>13,499</b>	<b>12,090</b>	<b>13,741</b>	<b>39,392</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(2,283)</b>	<b>(6,535)</b>	<b>(7,562)</b>	<b>(10,517)</b>	<b>(7,150)</b>	<b>(6,297)</b>	<b>(9,961)</b>	<b>(12,566)</b>	<b>(13,099)</b>	<b>(14,395)</b>	<b>(17,924)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Refer to Note 17: Operating Funding Variance by Activity for significant operating variances.

# SAFETY

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

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

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

## PROVIDING THIS ACTIVITY WILL HELP US DELIVER A GREAT RIVER CITY

### WHAT WE DO

#### OUR ACTIVITIES:

- **Public safety**
- **Animal education and control**
- **Environmental health**
- **Alcohol licensing**
- **Civil Defence**

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

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

To reduce the risk of danger and nuisance from dogs, we make sure they are registered and controlled and investigate offences

under the Dog Control Act 1996. Providing education to schools, businesses and community groups about safety around dogs is an important part of this service.

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

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

### LOOKING AHEAD

A big focus for safety services in the near future is to invest in more resource and expanded services that will meet the demands of a growing city.

A feasibility study is planned to help us better understand the pressures on our animal control services. We will also be appointing additional Animal Control Officers to manage current demands on this service.

We will be increasing our resource to deal with anticipated higher demand and greater levels of regulation for food safety services.

We will continue to look at ways we can improve our CCTV monitoring services in terms of the cameras operating, our analytic capability and links with different parts of our organisation. This will build the cohesiveness and efficiency of the CCTV operations that support safety services across the city. The City Safe Patrols will continue in the central city and we will be looking into the potential extension of this service beyond the central city area.

## WHAT YOU CAN EXPECT FROM US

**We work with partner organisations and the community to improve safety.**

HOW WILL YOU KNOW WE'RE DELIVERING?	WHAT WE WILL MEASURE	LATEST RESULT (2016/17)	TARGETS			
			2018/19	2019/20	2020/21	BY 2027/28
We work with partner organisations to make the city a safe public space during the day. The measure indicates the Community's perception of feeling safe during the day.	The percentage of central city users surveyed who feel very safe or reasonably safe in the central city during daytime.	83%	At least 80%	At least 80%	At least 80%	At least 80%

## SIGNIFICANT NEGATIVE EFFECTS

There are no significant negative effects associated with this activity.

## PROSPECTIVE SAFETY FUNDING IMPACT STATEMENT

FORECAST FOR YEAR ENDED 30 JUNE 2018-2028	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	1,103	1,977	3,148	3,992	4,003	4,038	4,125	4,238	4,295	4,374	4,616
Targeted rates	2,734	1,724	917	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	2,185	2,188	2,235	2,282	2,332	2,386	2,440	2,499	2,561	2,624	2,691
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	35	33	33	33	33	33	33	33	33	33	33
<b>Total operating funding</b>	<b>6,057</b>	<b>5,922</b>	<b>6,333</b>	<b>6,307</b>	<b>6,368</b>	<b>6,457</b>	<b>6,598</b>	<b>6,770</b>	<b>6,889</b>	<b>7,031</b>	<b>7,340</b>
<b>Application of operating funding</b>											
Payments to staff and suppliers	5,864	5,911	6,036	6,177	6,209	6,317	6,410	6,561	6,723	6,885	7,178
Finance costs	25	1	1	1	1	1	1	1	1	1	1
Internal charges and overheads applied	-	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding</b>	<b>5,889</b>	<b>5,912</b>	<b>6,037</b>	<b>6,178</b>	<b>6,210</b>	<b>6,318</b>	<b>6,411</b>	<b>6,562</b>	<b>6,724</b>	<b>6,886</b>	<b>7,179</b>
<b>Surplus/(deficit) of operating funding</b>	<b>168</b>	<b>10</b>	<b>296</b>	<b>129</b>	<b>158</b>	<b>139</b>	<b>187</b>	<b>208</b>	<b>165</b>	<b>145</b>	<b>161</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>										
<b>Applications of capital funding</b>											
Capital expenditure:											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	26	4	4	4	4	4	4	4	5	5	5
- to replace existing assets	123	207	154	156	172	151	209	184	138	135	201
Increase/(decrease) in reserves	19	(201)	138	(31)	(18)	(16)	(26)	20	22	5	(45)
Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding</b>	<b>168</b>	<b>10</b>	<b>296</b>	<b>129</b>	<b>158</b>	<b>139</b>	<b>187</b>	<b>208</b>	<b>165</b>	<b>145</b>	<b>161</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(168)</b>	<b>(10)</b>	<b>(296)</b>	<b>(129)</b>	<b>(158)</b>	<b>(139)</b>	<b>(187)</b>	<b>(208)</b>	<b>(165)</b>	<b>(145)</b>	<b>(161)</b>
<b>Funding balance</b>	<b>-</b>										

Refer to Note 17: Operating Funding Variance by Activity for significant operating variances.

# PLANNING AND DEVELOPMENT

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

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

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

## PROVIDING THIS ACTIVITY WILL HELP US DELIVER A CITY THAT EMBRACES GROWTH

### WHAT WE DO

#### OUR ACTIVITIES:

- City planning
- Planning guidance
- Building control

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

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

We provide information and advice for those planning developments and process applications for land-use and subdivision consents, including developments qualifying as Special Housing Areas. We work closely with developers to ensure the city is well designed, safe and embraces growth.

We are responsible for implementing the Hamilton Housing Accord.

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

### LOOKING AHEAD

Hamilton is experiencing very high growth and projections show the city is well on its way to having more than 187,600 people living here within the next ten years. To keep up with this growth we will make more land available for housing. We will also be increasing our focus on housing affordability.

To meet demand, we are planning to open up a third growth cell ahead of schedule in the Peacocke area. To do this we have sought extra funding support through the Government's Housing Infrastructure Fund (HIF). Our focus on infill and intensification continues to help us accommodate growth within the city centre and existing suburbs.

We have an important role in contributing to Hamilton's economic development by working to ensure that the right policies and plans are in place to make doing business in the city easy.

## WHAT YOU CAN EXPECT FROM US

- A sufficient supply of land for housing and business.

- We will support the delivery of safe, sustainable and attractive development.

HOW WILL YOU KNOW WE'RE DELIVERING?	WHAT WE WILL MEASURE	LATEST RESULT (2016/17)	TARGETS			
			2018/19	2019/20	2020/21	BY 2027/28
We will provide sufficient residential and business land to allow our city to grow. The measure indicates if there is three years of residential and business land zoned and ready with infrastructure to be used.	There will be at least three years capacity of residential zoned land supplied with development infrastructure in the city.	New measure	Achieved	Achieved	Achieved	Achieved
	There will be at least three years capacity of business zoned land supplied with development infrastructure in the city.	New measure	Achieved	Achieved	Achieved	Achieved
Consents are processed in a timely fashion. "Average processing days" is the average number of working days used in processing consents, which excludes all stop clock days <sup>Δ</sup> .	Average processing days for building consents.	New measure	18 working days	18 working days	18 working days	18 working days
	Average processing days for non-notified land use and subdivision resource consents.	New measure	18 working days	18 working days	18 working days	18 working days

## SIGNIFICANT NEGATIVE EFFECTS

There are no significant negative effects associated with this activity.

<sup>Δ</sup> A working day means any day except for a weekend day, public holiday, and those days between 20 December and 10 January. The processing clock may be stopped at any point should we require further information from the applicant.

## PROSPECTIVE CITY PLANNING AND DEVELOPMENT FUNDING IMPACT STATEMENT

FORECAST FOR YEAR ENDED 30 JUNE 2018-2028	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	1,849	2,811	5,578	6,806	6,232	5,970	6,304	5,987	6,008	6,124	6,216
Targeted rates	4,587	2,453	1,626	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	8,754	9,374	9,770	10,374	10,600	10,846	11,090	11,355	11,641	11,926	12,232
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	151	93	49	42	38	36	35	33	30	26	23
<b>Total operating funding</b>	<b>15,341</b>	<b>14,731</b>	<b>17,023</b>	<b>17,222</b>	<b>16,870</b>	<b>16,852</b>	<b>17,429</b>	<b>17,375</b>	<b>17,679</b>	<b>18,076</b>	<b>18,471</b>
<b>Application of operating funding</b>											
Payments to staff and suppliers	13,528	14,189	15,222	15,791	15,340	15,518	15,790	15,566	15,953	16,347	16,846
Finance costs	1,277	751	680	673	665	643	609	546	486	422	375
Internal charges and overheads applied	-	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding</b>	<b>14,805</b>	<b>14,940</b>	<b>15,902</b>	<b>16,464</b>	<b>16,005</b>	<b>16,161</b>	<b>16,399</b>	<b>16,112</b>	<b>16,439</b>	<b>16,769</b>	<b>17,221</b>
<b>Surplus/(deficit) of operating funding</b>	<b>536</b>	<b>(209)</b>	<b>1,121</b>	<b>758</b>	<b>865</b>	<b>691</b>	<b>1,030</b>	<b>1,263</b>	<b>1,240</b>	<b>1,307</b>	<b>1,250</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in debt	(153)	(487)	(663)	(617)	(685)	(582)	(810)	(1,036)	(1,112)	(1,203)	(1,057)
Gross proceeds from sale of assets	-	693	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding</b>	<b>(153)</b>	<b>206</b>	<b>(663)</b>	<b>(617)</b>	<b>(685)</b>	<b>(582)</b>	<b>(810)</b>	<b>(1,036)</b>	<b>(1,112)</b>	<b>(1,203)</b>	<b>(1,057)</b>
<b>Applications of capital funding</b>											
Capital expenditure:											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	59	9	9	9	10	10	10	10	11	11	11
- to replace existing assets	194	367	237	238	273	219	352	291	179	170	319
Increase/(decrease) in reserves	33	(296)	212	(106)	(103)	(120)	(142)	(74)	(62)	(77)	(137)
Increase/(decrease) in investments	97	(83)	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding</b>	<b>383</b>	<b>(3)</b>	<b>458</b>	<b>141</b>	<b>180</b>	<b>109</b>	<b>220</b>	<b>227</b>	<b>128</b>	<b>104</b>	<b>193</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(536)</b>	<b>209</b>	<b>(1,121)</b>	<b>(758)</b>	<b>(865)</b>	<b>(691)</b>	<b>(1,030)</b>	<b>(1,263)</b>	<b>(1,240)</b>	<b>(1,307)</b>	<b>(1,250)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Refer to Note 17: Operating Funding Variance by Activity for significant operating variances.

# WATER SUPPLY

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

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

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

## PROVIDING THIS ACTIVITY WILL HELP US DELIVER A CITY THAT EMBRACES GROWTH

### WHAT WE DO

#### OUR ACTIVITIES:

- **Water treatment and storage**
- **Water distribution**

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

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

Our water supply network services around 50,000 households and 5,500 commercial and industrial and rural premises. Water from the city also supplies several thousand properties in the Waikato area and more than 100 properties in the Waipa area.

Monitoring and managing risks to the

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

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

### LOOKING AHEAD

An important piece of work for us is preparing for potential changes to drinking water regulation and management arising from the Government Inquiry of Havelock North Drinking Water.

In line with our Water Conservation and Demand Strategy, we will continue implementing discrete water demand zones which help us identify areas where we are losing water. In turn, this helps us to target

the replacement of pipeline infrastructure most likely to be leaking or at most risk of failure.

We will also be concentrating on even better interactions with our customers including increasing our activities to keep them informed about the sustainable use and conservation of water and general water quality information.

Over the next ten years there are many key projects and initiatives to support the effective management of our water supply. These involve a range of network capacity and management reviews, renewals, upgrades and increases in capacity to cater for growth.

A capacity upgrade for our treatment plant will be needed to meet increasing demand from growth. This will also support our resilience during peak demand times to cope with potential unplanned asset failure.

## WHAT YOU CAN EXPECT FROM US

- **The water we supply is safe to drink.**
- **Our water network to be managed in a way that minimises the loss of water.**
- **We will work with the community to sustainably manage the supply and use of water.**
- **To be satisfied with the clarity, taste, odour, continuity and pressure of the water supply.**
- **A timely response and a timely resolution if there is an urgent and non-urgent problem with the water supply.**

HOW WILL YOU KNOW WE'RE DELIVERING?	WHAT WE WILL MEASURE	LATEST RESULT (2016/17)	TARGETS			
			2018/19	2019/20	2020/21	BY 2027/28
We provide water that is safe to drink and hygienic to use which meets the drinking water standards. The New Zealand Drinking Water Standards are monitored by the Ministry of Health as a national standard for public safety.	*Water quality complies with the drinking water standards for (a) bacteria and for (b) protozoa.	a) Achieved Compliance  b) Achieved Compliance	a) Achieve Compliance  b) Achieve Compliance			
We provide an efficient and effective water supply. We will achieve this by undertaking activities such as water leakage detection and maintaining the network of water pipes. The measure indicates how much water is lost from the system between the water treatment plant and the household or customer.	*The percentage of real water loss from the water network infrastructure in the city.  We use the Water New Zealand Loss Guidelines to calculate how much water is lost from the water network.	16% (March 2016 - March 2017)	No more than 16%	No more than 16%	No more than 16%	No more than 10%
We provide a sustainable water supply. This is achieved through water conservation campaigns that educate the community on sustainable water use and efficient management of the water network. The measure provides an indication of how successful these campaigns are.	*The average use of drinking water per Hamilton resident, per day.	331 Litres	No more than 400 litres per resident, per day	No more than 400 litres per resident, per day	No more than 400 litres per resident, per day	No more than 400 litres per resident, per day
We provide water that is wholesome and is reliably supplied. The measure indicates customers and community satisfaction with the quality of the water.	*The number of complaints relating to drinking water about clarity, taste, odour, pressure, continuity of supply and complaints about our response to any of these issues.	1.9 complaints per 1,000 connections	No more than 5 complaints per 1,000 connections	No more than 5 complaints per 1,000 connections	No more than 5 complaints per 1,000 connections	No more than 5 complaints per 1,000 connections

HOW WILL YOU KNOW WE'RE DELIVERING?	WHAT WE WILL MEASURE	LATEST RESULT (2016/17)	TARGETS			
			2018/19	2019/20	2020/21	BY 2027/28
We will respond within a reasonable timeframe to issues with the water supply. The measure indicates how quickly we respond to urgent and non-urgent issues and resolve the problem.	*The median attendance time for urgent call-outs, from the time that we received notification to the time that our service personnel reach the site.	73 minutes	No more than 60 minutes	No more than 60 minutes	No more than 60 minutes	No more than 60 minutes
	*The median resolution time of urgent call-outs, from the time that we received notification to the time that our service personnel confirm the fault or interruption has been resolved.	3.15 hours	No more than 5 hours	No more than 5 hours	No more than 5 hours	No more than 5 hours
	*#The median attendance time, in working days, for non-urgent call-outs, from the time that we received notification to the time that our service personnel reach the site.	6.2 days (this calculation included non-working days)	No more than 5 days			
	*#The median resolution time, in working days, of non-urgent call-outs, from the time we received notification to the time that our service personnel confirm the fault or interruption has been resolved.	6.8 days (this calculation included non-working days)	No more than 10 days			

## SIGNIFICANT NEGATIVE EFFECTS

EFFECT	MITIGATION
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 taken from the Waikato River.
Water management practices utilised in the abstraction of water from natural resources like the Waikato River can vary from Maaori cultural beliefs and practices.	Maaori values on the extraction of water and discharge into the Waikato River are considered in each of our water-related activities. We consult with the local iwi as part of the resource consent processes.

\* Measure required by the Department of Internal Affairs.

† Refers to part 4 and 5 of the Drinking Water Standards.

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

## PROSPECTIVE WATER SUPPLY FUNDING IMPACT STATEMENT

FORECAST FOR YEAR ENDED 30 JUNE 2018-2028	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	4,235	8,378	14,784	19,861	22,320	25,464	28,974	30,184	31,246	32,003	29,527
Targeted rates	18,746	15,081	12,245	8,106	8,287	8,477	8,674	8,883	9,107	9,335	9,579
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	347	252	235	216	199	181	166	144	121	99	72
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	267	500	309	299	312	301	287	291	278	237	208
<b>Total operating funding</b>	<b>23,595</b>	<b>24,211</b>	<b>27,573</b>	<b>28,482</b>	<b>31,118</b>	<b>34,423</b>	<b>38,101</b>	<b>39,502</b>	<b>40,752</b>	<b>41,674</b>	<b>39,386</b>
<b>Application of operating funding</b>											
Payments to staff and suppliers	8,429	13,143	12,894	13,491	13,800	13,766	14,126	14,567	14,851	15,594	16,262
Finance costs	3,511	4,078	4,413	5,019	5,657	5,605	5,319	5,182	4,875	4,165	3,671
Internal charges and overheads applied	-	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding</b>	<b>11,940</b>	<b>17,221</b>	<b>17,307</b>	<b>18,510</b>	<b>19,457</b>	<b>19,371</b>	<b>19,445</b>	<b>19,749</b>	<b>19,726</b>	<b>19,759</b>	<b>19,933</b>
<b>Surplus/(deficit) of operating funding</b>	<b>11,655</b>	<b>6,990</b>	<b>10,266</b>	<b>9,972</b>	<b>11,661</b>	<b>15,052</b>	<b>18,656</b>	<b>19,753</b>	<b>21,026</b>	<b>21,915</b>	<b>19,453</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	50	52	54	55	57	58	60	61	63	64
Development and financial contributions	2,246	3,498	4,985	5,793	6,108	5,963	5,720	6,032	6,281	6,116	5,801
Increase/(decrease) in debt	3,685	14,082	13,032	10,410	10,392	(1,213)	(8,000)	(241)	(5,863)	(14,076)	(11,522)
Gross proceeds from sale of assets	-	3,722	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	53	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding</b>	<b>5,984</b>	<b>21,352</b>	<b>18,069</b>	<b>16,257</b>	<b>16,555</b>	<b>4,807</b>	<b>(2,222)</b>	<b>5,851</b>	<b>479</b>	<b>(7,897)</b>	<b>(5,657)</b>
<b>Applications of capital funding</b>											
Capital expenditure:											
- to meet additional demand	11,356	17,745	19,841	18,748	19,648	6,614	3,798	13,610	9,913	2,616	1,420
- to improve the level of service	2,971	2,146	1,376	821	817	3,001	1,782	960	1,037	916	2,161
- to replace existing assets	5,570	7,609	7,049	7,583	8,847	11,542	12,307	12,227	11,703	11,646	11,646
Increase/(decrease) in reserves	77	(1,257)	69	(923)	(1,096)	(1,298)	(1,453)	(1,193)	(1,148)	(1,160)	(1,431)
Increase/(decrease) in investments	(2,335)	2,099	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding</b>	<b>17,639</b>	<b>28,342</b>	<b>28,335</b>	<b>26,229</b>	<b>28,216</b>	<b>19,859</b>	<b>16,434</b>	<b>25,604</b>	<b>21,505</b>	<b>14,018</b>	<b>13,796</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(11,655)</b>	<b>(6,990)</b>	<b>(10,266)</b>	<b>(9,972)</b>	<b>(11,661)</b>	<b>(15,052)</b>	<b>(18,656)</b>	<b>(19,753)</b>	<b>(21,026)</b>	<b>(21,915)</b>	<b>(19,453)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Refer to Note 17: Operating Funding Variance by Activity for significant operating variances.

# WASTEWATER

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

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

## PROVIDING THIS ACTIVITY WILL HELP US DELIVER A CITY THAT EMBRACES GROWTH

### WHAT WE DO

#### OUR ACTIVITIES:

- **Wastewater collection**
- **Wastewater treatment and disposal**

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

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

The wastewater network services approximately 50,000 households and 4,800 commercial and industrial premises. The network includes the wastewater treatment plant, pump stations and pipes.

### LOOKING AHEAD

Over the 10-Year Plan period we will be undertaking several resilience, reliability and growth based projects. These will look to ensure the operational, structural and seismic integrity of the wastewater network and treatment plant assets.

We anticipate we will need to comply with increased legislative and regulatory requirements in terms of existing assets and for planned urbanisation as the city grows. To meet these requirements, we'll also be replacing aging assets which will provide greater reliability and efficiency and allow us to maintain our level of service as we cater for growth.

We plan to consent the treatment plant and increase its capacity along with that of selected pump stations.

## WHAT YOU CAN EXPECT FROM US

- Our wastewater system is designed and maintained to minimise harm to the community and environment.
- We operate and maintain the wastewater system to minimise odour and blockages.
- We operate and maintain the wastewater system to minimise the impact on the environment.
- A timely response and resolution if there is an urgent problem with the wastewater system.

HOW WILL YOU KNOW WE'RE DELIVERING?	WHAT WE WILL MEASURE	LATEST RESULT (2016/17)	TARGETS			
			2018/19	2019/20	2020/21	BY 2027/28
Our wastewater system is designed, operated and maintained in a way that effectively minimises the risk of harm to the community and environment. The measure indicates how well the network operates.	*The number of overflows in dry weather.	0.2 overflows per 1,000 connections	No more than 5 overflows per 1,000 connections	No more than 5 overflows per 1,000 connections	No more than 5 overflows per 1,000 connections	No more than 5 overflows per 1,000 connections
Our wastewater system is operated and maintained to minimise odour and blockages. The measure indicates customer and community satisfaction with the quality of the wastewater system.	*The number of complaints about wastewater odour, system faults or blockages and complaints about our response to issues with its wastewater system.	18.4 complaints per 1,000 connections	No more than 25 complaints per 1,000 connections	No more than 25 complaints per 1,000 connections	No more than 25 complaints per 1,000 connections	No more than 25 complaints per 1,000 connections
We comply with our resource consent conditions and minimise the impact of wastewater on the environment. The measure indicates if we are operating within our resource consent conditions.	*The number of abatement notices, infringement notices, enforcement orders and convictions issued for spillage from the wastewater system.	0	No more than 1 abatement action			
		0	*0 infringement, enforcement or conviction actions			
We will attend and resolve issues with the wastewater system within a reasonable timeframe. The measure indicates how quickly we attend to issues and resolve the problem.	*The median attendance time for call-outs, from the time that we received notification to the time that our service personnel reach the site.	57 minutes	No more than 60 minutes			
	*The median resolution time of call-outs, from the time that we received notification to the time that our service personnel confirm the fault or interruption has been resolved.	1.8 hours	No more than 5 hours	No more than 5 hours	No more than 5 hours	No more than 5 hours

## SIGNIFICANT NEGATIVE EFFECTS

EFFECT	MITIGATION
If not properly managed wastewater can have negative environmental effects such as odour, noise and quality of discharge.	Effects are managed through complying with resource consents. This includes maintaining odour control devices at treatment plants and upgrading or replacing infrastructure as necessary.
Wastewater discharge practices can vary from Maaori cultural beliefs and practices.	Maaori values on the discharge of water into the Waikato River are considered in our wastewater activities. We consult with the local iwi as part of the resource consent processes.

\* Measure required by the Department of Internal Affairs.

‡ Annual report will state which, if any, non compliance item was issued.

## PROSPECTIVE WASTEWATER FUNDING IMPACT STATEMENT

FORECAST FOR YEAR ENDED 30 JUNE 2018-2028	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	6,315	13,920	23,650	31,906	31,022	37,605	41,011	40,983	42,531	44,443	51,980
Targeted rates	16,537	13,157	7,937	1,079	1,120	1,163	1,207	1,253	1,301	1,350	1,401
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	5,257	5,077	5,240	5,404	5,573	5,754	5,944	6,141	6,350	6,573	6,797
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	340	567	418	374	363	366	362	342	347	427	432
<b>Total operating funding</b>	<b>28,449</b>	<b>32,721</b>	<b>37,245</b>	<b>38,763</b>	<b>38,078</b>	<b>44,888</b>	<b>48,524</b>	<b>48,719</b>	<b>50,529</b>	<b>52,793</b>	<b>60,610</b>
<b>Application of operating funding</b>											
Payments to staff and suppliers	13,388	18,956	18,967	19,710	20,469	20,536	21,377	22,089	23,053	23,727	25,097
Finance costs	3,440	4,594	5,953	6,211	6,509	6,735	6,671	6,024	6,029	7,564	7,744
Internal charges and overheads applied	-	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding</b>	<b>16,828</b>	<b>23,550</b>	<b>24,920</b>	<b>25,921</b>	<b>26,978</b>	<b>27,271</b>	<b>28,048</b>	<b>28,113</b>	<b>29,082</b>	<b>31,291</b>	<b>32,841</b>
<b>Surplus/(deficit) of operating funding</b>	<b>11,621</b>	<b>9,171</b>	<b>12,325</b>	<b>12,842</b>	<b>11,100</b>	<b>17,617</b>	<b>20,476</b>	<b>20,606</b>	<b>21,447</b>	<b>21,502</b>	<b>27,769</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	50	52	54	55	57	58	60	61	63	64
Development and financial contributions	3,372	5,838	8,314	9,806	10,505	10,145	9,989	10,909	11,409	11,103	10,388
Increase/(decrease) in debt	6,263	27,698	49,091	23,983	11,151	6,430	(2,000)	(12,160)	2,697	36,051	1,448
Gross proceeds from sale of assets	-	4,260	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	53	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding</b>	<b>9,688</b>	<b>37,846</b>	<b>57,457</b>	<b>33,843</b>	<b>21,711</b>	<b>16,632</b>	<b>8,047</b>	<b>(1,191)</b>	<b>14,167</b>	<b>47,217</b>	<b>11,900</b>
<b>Applications of capital funding</b>											
Capital expenditure:											
- to meet additional demand	17,119	32,029	57,234	34,093	19,290	13,501	12,539	4,868	19,845	55,820	24,626
- to improve the level of service	1,645	2,128	2,934	3,028	3,856	6,018	2,846	2,672	3,758	3,059	4,665
- to replace existing assets	6,399	8,787	7,790	9,188	9,365	14,653	13,253	11,478	11,564	9,811	10,928
Increase/(decrease) in reserves	114	(440)	1,824	376	300	77	(115)	397	447	29	(550)
Increase/(decrease) in investments	(3,968)	4,513	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding</b>	<b>21,309</b>	<b>47,017</b>	<b>69,782</b>	<b>46,685</b>	<b>32,811</b>	<b>34,249</b>	<b>28,523</b>	<b>19,415</b>	<b>35,614</b>	<b>68,719</b>	<b>39,669</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(11,621)</b>	<b>(9,171)</b>	<b>(12,325)</b>	<b>(12,842)</b>	<b>(11,100)</b>	<b>(17,617)</b>	<b>(20,476)</b>	<b>(20,606)</b>	<b>(21,447)</b>	<b>(21,502)</b>	<b>(27,769)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Refer to Note 17: Operating Funding Variance by Activity for significant operating variances.

# STORMWATER

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

We want to continue to maintain stormwater services that improve, promote and protect public health. This includes protecting and enhancing the Waikato River, and minimising the effects of stormwater on the environment.

## PROVIDING THIS ACTIVITY WILL HELP US DELIVER A CITY THAT EMBRACES GROWTH

### WHAT WE DO

#### OUR ACTIVITIES:

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

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

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

### LOOKING AHEAD

Through our comprehensive master planning activities, we'll be working towards improving the resilience, sustainability and compliance of the stormwater network over the next ten years.

We anticipate we will need to comply with increased legislative and regulatory requirements in terms of existing assets and for planned urbanisation as the city grows.

To meet these requirements, we'll be focusing on establishing stormwater infrastructure in greenfield areas, erosion control works, retrofitting and new treatment devices in brownfield areas and continuing thorough catchment management planning.

## WHAT YOU CAN EXPECT FROM US

- **Our stormwater system is designed and maintained to minimise the likelihood of stormwater entering habitable buildings.**
- **A timely response if there is a problem with the stormwater system.**
- **A timely response to the flooding of a habitable building.**
- **We will operate and maintain the stormwater system to minimise flooding.**

HOW WILL YOU KNOW WE'RE DELIVERING?	WHAT WE WILL MEASURE	LATEST RESULT (2016/17)	TARGETS			
			2018/19	2019/20	2020/21	BY 2027/28
We maintain and operate the stormwater network in a way that minimises the likelihood of stormwater entering habitable buildings. The measure indicates the number of times the stormwater system has affected habitable buildings.	*The number of flooding events <sup>‡</sup> that occur within the city.	0	No more than 1 flooding event			
	*For each flooding event, the number of habitable floors affected.	0	No more than 1 per 1,000 properties			
We comply with our resource consent conditions and minimise the impact of stormwater on the environment. The measure indicates if we are operating within our resource consent conditions.	*The number of abatement notices, infringement notices, enforcement orders and convictions related to the management of the stormwater system.	0	No more than 1 abatement action			
		0	* 0 infringement, enforcement or conviction actions			
We will respond within a reasonable timeframe to the flooding of a habitable building. The measure indicates how fast we will respond to the issue.	*The median response time, from the time that we received notification to the time that our service personnel reach the site of the flooding event.	0 flooding events to respond to	No more than 60 minutes			
We provide a reliable stormwater system. The measure indicates customer and community satisfaction with the effectiveness of the stormwater system.	*The number of complaints received about the performance of the stormwater system.	0.1 complaints per 1,000 properties connected	No more than 10 complaints per 1,000 properties connected	No more than 10 complaints per 1,000 properties connected	No more than 10 complaints per 1,000 properties connected	No more than 10 complaints per 1,000 properties connected

<sup>‡</sup>A flooding event means an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor (any part of a building used for residential activities - excludes floorspace used solely for the purposes of an entrance, passageway, toilet, bathroom, laundry, garage or storeroom).

\* Measure required by the Department of Internal Affairs.

‡ Annual report will state which, if any, non compliance item was issued.

## SIGNIFICANT NEGATIVE EFFECTS

EFFECT	MITIGATION
There is potential for adverse environmental effects due to stormwater possibly containing contaminants. Examples of potential contaminants could be 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 of stormwater quality and investigating the sources of contaminants.
The mixing of stormwater from different water catchments discharging into water bodies and the Waikato River can contrast with Maaori cultural beliefs and practices.	Maaori values on the extraction of water and discharge into the Waikato River are considered in each of our water related activities. We consult with the local iwi as part of the resource consent processes.

## PROSPECTIVE STORMWATER FUNDING IMPACT STATEMENT

FORECAST FOR YEAR ENDED 30 JUNE 2018-2028	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	1,040	2,817	5,126	7,558	8,951	9,497	11,827	13,949	15,487	16,669	17,038
Targeted rates	2,593	2,462	1,496	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	379	363	369	373	379	386	394	402	409	419	427
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	35	155	134	157	163	162	162	179	184	194	195
<b>Total operating funding</b>	<b>4,047</b>	<b>5,797</b>	<b>7,125</b>	<b>8,088</b>	<b>9,493</b>	<b>10,045</b>	<b>12,383</b>	<b>14,530</b>	<b>16,080</b>	<b>17,282</b>	<b>17,660</b>
<b>Application of operating funding</b>											
Payments to staff and suppliers	2,691	4,468	4,691	4,705	4,641	4,817	5,189	5,180	5,426	5,733	6,002
Finance costs	490	1,256	1,932	2,662	2,982	3,047	3,037	3,225	3,287	3,505	3,562
Internal charges and overheads applied	-	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding</b>	<b>3,181</b>	<b>5,724</b>	<b>6,623</b>	<b>7,367</b>	<b>7,623</b>	<b>7,864</b>	<b>8,226</b>	<b>8,405</b>	<b>8,713</b>	<b>9,238</b>	<b>9,564</b>
<b>Surplus/(deficit) of operating funding</b>	<b>866</b>	<b>73</b>	<b>502</b>	<b>721</b>	<b>1,870</b>	<b>2,181</b>	<b>4,157</b>	<b>6,125</b>	<b>7,367</b>	<b>8,044</b>	<b>8,096</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	64	1,279	882	2,892	804	591	494	785	2,402	664
Development and financial contributions	589	2,010	2,999	3,793	4,271	3,771	3,093	2,791	3,227	4,061	4,705
Increase/(decrease) in debt	1,079	10,046	16,413	14,248	4,555	713	(804)	5,175	2,145	5,598	787
Gross proceeds from sale of assets	-	1,072	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	52	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding</b>	<b>1,720</b>	<b>13,192</b>	<b>20,691</b>	<b>18,923</b>	<b>11,718</b>	<b>5,288</b>	<b>2,880</b>	<b>8,460</b>	<b>6,157</b>	<b>12,061</b>	<b>6,156</b>
<b>Applications of capital funding</b>											
Capital expenditure:											
- to meet additional demand	1,407	9,989	16,368	15,257	3,792	4,153	4,473	11,142	9,970	10,256	10,367
- to improve the level of service	1,078	1,349	3,790	3,653	9,073	2,784	1,919	2,591	2,853	9,242	3,205
- to replace existing assets	914	1,040	923	881	963	881	1,084	1,226	1,086	1,094	1,378
Increase/(decrease) in reserves	(129)	(356)	112	(147)	(240)	(349)	(439)	(374)	(385)	(487)	(698)
Increase/(decrease) in investments	(684)	1,243	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding</b>	<b>2,586</b>	<b>13,265</b>	<b>21,193</b>	<b>19,644</b>	<b>13,588</b>	<b>7,469</b>	<b>7,037</b>	<b>14,585</b>	<b>13,524</b>	<b>20,105</b>	<b>14,252</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(866)</b>	<b>(73)</b>	<b>(502)</b>	<b>(721)</b>	<b>(1,870)</b>	<b>(2,181)</b>	<b>(4,157)</b>	<b>(6,125)</b>	<b>(7,367)</b>	<b>(8,044)</b>	<b>(8,096)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Refer to Note 17: Operating Funding Variance by Activity for significant operating variances.

# TRANSPORT

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

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

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

## DOING THIS WILL CONTRIBUTE TO DELIVERING A CITY THAT EMBRACES GROWTH

### WHAT WE DO

#### OUR ACTIVITIES:

- Transport network
- Parking management

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

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

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

The bus service in Hamilton is provided and managed by the Waikato Regional Council in partnership with us.

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

### LOOKING AHEAD

Over the next ten years we will continue to significantly invest in the transport network, focusing on safety, travel choice and the provision of new strategic infrastructure to support growth and economic development.

Improving road safety is a big focus and we have set a target of zero deaths on the transport network by 2028. Areas of the network where crashes occur most frequently are known, and we will invest in these to improve safety for everyone - regardless of how you choose to travel. Investment in road safety education will continue, along with exploring new ways to make sure everyone arrives safely at their

destination.

Together with Waikato Regional Council, NZTA and neighbouring districts, we will produce a Mass Transit Plan for the city including rail and public transport interchanges. Mass transit will enable the movement of more people more efficiently - helping to reduce congestion in our growing city.

A focus for us over the next ten years is the delivery of key projects in the Biking Plan to complete the cycle network and make it safe, family friendly and attractive. We will also be providing new signage to make getting around the cycleways much easier.

Continued partnering with NZTA and developers will be required to extend the transport network into new growth areas, ensuring they are designed to efficiently manage road traffic and minimise environmental impact. Strong connections to key transport networks such as the Hamilton Ring Road and Waikato Expressway are critical to ensure safe and efficient movement in and around the city.

## WHAT YOU CAN EXPECT FROM US

- Predictable vehicle travel times for peak time trips.
- Alternative transport options for getting into the central city.
- Our transport network is safe to use.
- Roads and footpaths to be kept in good condition.
- A timely response to road and footpath service requests.

HOW WILL YOU KNOW WE'RE DELIVERING?	WHAT WE WILL MEASURE	LATEST RESULT (2016/17)	TARGETS			
			2018/19	2019/20	2020/21	BY 2027/28
We will make the network as efficient as possible. The measure indicates how effectively we manage peak hour traffic flows with minimal unnecessary delays on the road.	The percentage of extra time taken for vehicles to travel key routes in the city during peak travel times compared to non-peak.	48%	No more than 50%			
We are working towards providing cycling routes across the city, making Hamilton a bike-friendly city. For the next three years the measure is focused on the central city.	The number of cyclists biking into the central city.	1,301	At least 1,380	At least 1,500	At least 1,700	At least 3,140
We are working towards a safe network with a vision of a decreasing trend of deaths and serious injuries on Hamilton roads within ten years. We aim to achieve this by delivering projects that improve the safety of pedestrian and biking facilities and intersections. The measure is an indication of the impact of safety improvements on reducing death and serious harm on Hamilton roads.	*The change from the previous financial year in the number of fatalities and serious injury crashes on Hamilton's local road network.	13 more deaths or serious injuries than in 2015/16	Decrease from previous year			
We aim for a smooth road that provides comfort for road users and improves the safety of the roads. The measure (smooth travel exposure) assesses the quality of the ride, with a higher percentage indicating more roads providing a smooth ride.	*The average smooth travel exposure rating across the sealed road network	85%	At least 86% smooth travel exposure			
We will maintain the road network by resealing it as needed. Resurfacing is only undertaken as required depending on the condition of the surface in that financial year. The measure demonstrates how well we understand and plan for the need to resurface roads.	*The percentage of Hamilton's sealed local road network that is resurfaced each year. <sup>◊</sup>	5%	At least 4%	At least 4%	At least 4%	At least 4%

\* Measure required by the Department of Internal Affairs.

<sup>◊</sup> During the 10-Year Plan period we have undertaken surface modelling to understand our renewal needs over the next three years. The 4% measure reflects both network need and aligns with our programmed renewals.

HOW WILL YOU KNOW WE'RE DELIVERING?	WHAT WE WILL MEASURE	LATEST RESULT (2016/17)	TARGETS			
			2018/19	2019/20	2020/21	BY 2027/28
We will provide footpaths that are well maintained. The measure is the percentage of footpaths that meet the service level.	*The percentage of footpaths that fall within the service standard for the condition of footpaths as set out in the Transport Activity Management Plan.	96%	At least 97%	At least 97%	At least 97%	At least 97%
We will investigate and respond to the customer about their request for service relating to road and footpath issues. The measure indicates the percentage of requests responded to within five working days.	*The percentage of customer service requests relating to roads and footpaths responded to within five working days*.	96%	At least 96%	At least 96%	At least 96%	At least 98%

## SIGNIFICANT NEGATIVE EFFECTS

EFFECT	MITIGATION
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 such as walkways, cycling and public transport assist to mitigate air pollution.
Natural heritage sites can be negatively impacted by the construction of new roads.	Projects are investigated to identify possible heritage artefacts. Taangata 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.	Effected communities are consulted while obtaining resource consents for significant roading projects. Provisions are put in place to assist pedestrians and cyclists such as refuge islands, traffic signals and underpasses or over bridges.

\* Measure required by the Department of Internal Affairs.

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

## PROSPECTIVE TRANSPORT FUNDING IMPACT STATEMENT

FORECAST FOR YEAR ENDED 30 JUNE 2018-2028	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	5,794	18,023	23,387	35,175	39,255	41,207	46,695	51,024	56,568	62,543	65,211
Targeted rates	19,878	16,003	7,015	145	145	146	145	144	145	145	145
Subsidies and grants for operating purposes	4,935	6,460	6,201	6,314	6,593	7,006	7,259	7,665	8,685	8,521	9,460
Fees and charges	3,971	3,973	4,014	4,208	4,256	4,308	4,367	4,303	4,364	4,431	4,496
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	3,125	3,005	2,828	2,830	2,847	2,891	2,952	2,998	3,063	3,091	3,104
<b>Total operating funding</b>	<b>37,703</b>	<b>47,464</b>	<b>43,445</b>	<b>48,672</b>	<b>53,096</b>	<b>55,558</b>	<b>61,418</b>	<b>66,134</b>	<b>72,825</b>	<b>78,731</b>	<b>82,416</b>
<b>Application of operating funding</b>											
Payments to staff and suppliers	21,373	27,303	26,698	27,299	28,669	30,373	30,650	32,320	34,967	35,485	38,664
Finance costs	7,691	5,322	6,436	7,153	7,600	8,118	8,770	8,727	9,277	9,203	8,964
Internal charges and overheads applied	-	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding</b>	<b>29,064</b>	<b>32,625</b>	<b>33,134</b>	<b>34,452</b>	<b>36,269</b>	<b>38,491</b>	<b>39,420</b>	<b>41,047</b>	<b>44,244</b>	<b>44,688</b>	<b>47,628</b>
<b>Surplus/(deficit) of operating funding</b>	<b>8,639</b>	<b>14,839</b>	<b>10,311</b>	<b>14,220</b>	<b>16,827</b>	<b>17,067</b>	<b>21,998</b>	<b>25,087</b>	<b>28,581</b>	<b>34,043</b>	<b>34,788</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	4,905	43,976	61,413	37,660	47,774	48,371	31,195	23,795	30,537	30,887	24,619
Development and financial contributions	3,116	5,234	7,476	8,927	9,615	10,570	11,060	11,747	12,193	12,014	11,553
Increase/(decrease) in debt	3,398	30,927	52,298	22,891	30,085	34,001	12,991	2,341	10,320	(1,298)	(8,682)
Gross proceeds from sale of assets	-	4,985	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding</b>	<b>11,419</b>	<b>85,122</b>	<b>121,187</b>	<b>69,478</b>	<b>87,474</b>	<b>92,942</b>	<b>55,246</b>	<b>37,883</b>	<b>53,050</b>	<b>41,603</b>	<b>27,490</b>
<b>Applications of capital funding</b>											
Capital expenditure:											
- to meet additional demand	7,802	73,460	109,266	57,939	79,411	80,135	43,816	36,021	61,955	54,998	40,843
- to improve the level of service	2,097	4,595	10,531	9,428	7,444	13,808	15,928	10,379	3,303	3,392	3,483
- to replace existing assets	12,420	18,285	19,443	17,114	18,390	17,341	19,182	17,894	17,782	18,886	20,300
Increase/(decrease) in reserves	(108)	(1,693)	(7,742)	(783)	(944)	(1,275)	(1,682)	(1,324)	(1,409)	(1,630)	(2,348)
Increase/(decrease) in investments	(2,153)	5,314	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding</b>	<b>20,058</b>	<b>99,961</b>	<b>131,498</b>	<b>83,698</b>	<b>104,301</b>	<b>110,009</b>	<b>77,244</b>	<b>62,970</b>	<b>81,631</b>	<b>75,646</b>	<b>62,278</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(8,639)</b>	<b>(14,839)</b>	<b>(10,311)</b>	<b>(14,220)</b>	<b>(16,827)</b>	<b>(17,067)</b>	<b>(21,998)</b>	<b>(25,087)</b>	<b>(28,581)</b>	<b>(34,043)</b>	<b>(34,788)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Refer to Note 17: Operating Funding Variance by Activity for significant operating variances.

# RUBBISH AND RECYCLING

Rubbish and Recycling is about protecting the health of Hamiltonians and the environment by providing a reliable kerbside rubbish and recycling collection service, and promoting waste minimisation and resource recovery.

We want to encourage and support waste reduction, reuse and recycling through education programmes, and the right infrastructure and services.

## PROVIDING THIS ACTIVITY WILL HELP US DELIVER A CITY THAT EMBRACES GROWTH

### WHAT WE DO

#### OUR ACTIVITIES:

- Landfill site management
- Refuse collection (refuse and recycling)
- Waste minimisation

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

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

We own the Transfer Station, Recycling Centre and the green waste composting facilities at the Hamilton Organic Centre. The operation of these facilities is contracted to privately owned businesses.

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

### LOOKING AHEAD

We will be implementing our Waste Management and Minimisation Plan (Waste Plan) which will include waste minimisation education, new partnerships and accessing of relevant grants.

A significant focus will be the roll out of a new level of service for rubbish and recycling, including a new contract for these services. Alongside these we will be initiating a review of our Solid Waste Bylaw.

Planning for new or reconfigured infrastructure to support projected growth of the city will be important as this will enable us to increase the effectiveness of our resource recovery at solid waste sites.

## WHAT YOU CAN EXPECT FROM US

- We will promote and encourage waste reduction, reuse and recycling.
- We will collect your rubbish and recycling.
- A timely response if there is a problem with rubbish and recycling.

HOW WILL YOU KNOW WE'RE DELIVERING?	WHAT WE WILL MEASURE	LATEST RESULT (2016/17)	TARGETS			
			2018/19	2019/20	2020/21	BY 2027/28
We will promote waste reduction, reuse and recycling. The measure indicates how effective our waste minimisation education is working.	The percentage of waste recovered for recycling through the kerbside collection.	27%	At least 30%	At least 30%	At least 45%	At least 45%
We will promote waste reduction, reuse and recycling. The measure indicates how much waste is diverted from landfill at our solid waste facilities.	The amount of waste received at Council operated waste facilities that is diverted from landfill.	New measure	At least 16,000 tonnes per annum	At least 16,000 tonnes per annum	At least 16,000 tonnes per annum	At least 17,600 tonnes per annum
We will provide a reliable kerbside rubbish and recycling collection to stop rubbish and recycling becoming a health risk and to keep the streets tidy. The measure indicates how often our rubbish is not collected.	The number of weeks where there are more than 20 complaints about uncollected kerbside rubbish and recycling.	0 weeks	0 weeks	0 weeks	0 weeks	0 weeks
We will respond to rubbish and recycling complaints within 24 hours after a complaint is made. The measure indicates the percentage of complaints resolved within 24 hours.	The percentage of customer complaints about uncollected kerbside rubbish and recycling resolved within 24 hours.	99%	At least 95%	At least 95%	At least 95%	At least 95%

## SIGNIFICANT NEGATIVE EFFECTS

EFFECT	MITIGATION
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.
Public bins, private rubbish bags and recycling can overflow or be torn open by animals which causes a negative visual impact on the community and can impact the environment.	We manage collection contracts and comply with the Solid Waste Bylaw 2012 to minimise the likelihood of these events occurring. The community are informed in advance if there is a change in the rubbish and recycling collection schedule due to a public holiday.

## PROSPECTIVE RUBBISH AND RECYCLING FUNDING IMPACT STATEMENT

FORECAST FOR YEAR ENDED 30 JUNE 2018-2028	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	1,980	3,809	6,105	9,061	9,373	9,767	10,269	10,940	11,316	12,110	12,421
Targeted rates	4,946	3,367	1,827	51	52	54	57	59	61	63	66
Subsidies and grants for operating purposes	550	566	575	583	590	597	604	611	617	624	630
Fees and charges	462	462	459	456	454	451	449	446	442	440	435
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	14	16	10	9	9	9	9	9	9	8	8
<b>Total operating funding</b>	<b>7,952</b>	<b>8,220</b>	<b>8,976</b>	<b>10,160</b>	<b>10,478</b>	<b>10,878</b>	<b>11,388</b>	<b>12,065</b>	<b>12,445</b>	<b>13,245</b>	<b>13,560</b>
<b>Application of operating funding</b>											
Payments to staff and suppliers	7,236	6,114	6,259	8,491	8,471	9,129	9,692	10,198	10,646	11,251	11,919
Finance costs	128	1,269	1,211	1,177	1,149	1,107	1,071	1,004	957	896	833
Internal charges and overheads applied	-	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding</b>	<b>7,364</b>	<b>7,383</b>	<b>7,470</b>	<b>9,668</b>	<b>9,620</b>	<b>10,236</b>	<b>10,763</b>	<b>11,202</b>	<b>11,603</b>	<b>12,147</b>	<b>12,752</b>
<b>Surplus/(deficit) of operating funding</b>	<b>588</b>	<b>837</b>	<b>1,506</b>	<b>492</b>	<b>858</b>	<b>642</b>	<b>625</b>	<b>863</b>	<b>842</b>	<b>1,098</b>	<b>808</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in debt	31	29	(9)	(14)	30	(14)	7	(96)	(103)	(190)	(101)
Gross proceeds from sale of assets	-	90	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding</b>	<b>31</b>	<b>119</b>	<b>(9)</b>	<b>(14)</b>	<b>30</b>	<b>(14)</b>	<b>7</b>	<b>(96)</b>	<b>(103)</b>	<b>(190)</b>	<b>(101)</b>
<b>Applications of capital funding</b>											
Capital expenditure:											
- to meet additional demand	-	-	-	43	44	45	47	48	-	-	-
- to improve the level of service	222	96	85	34	90	35	94	37	99	39	105
- to replace existing assets	378	1,123	1,079	380	635	431	496	445	381	680	542
Increase/(decrease) in reserves	38	(265)	333	21	119	117	(5)	237	259	189	60
Increase/(decrease) in investments	(19)	2	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding</b>	<b>619</b>	<b>956</b>	<b>1,497</b>	<b>478</b>	<b>888</b>	<b>628</b>	<b>632</b>	<b>767</b>	<b>739</b>	<b>908</b>	<b>707</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(588)</b>	<b>(837)</b>	<b>(1,506)</b>	<b>(492)</b>	<b>(858)</b>	<b>(642)</b>	<b>(625)</b>	<b>(863)</b>	<b>(842)</b>	<b>(1,098)</b>	<b>(808)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Refer to Note 17: Operating Funding Variance by Activity for significant operating variances.





# LIST OF CAPITAL PROJECTS

KO NGAA KAUPAPA KUA WHAI PUUTEA

# LIST OF CAPITAL PROJECTS

R - Renewals  
LOS - Levels of service  
G - Growth

Type	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
<b>ARTS AND COMMUNITY</b>											
<b>Libraries</b>											
CE10005 - Library collection purchases	R	1,135	1,182	1,229	1,260	1,288	1,319	1,353	1,386	1,422	1,461
CE10006 - Library asset renewal	R	121	142	147	153	160	160	141	130	134	148
CE10007 - Library building asset renewal programme	R	343	540	743	585	249	62	84	71	167	161
CE19015 - Libraries facilitation plan	LOS	80	-	-	-	-	-	-	-	-	-
CE19016 - Libraries strategic plan	LOS	-	1,340	-	-	-	-	-	-	-	-
CE19017 - Rototuna community facilities	G	-	1,405	9,743	8,489	-	-	-	-	-	-
		<b>1,679</b>	<b>4,609</b>	<b>11,862</b>	<b>10,487</b>	<b>1,697</b>	<b>1,541</b>	<b>1,578</b>	<b>1,587</b>	<b>1,723</b>	<b>1,770</b>
<b>Hamilton city theatres</b>											
CE10013 - Technical services equipment renewals	R	386	362	352	273	474	292	150	404	452	435
		<b>386</b>	<b>362</b>	<b>352</b>	<b>273</b>	<b>474</b>	<b>292</b>	<b>150</b>	<b>404</b>	<b>452</b>	<b>435</b>
<b>Community facilities</b>											
CE19070 - Community Facilities building renewals	R	49	15	128	19	266	62	81	47	63	85
		<b>49</b>	<b>15</b>	<b>128</b>	<b>19</b>	<b>266</b>	<b>62</b>	<b>81</b>	<b>47</b>	<b>63</b>	<b>85</b>
<b>Total Arts and Community</b>		<b>2,114</b>	<b>4,986</b>	<b>12,342</b>	<b>10,779</b>	<b>2,437</b>	<b>1,895</b>	<b>1,809</b>	<b>2,038</b>	<b>2,238</b>	<b>2,290</b>
<b>PARKS AND RECREATION</b>											
<b>Pools</b>											
CE10001 - Aquatic facilities building renewals	R	442	84	20	405	518	201	539	823	1,386	4,977
CE10003 - Waterworld operational asset renewals	R	734	568	366	374	152	304	495	1,054	511	637
CE10004 - Gallagher Aquatic Centre operational asset renewal	R	185	45	12	189	445	176	602	133	251	221
CE19006 - Te Rapa Sportsdrome building renewals	R	-	-	-	123	-	-	-	-	-	-
		<b>1,361</b>	<b>697</b>	<b>398</b>	<b>1,091</b>	<b>1,115</b>	<b>681</b>	<b>1,636</b>	<b>2,010</b>	<b>2,148</b>	<b>5,835</b>
<b>Cemeteries and crematorium</b>											
CE10021 - Building renewals cemeteries	R	1,679	5	-	-	37	14	38	15	6	-
CE10022 - Renewal of crematorium assets	R	21	126	137	-	18	220	-	-	20	27
CE10023 - Hamilton Park east and west cemeteries renewals	R	53	71	43	28	72	65	450	71	59	27
CE19001 - Hamilton Park cemetery accessible toilet block	LOS	427	-	-	-	-	-	-	-	-	-
CE15024 - Hamilton Park cemetery, burial and ash lawn extension	G	75	124	-	70	557	145	60	748	352	918
CE19002 - Cemetery land acquisition	G	-	-	-	-	-	-	-	-	-	1,930
		<b>2,255</b>	<b>326</b>	<b>180</b>	<b>98</b>	<b>684</b>	<b>444</b>	<b>548</b>	<b>834</b>	<b>437</b>	<b>2,902</b>

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Type		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Parks</b>											
CE10029 - Toilet and changing room renewals	R	104	127	85	29	36	60	223	574	133	105
CE10030 - Building renewals parks and open spaces	R	83	75	124	237	90	132	85	148	369	489
CE10032 - Parks and open spaces assets and playgrounds renewals	R	1,349	1,396	1,785	1,482	2,484	1,530	2,115	1,915	2,648	3,866
CE19004 - Destination Parks renewals	R	977	910	4,130	2,040	1,103	1,013	738	2,083	699	584
CE15036 - Playground development programme	LOS	900	812	2,599	699	2,247	314	536	37	37	39
CE17004 - River Plan	LOS	7,000	-	-	-	-	-	-	-	-	-
CE19012 - Day's Park erosion remediation	LOS	242	-	-	-	-	-	-	-	-	-
CE19013 - Pooches and Parks	LOS	177	-	-	-	-	-	-	-	-	-
CE19014 - Waiwhakareke Natural Heritage Park development	LOS	710	-	-	-	-	-	-	-	-	-
CE19022 - Alternative Weed Control	LOS	20	-	-	-	-	-	-	-	-	-
CE19007 - Peacocke Parks development	G	2,250	224	8,636	1,804	2,580	1,743	3,397	1,831	2,956	20,592
CE19009 - Rototuna Parks development	G	1,094	1,363	466	-	-	-	-	-	-	-
CE19010 - Te Manatu Park development	G	-	-	402	-	-	-	-	-	-	-
		<b>14,906</b>	<b>4,907</b>	<b>18,227</b>	<b>6,291</b>	<b>8,540</b>	<b>4,792</b>	<b>7,094</b>	<b>6,588</b>	<b>6,842</b>	<b>25,675</b>
<b>Sports parks</b>											
CE10031 - Sports area renewals	R	473	979	1,673	1,208	1,387	2,494	2,204	771	1,845	774
CE19003 - Parks toilets development/upgrade	LOS	1,052	2,122	1,874	721	10	138	-	68	571	909
CE19071 - Sports Park Drainage	LOS	-	1,561	1,624	-	-	-	-	-	-	-
CE15035 - Rototuna Park development	G	3,862	2,204	-	-	-	-	-	-	-	-
CE19005 - Sports Park development	G	-	604	1,562	-	-	-	-	-	93	1,525
		<b>5,387</b>	<b>7,470</b>	<b>6,733</b>	<b>1,929</b>	<b>1,397</b>	<b>2,632</b>	<b>2,204</b>	<b>839</b>	<b>2,509</b>	<b>3,208</b>
<b>Total Parks and Recreation</b>		<b>23,909</b>	<b>13,400</b>	<b>25,538</b>	<b>9,409</b>	<b>11,736</b>	<b>8,549</b>	<b>11,482</b>	<b>10,271</b>	<b>11,936</b>	<b>37,620</b>
<b>RUBBISH AND RECYCLING</b>											
CE10054 - Replacement of closed landfill assets	R	519	638	179	326	112	110	191	182	209	200
CE10056 - Replacement of RTS & HOC assets	R	342	272	32	114	162	134	46	71	349	115
CE15055 - Closed landfill management	LOS	90	78	27	83	28	87	30	92	31	96
CE19027 - Refuse drop off points	G	-	-	43	45	46	47	48	-	-	-
<b>Total Rubbish and Recycling</b>		<b>951</b>	<b>988</b>	<b>281</b>	<b>568</b>	<b>348</b>	<b>378</b>	<b>315</b>	<b>345</b>	<b>589</b>	<b>411</b>
<b>SAFETY</b>											
CE10037 - CCTV renewals	R	50	52	54	56	57	58	60	61	63	64
<b>Total Safety</b>		<b>50</b>	<b>52</b>	<b>54</b>	<b>56</b>	<b>57</b>	<b>58</b>	<b>60</b>	<b>61</b>	<b>63</b>	<b>64</b>

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Type		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>STORMWATER</b>											
CE10058 - Replacement of stormwater assets	R	516	585	542	573	567	581	811	830	852	923
CE15067 - Comprehensive stormwater consent implementation	LOS	30	52	54	255	227	-	954	220	-	1,030
CE19026 - Erosion control works	LOS	1,306	3,725	3,585	8,803	2,543	1,905	1,622	2,618	9,226	2,160
CE15059 - Rototuna stormwater infrastructure	G	4,532	5,085	2,646	-	-	1,939	36	37	-	-
CE15060 - Rotokauri stormwater infrastructure stage 1	G	900	961	4,812	33	34	-	8,344	8,547	8,771	9,009
CE15062 - Peacocke stormwater infrastructure stage 1	G	998	1,232	32	33	-	-	-	-	-	-
CE15063 - Peacocke stormwater infrastructure stage 2	G	2,334	7,939	6,515	2,554	2,865	1,192	1,504	36	38	-
CE15064 - Stormwater pipe upgrade - growth	G	150	156	162	167	170	174	179	183	188	193
CE15066 - Existing network improvements in new areas	G	105	109	114	117	119	122	125	128	131	135
CE15068 - Stormwater customer connections to the network	G	50	52	54	55	57	58	59	61	63	64
CE15162 - Integrated catchment management plan	G	920	833	921	833	908	988	894	977	1,065	965
<b>Total Stormwater</b>		<b>11,841</b>	<b>20,729</b>	<b>19,437</b>	<b>13,423</b>	<b>7,490</b>	<b>6,959</b>	<b>14,528</b>	<b>13,637</b>	<b>20,334</b>	<b>14,479</b>
<b>TRANSPORT</b>											
<b>Parking management</b>											
CE10069 - Resurfacing off street carparks	R	25	66	55	-	101	27	-	-	31	-
CE10070 - Replacement of parking enforcement equipment	R	188	157	114	214	49	64	56	46	53	55
CE10071 - Parking building renewal	R	408	9	60	86	-	31	64	4	483	2
		<b>621</b>	<b>232</b>	<b>229</b>	<b>300</b>	<b>150</b>	<b>122</b>	<b>120</b>	<b>50</b>	<b>567</b>	<b>57</b>
<b>Transportation network</b>											
CE10072 - Replacement of footpath	R	4,552	4,809	5,079	4,987	5,176	5,379	4,642	4,826	5,027	5,241
CE10074 - Replacement of drainage (kerb and channel)	R	1,531	1,617	1,708	1,881	1,952	2,029	2,230	2,318	2,415	2,517
CE10075 - Replacement of road base	R	1,192	1,260	1,330	1,384	1,436	1,492	1,554	1,615	1,683	1,754
CE10076 - Road resurfacing	R	4,986	5,268	5,563	5,787	6,006	6,241	6,498	6,757	7,038	7,337
CE10077 - Replacement of bridges and culverts	R	1,245	1,901	278	1,285	180	534	191	197	203	467
CE10080 - Replacement of lighting	R	735	2,430	1,437	466	479	494	185	193	202	211
CE10081 - Replacement of traffic equipment	R	365	401	436	490	536	557	571	580	604	630
CE10098 - Building and property renewals	R	252	5	13	58	17	72	31	98	56	38
CE15085 - Minor improvements to transport network	LOS	2,000	2,082	2,166	2,220	2,270	2,324	2,384	2,442	2,506	2,574
CE15086 - Bus stop infrastructure	LOS	650	677	704	721	738	755	775	794	814	837
CE19052 - Intersection safety upgrade programme	LOS	310	1,562	1,625	-	10,624	8,715	7,152	-	-	-
CE19054 - Bridge safety improvements	LOS	130	479	3,357	4,440	114	4,067	-	-	-	-
CE19062 - Bridge resilience programme	LOS	500	125	1,516	-	-	-	-	-	-	-
CE19064 - Transport Centre rejuvenation	LOS	950	5,548	-	-	-	-	-	-	-	-
CE15087 - Network upgrades to allow new development	G	175	182	189	194	199	204	208	214	219	225
CE15088 - Roading upgrades and development in Peacocke stage 1	G	3,868	6,048	4,145	76	-	-	-	-	-	-
CE15089 - Roading upgrades and development in Peacocke stage 2	G	20,638	37,894	20,160	55,099	59,632	17,746	8,802	7,531	4,799	2,614
CE15090 - Roading upgrades and development in Rotokauri stage 1	G	8,247	12,564	745	2,917	6,114	6,173	4,183	7,429	3,688	2,434
CE15092 - Roading upgrades and development in Rototuna	G	15,284	14,046	7,390	1,632	2,159	940	5,544	7,589	9,588	5,471

Type	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
<b>Transportation network ...cntd</b>											
CE15093 - Roading upgrades and development in Ruakura	G	325	453	5,004	67	-	581	2,384	14,957	12,843	13,192
CE15095 - Integrated transport initiatives	G	1,500	1,561	1,624	1,665	1,702	1,743	1,788	1,832	1,879	1,930
CE15096 - Cross city connector	G	-	-	-	-	-	-	-	427	2,819	2,928
CE15097 - Northern river crossing	G	-	-	-	-	-	-	-	-	2,936	2,010
CE19057 - Biking plan implementation	G	3,750	12,284	8,664	9,990	3,405	162	5,960	9,768	1,253	1,287
CE19058 - Mass Transit	G	6,750	3,123	5,415	3,330	6,923	10,167	7,152	1,221	4,072	3,604
CE19063 - Intersection capacity upgrade programme	G	-	552	-	4,440	-	5,810	-	10,989	10,651	-
CE19065 - Modal access on bridges programme	G	-	-	-	-	-	-	-	-	251	5,148
CE19037 - Hamilton transport model	G	50	521	1,625	-	-	290	-	-	-	-
CE19036 - Ring Road	G	12,122	18,738	2,977	-	-	-	-	-	-	-
CE19038 - Rotokauri rail platform	G	750	1,301	-	-	-	-	-	-	-	-
		<b>92,857</b>	<b>137,431</b>	<b>83,150</b>	<b>103,129</b>	<b>109,662</b>	<b>76,475</b>	<b>62,234</b>	<b>81,777</b>	<b>75,546</b>	<b>62,449</b>
<b>Total Transport</b>		<b>93,478</b>	<b>137,663</b>	<b>83,379</b>	<b>103,429</b>	<b>109,812</b>	<b>76,597</b>	<b>62,354</b>	<b>81,827</b>	<b>76,113</b>	<b>62,506</b>

## VENUES, TOURISM AND MAJOR EVENTS

### H3 venues

CE10040 - Business administration plant and equipment	R	-	52	32	56	199	-	36	-	-	39
CE10041 - Claudelands plant and equipment	R	214	135	503	205	763	249	619	463	239	241
CE10042 - Seddon Park plant and equipment	R	2	34	-	9	6	4	-	-	31	-
CE10043 - Waikato Stadium plant and equipment	R	330	402	132	172	100	100	100	100	100	100
CE10044 - Turf services plant and equipment	R	52	75	54	92	77	23	37	57	28	50
CE10046 - Seddon Park property renewals	R	60	18	314	240	28	145	143	143	-	77
CE10047 - Waikato Stadium property renewals	R	33	1,662	504	272	43	388	47	145	693	1,654
CE10048 - Stadia building renewals	R	3,070	740	339	1,628	1,943	385	262	2,392	157	1,106
CE10049 - Claudelands building renewals	R	413	1,033	636	488	404	647	663	1,362	3,962	574
CE15050 - Claudelands capital improvement programme	LOS	100	167	49	39	-	-	-	-	-	-
CE15051 - Stadia capital improvement function	LOS	970	76	29	328	355	50	27	116	165	78
		<b>5,244</b>	<b>4,394</b>	<b>2,592</b>	<b>3,529</b>	<b>3,918</b>	<b>1,991</b>	<b>1,934</b>	<b>4,778</b>	<b>5,375</b>	<b>3,919</b>

### i-SITE

CE19031 - i-SITE building renewals	R	-	-	54	-	-	-	-	61	-	-
		-	-	<b>54</b>	-	-	-	-	<b>61</b>	-	-

<b>Total Venues, Tourism and Major Events</b>		<b>5,244</b>	<b>4,394</b>	<b>2,646</b>	<b>3,529</b>	<b>3,918</b>	<b>1,991</b>	<b>1,934</b>	<b>4,839</b>	<b>5,375</b>	<b>3,919</b>
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Type	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000

## VISITOR ATTRACTIONS

### Hamilton Gardens

CE10026 - Hamilton Gardens renewals	R	210	99	168	337	267	222	248	276	484	583
CE10028 - Hamilton Gardens building renewals	R	50	80	12	196	32	60	43	77	36	73
CE19023 - Hamilton Gardens development	LOS	1,900	1,978	2,058	3,441	3,291	3,021	2,742	2,686	2,757	2,831
		<b>2,160</b>	<b>2,157</b>	<b>2,238</b>	<b>3,974</b>	<b>3,590</b>	<b>3,303</b>	<b>3,033</b>	<b>3,039</b>	<b>3,277</b>	<b>3,487</b>

### Hamilton Zoo

CE10015 - Zoo animal enclosure renewals	R	388	586	521	416	684	218	227	153	243	168
CE10016 - Zoo building renewals	R	33	24	13	28	34	84	45	52	71	51
CE10017 - Property renewals	R	48	43	18	3	9	37	55	22	64	31
CE10020 - Zoo animal replacement	R	60	62	65	67	68	70	72	73	75	77
CE19021 - Water and stormwater reticulation	R	845	98	45	249	169	-	-	-	-	-
CE19019 - Zoo safety improvements	LOS	1,710	446	-	-	-	-	-	-	-	-
CE19020 - Hamilton Zoo improvement programme	LOS	75	79	81	83	85	87	89	92	94	97
CE19030 - Zoo and Waiwhakareke Entrance Precinct	LOS	250	1,562	4,115	-	-	-	-	-	-	-
		<b>3,409</b>	<b>2,900</b>	<b>4,858</b>	<b>846</b>	<b>1,049</b>	<b>496</b>	<b>488</b>	<b>392</b>	<b>547</b>	<b>424</b>

### Museum

CE10008 - Museum asset renewal	R	110	76	53	135	18	223	55	180	29	102
CE19028 - Collection acquisition fund	R	50	52	54	56	57	58	59	61	63	64
CE10010 - Public art support fund	R	30	31	33	33	34	35	36	37	37	39
CE10011 - Museum activity building renewals	R	589	236	326	22	399	459	446	159	279	146
CE10009 - ArtsPost earthquake strengthening	LOS	800	-	-	-	-	-	-	-	-	6,178
CE19018 - Museum loading bay	LOS	-	-	-	-	77	-	-	-	-	-
		<b>1,579</b>	<b>395</b>	<b>466</b>	<b>246</b>	<b>585</b>	<b>775</b>	<b>596</b>	<b>437</b>	<b>408</b>	<b>6,529</b>

<b>Total Visitor Attractions</b>		<b>7,148</b>	<b>5,452</b>	<b>7,562</b>	<b>5,066</b>	<b>5,224</b>	<b>4,574</b>	<b>4,117</b>	<b>3,868</b>	<b>4,232</b>	<b>10,440</b>
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## WASTEWATER

### Wastewater reticulation

CE10100 - Replacement of wastewater pump stations	R	1,058	956	680	1,107	1,069	887	991	1,163	1,213	1,142
CE10101 - Replacement of wastewater assets	R	3,036	3,252	4,471	3,566	7,149	7,853	5,782	6,039	5,601	5,733
CE15103 - Increase capacity of wastewater pump stations	LOS	323	1,443	914	1,530	1,493	808	340	902	599	343
CE15104 - Wastewater pipe upgrade - growth	G	300	312	325	333	341	349	358	366	376	386
CE15105 - Increase capacity of wastewater network - Rototuna	G	312	597	197	264	971	35	377	1,728	4,068	1,367
CE15106 - Wastewater network upgrades to allow development	G	80	83	87	89	91	93	95	98	100	103
CE15107 - Increase capacity of network in Rotokauri stage 1	G	681	545	40	125	368	1,166	154	183	769	109
CE15109 - Increase capacity of network in Peacocke stage 1	G	189	1,594	524	28	137	-	-	-	-	-
CE19040 - Increase capacity network Peacocke Stage 2	G	4,090	4,192	6,775	4,493	3,916	2,755	658	940	659	-
CE19072 - Increase capacity of network in Te Rapa	G	-	-	-	-	-	-	354	99	1,624	45
CE15111 - Increase capacity of network throughout the city	G	-	-	-	5,902	1,207	-	-	733	200	4,497
		<b>10,069</b>	<b>12,974</b>	<b>14,013</b>	<b>17,437</b>	<b>16,742</b>	<b>13,946</b>	<b>9,109</b>	<b>12,251</b>	<b>15,209</b>	<b>13,725</b>

Type	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
<b>Wastewater treatment plant</b>											
CE15160 - Wastewater model	R	70	105	623	880	80	152	121	86	88	90
CE10115 - Replacement of wastewater treatment plant assets	R	2,632	2,193	2,123	2,331	5,165	2,448	3,005	3,307	1,989	2,233
CE19029 - Wastewater seismic strengthening	LOS	100	156	108	111	965	988	1,013	1,037	1,065	1,094
CE15120 - Wastewater treatment plant compliance	LOS	1,657	1,286	1,954	2,162	3,506	996	1,262	1,759	1,336	3,166
CE15161 - Wastewater master plan	G	150	208	162	111	113	348	119	122	376	129
CE15117 - Upgrade wastewater treatment plant (Pukete 3)	G	10,000	8,989	-	1,110	2,270	2,324	-	-	626	1,931
CE15121 - Wastewater customer connections to the network	G	50	52	54	55	57	58	60	61	63	64
CE19041 - Increase capacity WW far east network	G	2,000	3,644	2,166	-	-	327	672	3,491	8,572	145
CE19042 - Increase capacity WW south network	G	3,300	13,718	17,868	5,746	1,003	1,356	146	3,359	3,446	159
CE19043 - Increase capacity WW west network	G	6,963	20,393	4,566	530	3,028	3,728	1,547	4,905	12,496	11,239
CE19044 - Increase capacity WW east network	G	250	1,931	1,259	504	-	-	328	3,759	22,444	4,452
CE19050 - Increase capacity WW central network	G	3,664	975	69	-	-	-	-	-	-	-
		<b>30,836</b>	<b>53,650</b>	<b>30,952</b>	<b>13,540</b>	<b>16,187</b>	<b>12,725</b>	<b>8,273</b>	<b>21,886</b>	<b>52,501</b>	<b>24,702</b>

<b>Total Wastewater</b>		<b>40,905</b>	<b>66,624</b>	<b>44,965</b>	<b>30,977</b>	<b>32,929</b>	<b>26,671</b>	<b>17,382</b>	<b>34,137</b>	<b>67,710</b>	<b>38,427</b>
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## WATER SUPPLY

### Water reticulation

CE10123 - Replacement of watermains	R	2,744	2,832	2,792	2,805	6,872	7,036	6,798	7,089	7,274	7,472
CE10124 - Replacement of water meters, valves and hydrants	R	1,135	1,182	1,229	1,260	1,288	1,319	1,353	1,386	1,422	1,461
CE10145 - Tools of trade renewals	R	50	52	54	55	57	58	59	61	63	64
CE15133 - Water demand management - network water loss	LOS	500	-	-	-	-	-	-	-	-	-
CE15126 - Upgrade or build new watermains in Rototuna	G	1,625	1,755	1,042	3,091	1,284	1,263	1,973	3,044	858	31
CE15127 - Water pipe upgrade - growth	G	300	312	325	333	340	349	358	366	376	386
CE15128 - Upgrade/build new watermains in Rotokauri stage 1	G	576	-	-	180	56	297	15	-	246	618
CE15130 - Upgrade/build new watermains in Peacocke stage 1	G	-	78	-	-	-	-	-	-	-	-
CE16004 - Eastern Bulk Main Slip	G	800	-	-	-	-	-	-	-	-	-
CE19046 - Upgrade/build new watermains in Peacocke Stage 2	G	163	141	1,090	949	2,009	1,115	1,426	173	686	24
CE15132 - Water network upgrades to allow new development	G	80	83	87	89	91	93	95	98	100	103
CE15134 - Water demand management - Pukete reservoir zone	G	135	-	-	-	-	-	-	-	-	-
CE15135 - Upgrade/build distribution watermains in Peacocke	G	85	118	649	22	-	-	-	-	-	-
CE19073 - Upgrade/build new watermains in Te Rapa	G	-	-	-	-	243	332	1,805	22	-	-
CE15137 - Water demand management - Newcastle reservoir zone	G	50	4,854	6,090	55	-	-	-	-	-	-
		<b>8,243</b>	<b>11,407</b>	<b>13,358</b>	<b>8,839</b>	<b>12,240</b>	<b>11,862</b>	<b>13,882</b>	<b>12,239</b>	<b>11,025</b>	<b>10,159</b>

### Water treatment plant

CE10138 - Replacement of treatment plant and reservoir assets	R	2,101	1,905	1,938	2,833	2,289	2,256	2,678	2,291	1,992	1,184
CE15158 - Water model	R	60	98	585	764	127	178	133	137	192	144
CE15139 - Water treatment plant compliance - minor upgrades	LOS	1,610	1,339	782	777	2,960	1,740	917	993	871	2,115
CE15141 - Water demand management - Hillcrest reservoir zone	G	1,119	2	-	-	-	-	-	-	-	-

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Type	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
CE15144 - Upgrade water treatment plant	G	1,900	1,353	9,151	14,707	2,270	-	-	-	-	-
CE15146 - Water customer connections	G	50	52	54	55	57	58	60	61	63	64
CE15148 - Upgrade or build new watermains in Ruakura	G	500	-	217	-	227	-	238	-	250	-
CE15159 - Water master plan	G	150	34	-	167	38	-	179	40	-	193
CE19045 - Ruakura reservoir & associated bulk mains	G	9,698	10,391	43	-	-	290	7,390	5,128	25	-
CE19047 - Water Demand Management - Maeroa reservoir zone	G	-	-	-	-	-	-	72	980	12	-
CE19048 - Water Demand Management - Hamilton South reservoir zone	G	-	666	-	-	-	-	-	-	-	-
CE19049 - Water Demand Management - Fairfield reservoir zone	G	514	-	-	-	-	-	-	-	-	-
		<b>17,702</b>	<b>15,840</b>	<b>12,770</b>	<b>19,303</b>	<b>7,968</b>	<b>4,522</b>	<b>11,667</b>	<b>9,630</b>	<b>3,405</b>	<b>3,700</b>
<b>Total Water Supply</b>		<b>25,945</b>	<b>27,247</b>	<b>26,128</b>	<b>28,142</b>	<b>20,208</b>	<b>16,384</b>	<b>25,549</b>	<b>21,869</b>	<b>14,430</b>	<b>13,859</b>
<b>OVERHEAD AND SUPPORT UNITS</b>											
<b>Facilities</b>											
CE10151 - Renewals program	R	1,651	689	671	1,965	670	364	124	138	594	373
CE19032 - Civic Square upgrade project	R	-	-	541	-	-	-	-	-	-	-
CE19033 - Duke Street workshop replacement	R	-	-	-	-	-	581	-	-	-	-
CE19034 - Key Control project	R	44	-	-	-	-	-	-	-	-	-
CE19035 - Building Management Systems Council upgrade project	R	-	-	-	-	227	1,162	1,192	-	-	-
CE10158 - Replacement of fleet vehicles	R	3,401	3,174	1,885	1,789	2,418	1,711	3,434	2,345	1,577	3,919
		<b>5,096</b>	<b>3,863</b>	<b>3,097</b>	<b>3,754</b>	<b>3,315</b>	<b>3,818</b>	<b>4,750</b>	<b>2,483</b>	<b>2,171</b>	<b>4,292</b>
<b>Information Services</b>											
CE10152 - Network and infrastructure	R	968	708	877	921	505	494	864	794	508	721
CE10153 - Core business applications	R	775	385	780	893	68	1,272	548	494	908	656
CE10154 - Minor applications	R	25	130	49	100	125	87	30	214	56	71
CE10156 - Lease funding of equipment	R	1,287	52	1,344	1,261	758	1,785	1,097	926	663	588
CE15155 - Mobility and eservices	R	355	385	92	311	96	-	888	104	-	496
CE19024 - IS major upgrades	R	1,898	1,161	476	222	1,309	2,523	48	-	449	2,188
		<b>5,308</b>	<b>2,821</b>	<b>3,618</b>	<b>3,708</b>	<b>2,861</b>	<b>6,161</b>	<b>3,475</b>	<b>2,532</b>	<b>2,584</b>	<b>4,720</b>
<b>Customer Services</b>											
CE19025 - Smart Hamilton Initiatives	LOS	250	261	271	278	284	290	298	305	314	322
		<b>250</b>	<b>261</b>	<b>271</b>	<b>278</b>	<b>284</b>	<b>290</b>	<b>298</b>	<b>305</b>	<b>314</b>	<b>322</b>
<b>Strategic Property</b>											
CE10053 - Tenancy inducement renewals	R	75	78	81	333	85	87	89	91	94	96
		<b>75</b>	<b>78</b>	<b>81</b>	<b>333</b>	<b>85</b>	<b>87</b>	<b>89</b>	<b>91</b>	<b>94</b>	<b>96</b>
<b>Total Overheads/Support Units</b>		<b>10,729</b>	<b>7,023</b>	<b>7,067</b>	<b>8,073</b>	<b>6,545</b>	<b>10,356</b>	<b>8,612</b>	<b>5,411</b>	<b>5,163</b>	<b>9,430</b>
<b>TOTAL COUNCIL</b>		<b>222,764</b>	<b>288,558</b>	<b>228,912</b>	<b>213,451</b>	<b>200,704</b>	<b>154,412</b>	<b>148,142</b>	<b>178,303</b>	<b>208,183</b>	<b>193,445</b>

# FINANCIAL MATTERS

## KO NGAA TAKE PUUTEA



# FINANCIAL STRATEGY

## BALANCING UNPRECEDENTED CITY GROWTH WITH GOOD FINANCIAL MANAGEMENT

Over the last three years we have improved our financial position. However, higher than expected city growth has meant this improvement has been slower than planned. The city continues to experience unprecedented growth which has put pressure on existing infrastructure and services. The significant demand for new affordable housing in Hamilton means growth will continue over the next 10 years. This Financial Strategy has been adapted to allow for a sustainable response to growth that is cost effective to existing ratepayers.

As a response to city growth, in the first year of this 10-Year Plan we will embark on our biggest ever capital programme. This includes an increased investment in maintaining the city's existing assets. To fund these initiatives net debt (debt) will increase but will stay within a prudent debt to revenue limit of 230%.

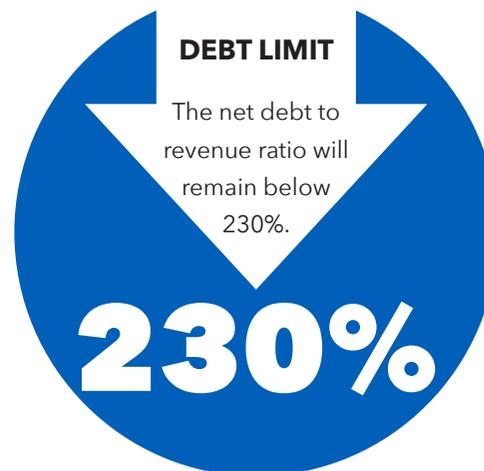
In 2017/18, everyday revenues were not enough to cover the everyday costs of

running the city which means the balance is being paid for by debt. We consulted on rating options that aimed to quickly stop borrowing for everyday costs. The community feedback was that the changes were too much, too quickly. We have modified our Financial Strategy to balance the impacts on current ratepayers with our financial constraints. We have set the limits on rates based on maximising our borrowing to our prudent debt to revenue limit of 230%.

This Financial Strategy is riskier than the proposed strategy that was presented in the 10-Year Plan Consultation Document. We are more exposed to volatility of revenue from growth and price increases. The impacts of which are discussed in the unplanned events section of this strategy.

The rates increase to existing ratepayers will be an average of 9.7% in 2018/19 before reverting to 3.8% every year thereafter.

## DEBT



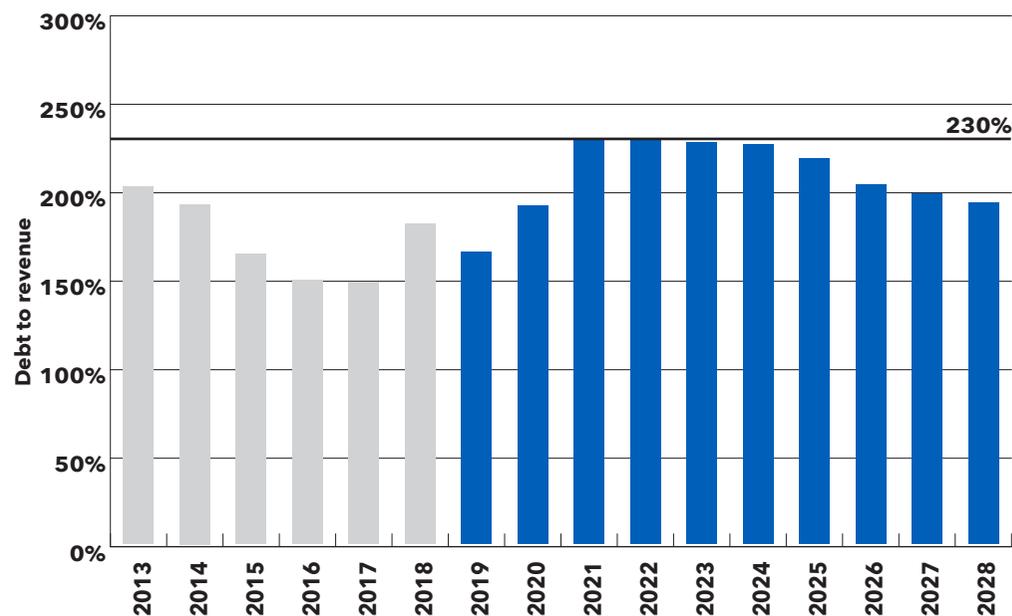
Investing in our largest capital programme ever means an increase in spending on community infrastructure, on renewing existing assets and on building a bigger city in response to the challenges of growth.

The limit of 230% is higher than has been set in the past six years so that we can respond quickly to Hamilton's projected future housing demand.

Remaining under this 230% limit supports our strong credit rating (AA-) and still provides capacity to fund potential unforeseen events.

Table 2 shows actual net debt from the financial years ending 30 June 2013 to 2017 with a forecast for 2018.

TABLE 1: DEBT TO REVENUE RATIO



Projections from 2019 to 2023 show debt increasing to fund the \$1.2 billion infrastructure investment over the next 10 years. Net debt will rise to a peak of \$776M in 2028. Maintaining rates increases from 2021 onwards at 3.8 % will create surpluses to repay debt.

By 2028 we will have \$130M of debt capacity within the 230% debt limit. Our 2018-2048 Infrastructure Strategy shows that debt capacity is needed beyond 2028 for the next wave of infrastructure investment.

Council debt includes a Housing Infrastructure Fund (HIF) loan from central government. This provides \$180M interest

free for 10 years, providing a significant benefit to interest costs of \$65M over the interest-free period.

The HIF loan is no different from other debt when considering the debt to revenue 230% limit and the impacts of debt on our credit rating.

### PAYING FOR THE CITY'S EVERYDAY COSTS

Everyday costs should be paid for from everyday revenues.

If we fail to achieve this, these costs are funded by increasing debt. This means

existing ratepayers are not paying for some of the services and amenities being provided to them. Using debt to fund everyday costs also means future ratepayers will pay for this cost and the extra interest. This is not prudent or sustainable.

We must operate with surpluses if we are to repay debt and continue to invest in the future by maintaining existing assets and building new infrastructure. This financial strategy enables this from 2021/22 onwards.

After hearing the communities views we agreed that balancing everyday revenues and costs immediately with a 15% or 16% rates increases was too much, too fast.

Our response to this feedback from the community is to move to balancing the books slower. This change means that extra interests costs will be incurred, which reduces debt capacity.

We also heard that we must control expenditure. We have increased the target for reduced expenditure from \$59M to \$94M over 10 years. These saving are to be made without reducing the services received by the community.

TABLE 2: NET DEBT

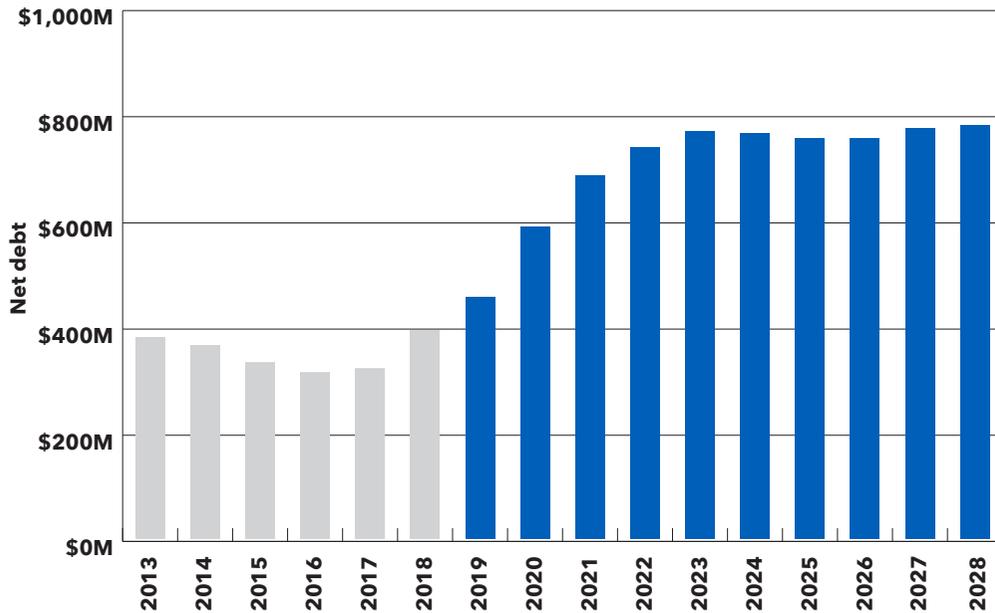
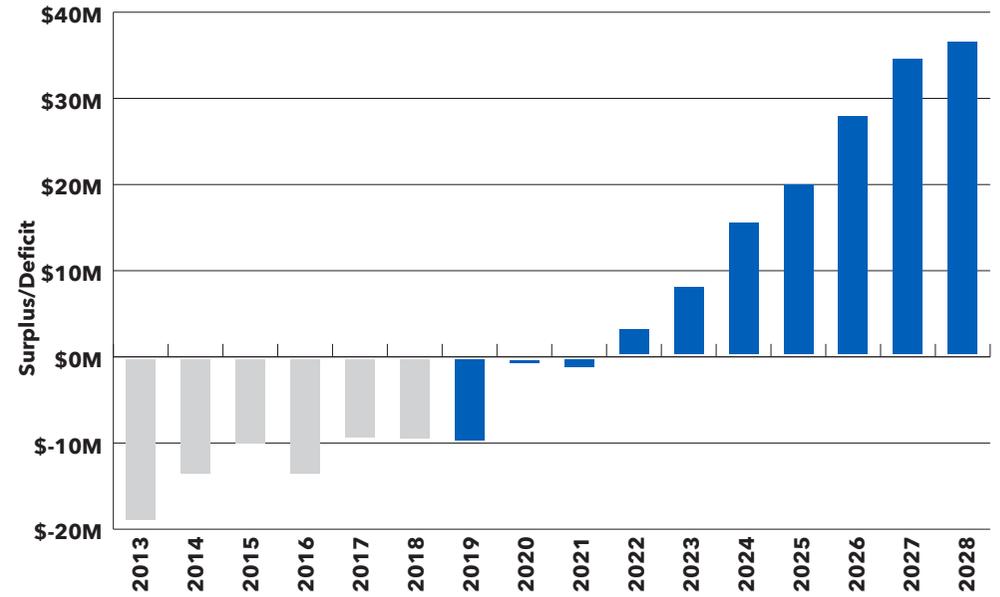


TABLE 3: EVERYDAY COSTS AND REVENUES (BALANCING THE BOOKS)



## RATES

### RATING LIMITS

#### Rate Increases

Average rate increases to existing ratepayers will not exceed 9.7% in 2019 and then 3.8% from 2020 onwards.



#### Total Rates

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

After making budget decisions, capping debt and agreeing that paying for everyday costs with everyday revenues was a priority, we have determined our rates limits.

The average rate increase to existing ratepayers for 2018/19 has been set at 9.7%, the lowest level possible to still achieve our investment programme. Much of this programme is funded from debt and the amount we can borrow is constrained by our 230% debt to revenue limit.

From 2019/20 the rates limit is set at 3.8%. The budget shows that at this level we can complete our investment programme, maintain services and build surpluses necessary to repay debt.

Rates from new growth (new investment in houses and businesses) is essential to the financial plan. Moving to 100% capital value rating means this growth will make a bigger contribution to everyday costs. When including new rates from growth, our total rates revenue increases by an average of 6.7% each year of the 10 years. A reduction in growth would mean that rates from existing ratepayers would not be sufficient to cover our investment programme.

With this growth comes the need for new investment in infrastructure and this is expensive. This presents a financial challenge for us. A key guiding principle in the development of this 10-Year Plan has been to more closely align those that benefit from growth to paying for that growth. This includes ensuring developers and new ratepayers pay an appropriate share.

Growth rates were relatively flat from 2008-2012 following the global financial crisis. However, since 2015 growth has accelerated much faster than anticipated in the 2015-25 10-Year Plan.

In this 10-Year Plan, we have adopted the Low series of population projections provided by the Waikato University National Institute of Demographic and Economic

## GROWTH

Managing the unprecedented growth forecast is a significant challenge but also a great opportunity. Growth brings big benefits to the city. More people are wanting to live here and this attracts businesses, events and investment.

TABLE 4: AVERAGE RATES INCREASES (TO EXISTING RATEPAYERS)

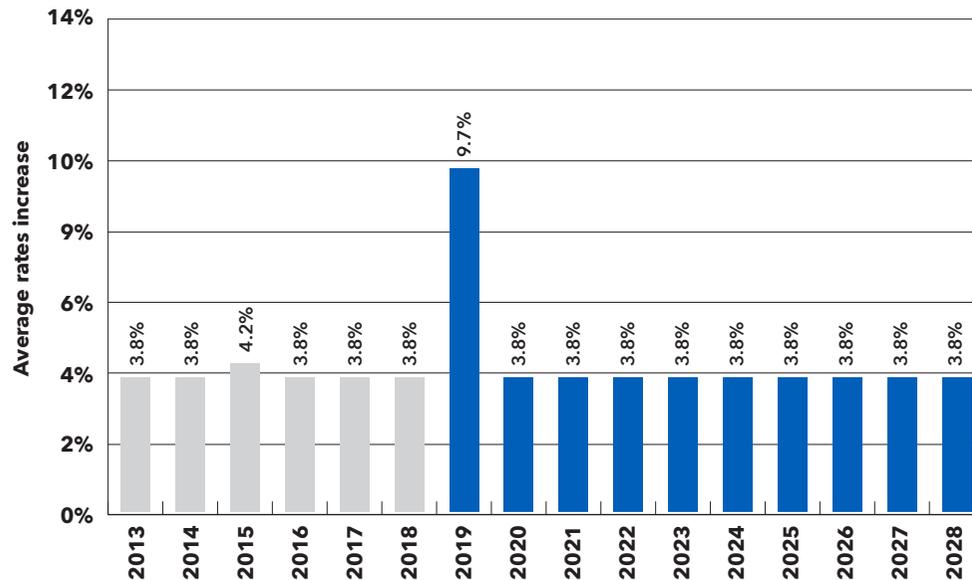


TABLE 5: CAPITAL EXPENDITURE

ACTIVITY GROUP	2018-28 10-YEAR PLAN (\$000)			
	GROWTH	IMPROVE SERVICE LEVELS	RENEWAL	10-YEAR TOTAL
WASTEWATER	273,845	34,964	106,817	<b>415,626</b>
STORMWATER	95,767	40,459	10,556	<b>146,782</b>
TRANSPORT	637,844	82,291	184,617	<b>904,752</b>
WATER SUPPLY	113,953	15,017	102,159	<b>231,129</b>
OTHER	84,030	75,885	178,670	<b>338,585</b>
<b>ALL ACTIVITY GROUPS</b>	<b>1,205,439</b>	<b>248,616</b>	<b>582,819</b>	<b>2,036,874</b>
EXTERNAL FUNDING (EXCLUDING DEVELOPMENT CONTRIBUTIONS)				<b>414,940</b>

Analysis (NIDEA). This means we need to supply 12,500 new dwellings over the next 10 years and 32,000 over the next 30 years. Currently there are 58,000 dwellings in Hamilton. The population is projected to grow from 165,000 in 2018 to over 187,600 in 2028.

Dwelling projections have been used to prepare a 30-year demand forecast for the 2018-2048 Infrastructure Strategy and the related capital expenditure programme for the 10-Year Plan has been prioritised from this forecast.

Table 5 shows the total cost of projects over 10-years categorised by type of expenditure. Growth capital expenditure provides new or improved assets which supports more residents to live in our city. Capital expenditure to improve service levels is where we are investing in new assets to service the existing population; and renewals restore our current assets to their original function or capacity.

There are additional operating costs, such as depreciation, associated with adding new assets. These costs are absorbed in the proposed 3.8% rates increase limit.

### RISK OF GROWTH BEING HIGHER OR LOWER

Should growth be lower than forecast, revenue budgets for rates, building consents, resource consents and

development contributions may not be met. This will constrain borrowing as the debt limit of 230% is calculated at 2.3 times revenue. We would need to reconsider the appropriateness of the capital programme.

Should growth be higher than forecast, then revenue would be higher. We would then need to consider the speed and timing of the capital programme to maintain the housing supply.

These impacts are further considered in the Significant Forecasting Assumptions section of this 10-Year Plan.

### UNPLANNED EVENTS

This 10-Year Plan provides for the everyday maintenance of assets and the renewal of assets at the end of their economic life. Unplanned events require earlier than planned investment (e.g. Civil Defence emergencies, natural events, river slips, fire, theft, and safety concerns). These events, if they occur, could result in significant unplanned operating and capital costs.

With a 230% Debt to Revenue limit we have access to a further 20% (\$180M in 2019). This debt capacity could be used to fund the consequences of unplanned events.

Collectively with other councils in the Waikato region, we have an insurance programme through Waikato Local Authority Shared Services Ltd (WLASS). This

programme will fund some operational costs (e.g. business interruption) and capital costs where a claimable event occurs.

All councils in the WLASS group have material damage insurance and infrastructure insurance using a maximum probable loss approach rather than reinstatement value for all properties. This policy has 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 an event, whether natural or otherwise.

Additionally, we have a layer of insurance to ensure appropriate cover for key assets including the five Waikato River bridges, other 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.

### INVESTMENTS

We hold investments in companies, a trust, property and cash.

### INVESTMENTS IN COMPANIES AND A TRUST

We are an equity holder in five companies and 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. We hold shares in the following companies and trusts:

TABLE 9: COUNCIL'S INVESTMENTS

COMPANY	SHAREHOLDING / CONTROL %	PRINCIPAL REASON FOR INVESTMENT (\$000)	BUDGETED RETURN (\$000)
WAIKATO REGIONAL AIRPORT LTD	50.00	Economic development	Nil
WAIKATO INNOVATION GROWTH LTD	100.00	Economic development	Nil
WAIKATO LOCAL AUTHORITY SHARED SERVICES LTD	19.6	Efficient government	Nil
NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LTD	8.30	Borrowing	\$100,000 per annum
CIVIC FINANCIAL SERVICES LTD	1.8	Risk management	Nil
VIBRANT HAMILTON TRUST	100.00	Community funding	Nil

There are no plans to change our shareholdings. In accordance with good practice however, this is reviewed regularly.

In July 2017 following discussions with Vibrant Hamilton Trust, we resolved to support the views of the Trustees that the trust's funds should be granted to significant projects. We have budgeted for a significant grant to be made to the Waikato Regional Theatre. This grant could lead to the winding up of the trust.

## PROPERTY INVESTMENTS

Property investments are divided into two categories:

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

Our 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% on the Municipal and Domain Endowment Properties, and 7% on Municipal Endowment Investment Properties.

From time to time we 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 our investment and endowment policies.

## CASH INVESTMENTS

We hold cash for three main reasons:

- To support the balance of reserves.
- To ensure strong lines of liquidity and access to cash. Cash is supplemented by committed banking facilities. In the present financial markets, holding cash is a cheaper option than is available through committed facilities.
- To provide the funds for maturing debt.

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

## OTHER INVESTMENTS

As part of borrowing from the Local Government Funding Agency, we are required to invest in financial bonds with the agency. We will receive interest on these bonds.

## POLICY ON SECURITIES

To borrow cash we must offer our lenders security, just like residents do with their mortgage. Like most councils, debt is secured against rates income.

Lenders like this as security and it helps keep our interest rates low. Giving rates as security means that our lenders can make us charge ratepayers more to repay debt. That is why it is important to keep our debt at a sustainable level.

We may also offer other security, including physical assets, in certain circumstances.

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

## DISCLOSURE STATEMENT

We have included the Disclosure Statement in this 10-Year Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014.

The purpose of this statement is to disclose our planned financial performance in relation to various nationally consistent benchmarks. These benchmarks enable the assessment of whether we are prudently managing our revenues, expenses, assets, liabilities, and general financial dealings.

Our 10-Year Plan budget meets or exceeds all measures of financial management as determined by the government except for the balancing the books measure in 2020/21. In this year the government measure does not adjust for our debt funded payment to Waikato Regional Theatre and the loss on disposal of assets constructed and not owned.

Our target of everyday revenues paying for everyday costs is more appropriate than the regulation measure for balancing the books. This is primarily because it excludes capital revenue. Capital revenue is used for building assets and not to pay for everyday costs. The result is a more transparent view of what it would normally cost to run the city.

# SIGNIFICANT FORECASTING ASSUMPTIONS

## INTRODUCTION

The Local Government Act 2002 requires us to disclose all significant forecasting assumptions underpinning our 10-Year Plan. These assumptions reflect the best knowledge that we have at the time the plan is prepared and have been subject to audit.

## RESPONDING TO GROWTH

### SETTLEMENT PATTERN

Hamilton Urban Growth Strategy (HUGS), Future Proof Growth Strategy and the Operative Waikato Regional Policy Statement outline the existing long-term settlement pattern for the city. The 10-Year Plan has been developed based on the following land use assumptions.

There is a risk central government may intervene and require us to release more land for development. The following areas have been considered for the provision of growth infrastructure.

### CITYWIDE DEVELOPMENT

Investment in infrastructure to service the existing city will be ongoing over the life of this 10-Year Plan. These ongoing investments will support infill and intensification as well as supporting continued greenfield growth.

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

### STAGE 1 RESIDENTIAL GREENFIELDS

Rototuna is to remain the city's primary growth cell with investment prioritised on completing core strategic infrastructure.

Residential development in Stage 1 Peacocke will continue in parallel with Rototuna. Work in Stage 1 Rotokauri (boundary as per the ODP) industrial and limited residential growth is included, but further works are deferred outside the

10-year period except for some provision to begin a stormwater swale in years 6-10.

### STAGE 2 RESIDENTIAL GREENFIELDS

Peacocke Stage 2 Residential will be the focus for the city following the development of Stage 1 Residential Greenfields described above, with key strategic infrastructure being progressed in line with the Housing Infrastructure Fund detailed business case. This infrastructure consists of an arterial transport network in the northern part of the cell, including the Wairere Drive/Cobham Drive interchange and bridge over the Waikato river into Peacocke, elements of the Southern Links network, strategic wastewater to link Peacocke to the existing wastewater network, distribution water mains and local transport, wastewater, water and stormwater to service the northern part of the cell.

The balance of Rotokauri Stage 1, Peacocke Stage 2 and Rotokauri Stage 2 residential will be the focus for the city following the northern part of Peacocke Stage 2 residential, with infrastructure investment sitting outside of this 10-Year Plan.

### RUAKURA GROWTH CELL

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

### TEMPLE VIEW AND TE RAPA NORTH

We have no investment programmed to service Temple View or Te Rapa North in this 10-Year Plan.

## POPULATION GROWTH

Total population at 30 June is projected to be:

2021	2026	2031
171,606	182,899	194,186

Population growth has been forecast for territorial authorities in the Waikato by the National Institute of Demographic and Economic Analysis (NIDEA), University of Waikato. High, medium and low projections have been produced based on different fertility, mortality and migration and are shown in the table below. We have used the

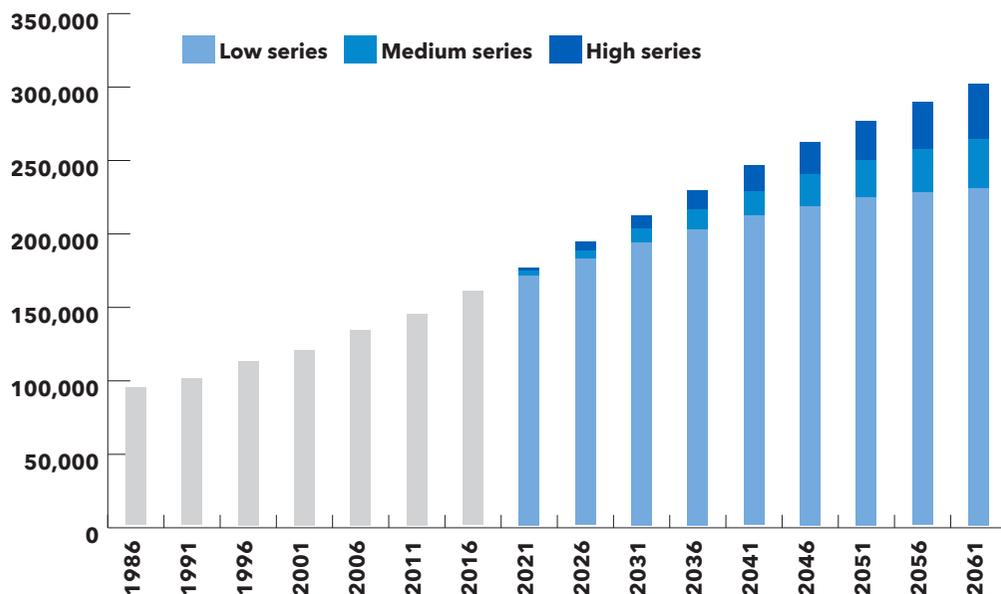
NIDEA Low projection (December 2016) to prepare this 10-Year Plan.

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

## 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.

## PROJECTED POPULATION



## GROWTH INFRASTRUCTURE INVESTMENT

It is anticipated all growth cells will be developed by us in partnership with those providing privately funded infrastructure.

As our current financial constraints do 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 partnering with the development community. Funding for 'upsizing' is required to ensure infrastructure is adequately sized to provide an efficient network and able to be used by 'downstream' developments.

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

## REVENUE

### DEVELOPMENT CONTRIBUTIONS

Future revenue has been projected using the Development Contributions (DC) Model. The DC revenue assumption also considers current payment patterns, remissions and takes consideration of growth modelling error margins.

DC revenue is estimated to be:

	REVENUE ESTIMATE (\$'000)
2018/19	17,518
2019/20	25,104
2020/21	29,909
2021/22	32,270
2022/23	32,754
2023/24	32,563
2024/25	34,568
2025/26	36,397
2026/27	36,497
2027/28	35,392
<b>10 YEAR TOTAL</b>	<b>312,972</b>

Should Hamilton grow more quickly than expected, then DC revenue is likely to exceed these expectations. However, the increase in revenue will be offset over time 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 over time this will offset the loss of projected revenue. In cases where infrastructure cannot be deferred, infrastructure is supplied ahead of need and the costs will be recouped as the demand (and DCs) is realised.

## RATEPAYER GROWTH

Ratepayer growth has been calculated based on assumptions on the increase in the number of households and square meters of commercial space as forecast by NIDEA low. The relationship between ratepayer growth and the forecast growth metrics is complex. One household does not represent a one to one relationship with one rating unit. Ratepayer growth has been calculated based on the historic trends in the relationship between these forecasts and actual rating unit growth over the previous four years.

As a result of this complexity there is a high degree of uncertainty around these forecasts. The percentage increases and revenue growth below represent the expected increase in general rate growth in the rating base.

	PERCENTAGE INCREASE	ADDITIONAL REVENUE (\$'000)
2018/19	1.89%	3,089
2019/20	2.42%	4,184
2020/21	2.57%	4,721
2021/22	2.53%	4,952
2022/23	2.45%	5,094
2023/24	2.39%	5,302
2024/25	2.35%	5,524
2025/26	2.30%	5,749
2026/27	2.25%	5,981
2027/28	2.22%	6,249

## EXPENDITURE

### COST OF GROWTH

As Hamilton grows, costs increase for some services. This 10-Year Plan allows for increases for contract escalations relating to the growing number of households as forecast by NIDEA low. 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.

Further consequential cost of growth has been included in relevant activity budgets. This reflects the cost of maintenance and operating new growth assets that are created.

### SAVINGS

We have budgeted for annual savings for the first six years of the 10-Year Plan with a total value of \$10.4M (see table right).

These savings are permanent reductions, which have the effect of reducing the budget in each of the following years, resulting in the total ten year budget reducing by \$94.5M. This 10-Year Plan assumes these savings will be realised.

We expect to make these savings through efficiencies, strategic procurement, smart business practices, innovation and

transformation. It is our intention that savings will be achieved without changing the services the community receives.

Given the size and diversity of our activities, along with opportunities to partner with central and other local government, business and the community, we are confident these can be achieved.

	ANNUAL ADDITIONAL SAVINGS IN OPERATING EXPENSES (\$'000)	CUMULATIVE SAVINGS (\$'000)
2018/19	4,000	4,000
2019/20	2,044	6,132
2020/21	1,044	7,312
2021/22	1,067	8,536
2022/23	1,092	9,828
2023/24	1,117	11,170
2024/25	0	11,440
2025/26	0	11,730
2026/27	0	12,020
2027/28	0	12,330
<b>10 YEAR TOTAL</b>	<b>10,364</b>	<b>94,498</b>

### Risk and Sensitivity

We have identified that the majority of these savings will be generated from two areas:

- managing staff numbers, including by delaying filling vacant positions
- developing procurement and

operational initiatives in our capital programme which are not presently available.

The probability we will be able to achieve savings differs for each area above.

Actively managing vacancies creates opportunities to save on personnel costs. We have a history of achieving savings in this manner. Additionally, as we drive innovation and new ways of delivering community outcomes we expect that the cost of some current positions that become vacant over the ten year period will contribute to these savings as these positions will no longer be required. As a result, we have a high level of confidence that we will achieve 40% of the budgeted savings from the management of staff numbers including by delaying filling vacant positions without reducing service levels.

We are forecasting our biggest ever capital programme and with that comes new opportunities to gain efficiencies through scale and new procurement opportunities. We are rethinking the way we currently deliver our capital programme to drive a focus on realising these opportunities. This means new assets are likely to cost us less while still delivering planned service levels. Because of this opportunity we have estimated 48% of the planned savings in operational costs will come from reduced interest and depreciation costs. We have observed larger councils achieving

procurement efficiencies which we are yet to access. We recognise that to realise these savings will have some challenges and therefore note a moderate degree of risk in achieving them.

In the case that we are unable to achieve all of our savings targets there will be consequences that could affect rates, service levels or capital expenditure. However, we have decided that it will not allow service levels to be reduced in this 10-Year Plan and that this principle is prioritised over the achievement of savings.

We have modelled the impact of only achieving the savings from managing staff numbers. The impact of this would be an increase in our debt to revenue ratio, over the 230% limit from years 2020/21 to 2024/25. The change on our ratio could reach 233% well within LGFA borrowing limits of 250%. To stay within our financial strategy limits in all years we could increase city rates by an additional 1% in 2020/21 or decrease unsubsidised capital spending by \$5M per annum in 2020/21 and 2021/22.

## INFLATION TREATMENT

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

Business and Economic Research Ltd (BERL) were contracted on behalf of the local government sector to provide inflation forecasts for the period of this 10-Year Plan. These forecasts are related to the types of costs 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 we do. 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 and electricity
- transport and communication
- commission and contract services
- business services
- insurance premiums.

Operating expenditure and revenue inflation used in financial modelling is:

### OPERATING INFLATION

2018/19	2.00%
2019/20	2.20%
2020/21	2.20%
2021/22	2.20%
2022/23	2.30%
2023/24	2.30%
2024/25	2.40%
2025/26	2.50%
2026/27	2.50%
2027/28	2.60%

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

### CAPITAL INFLATION

2018/19	4.00%
2019/20	4.10%
2020/21	4.00%
2021/22	2.50%
2022/23	2.30%
2023/24	2.40%
2024/25	2.50%
2025/26	2.50%
2026/27	2.60%
2027/28	2.70%

The capital inflation figures have been increased following advice from BERL to reflect unique cost pressures in the Waikato. The first three years include high inflation largely due to the extensive forecasted capital works being undertaken in the upper North Island.

We will have to purchase land as part of creating more parks and roads for a growing city. In budgeting for this we have used our knowledge of the market and taken into account the effect planning to grow the city can have on land prices. The cost of land has increased considerably more than other areas of inflation. We have a high degree of uncertainty on the likely inflation of land costs.

## AVAILABILITY OF CONTRACTORS TO COMPLETE CAPITAL PROGRAMME

It is assumed there is sufficient capacity within the professional services and contractor market to undertake the capital programme.

There is a high degree of uncertainty around this assumption as there are high levels of forecasted capital expenditure from other central and local government agencies in the upper North Island as well as strong ongoing demand for new housing and development. The impact of this could be high as budgets may not be sufficient to undertake the works as planned. The capital expenditure inflation forecast above has included a

higher inflation rate in its budget (specifically forecasted for the sub-region by BERL). This is to recognise the higher costs associated with the high demand for contractors.

### AVAILABILITY OF RESOURCES TO DELIVER SERVICE LEVELS

We have budgeted for additional staffing resources to meet the higher demand of growth.

This includes staffing associated with capital projects, consequential staff needed to operate the asset and indirect staff to support the greater corporate support activity a bigger city generates.

It is assumed all staff positions can be filled and maintained so we can deliver the proposed service levels.

## DEBT AND INTEREST

### INTEREST RATES

We use PWC Treasury Division for advice on all aspects of our treasury management. We have policies in place providing direction in the management of risks associated with debt.

Our interest rate risk and the risk of adverse interest rate movements, is mitigated by requiring at least 50% (but no more than 95%) of our debt to be at fixed rates with greater than 12 months to maturity. Our Liquidity and Funding Risk (the risk we may not be able

to access funds at the time 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 and secondly, by ensuring we have access to additional undrawn funds.

Our Liability and Investment Management policy outlines the financial institutions we can borrow from. It includes borrowing caps for all but the 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 5.1% then we can borrow at 4.8%. It is assumed our rating will be unchanged.

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 3%. It is estimated the average cash balance of \$55M will earn approximately \$1.65M in interest per annum.

The interest rates on borrowing used in this 10-Year Plan are:

INTEREST RATES	
2018/19	4.85%
2019/20	4.70%
2020/21	4.70%
2021/22	4.70%
2022/23	4.70%
2023/24	4.70%
2024/25	4.60%
2025/26	4.60%
2026/27	4.60%
2027/28	4.60%

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

Interest expense is calculated using projected debt and then making adjustments for the timing of capital expenditure (a lag in spending and debt drawdown).

## ASSETS

### PROPERTY INVESTMENT

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

### ASSET SALES

The forecast financial statements include transactions to complete existing contracted asset sales. There are no other asset sales budgeted.

Minor assets sales (e.g. disposal of surplus operational assets) are not budgeted.

### REVALUATION OF NON-CURRENT ASSETS

Revaluations have only been calculated on property, plant and equipment as they are our largest areas of non-current assets. The revaluations have been calculated on the preceding years' balance as disclosed in the Statement of Financial Position. This includes an inflation allowance calculated based on LGCI as listed in the Forecasts of Price Levels Change Adjustors 2017 Update from BERL.

## 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. We have made numerous assumptions about the useful lives of our assets. These are disclosed in the depreciation note within the Statement of Accounting Policies included in the Prospective Financial Statements.

## ACQUISITION OF SIGNIFICANT ASSETS

This 10-Year Plan includes a significant annual investment in new assets and the renewal of existing assets.

For capital expenditure to replace existing assets (renewal projects) it is recognised projects will be completed throughout the year. It is assumed half of those projects are completed within the first six months. As such, depreciation is forecast based on six months' depreciation for renewal projects in the year the renewals are first budgeted.

For each new capital project, staff have assessed the expected completion date for the project from which time the assets are depreciated.

Depreciation is applied based on the estimated useful life of the asset, consistent with the accounting policies.

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, development contributions and grants.

## SEISMIC RATING OF COUNCIL BUILDINGS

A programme of prioritised seismic assessments on our building stocks is being carried out over the next few years on our building portfolio.

Where a Detailed Seismic Assessment has already been done on one of our buildings, this assessment is used to determine if a seismic upgrade is required. Asset Management Plans (AMPs) have included any known seismic upgrades needed to meet minimum legislative requirements. If a detailed seismic assessment has not been done, no provision has been made for seismic upgrade.

## INVESTMENT PROPERTIES

We revalue investment properties on an annual basis. An annual gain on investment property values of 2.5% has been budgeted in each year of this 10-Year Plan.

## ACTIVITY SPECIFIC ASSUMPTIONS

### STRATEGIC PLANS AND IMPLEMENTATION PLANS

We have developed several plans and strategies to support the delivery of our Community Outcomes. Many plans and strategies were developed after the 2015-2025 10-Year Plan and therefore actions for these were not included as projects in the previous 10-Year Plan. Since the adoption of the plans and strategies, many projects have been completed or incorporated into our work programmes.

The strategic plans we have approved are

- Access Hamilton
- Biking Plan
- Central City Transformation Plan
- Central City Safety Plan
- Disability Action Plan
- Economic Development Agenda
- Frankton Neighbourhood Plan
- Hamilton Arts Agenda and Public Art Plan
- Hamilton East Neighbourhood Plan
- Hamilton Libraries Strategic Plan
- Hamilton Urban Growth Strategy
- Heritage Plan
- Open Spaces Plan
- Playgrounds of the Future Plan
- Pooches and Parks Plan

- River Plan
- Waikato Museum Strategic Plan
- Youth Action Plan.

These plans will require funding for full implementation. Projects which support these plans are included in the budget. These projects do not achieve all aspects of the plans as we are constrained by affordability.

### FOUNDERS THEATRE

We are engaging with the community and until the process is complete, the 10-Year Plan budget includes funding to demolish the theatre at a cost of \$802,100. We expect to decide on the future of Founders Theatre at a Council meeting late in 2019.

### BUILDING CONTROL AND PLANNING GUIDANCE

Funding for this activity and expected revenue is based on a combination of current growth projections and previous year actuals.

### TRANSPORT IMPROVEMENT

The Access Hamilton Taskforce provided direction in the development of a transport improvement programme that has informed additional capital and operation requirements. This aims to address services in relation to safety and congestion.

The current number of sites where levels of service at peak times are at level D or above will be maintained.

## **PARKING**

The free two hours on-street parking trial implemented within the Central Business District will continue following the trial completion. The trial will be reviewed prior to 30 June 2019. The free two hours will continue to be a cumulative total between the hours of 8.00am and 8.00pm Monday to Saturday and \$6 per hour thereafter. Sundays and public holidays are free.

## **OTHER SPECIFIC ASSUMPTIONS**

### **THIRD PARTY FUNDING**

#### **Transport**

We have assumed operating and capital expenditure programmes which have in the past received New Zealand Transport Agency (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 this 10-Year Plan. The subsidy rates that have generally been applied have been at the subsidy rate of 51%.

We have also assumed the Wairere Drive/Cobham Drive interchange, being built as part of the Ring Road extension will become state highway and be transferred to NZTA on completion. As part of this

project it is assumed we will receive capital contributions during construction for the cost of the state highway part of the project.

#### **Waste Minimisation Levy**

Levy contributions from central government under the relevant provisions of the Waste Minimisation Act 2008 are assumed to continue over the full term of this 10-Year Plan and at the current levels. We will apply these funds to projects to deliver on our Waste Management and Minimisation Plan.

#### **Project Watershed**

We have also assumed contributions will be received from Waikato Regional Council for project Watershed projects over the full term of this 10-Year Plan. These contributions are sourced from a Waikato Regional Council targeted rate for Project Watershed. We will apply these funds to projects meeting the criteria set out in the Project Watershed agreement between us and the Waikato Regional Council.

#### **Waikato Regional Theatre**

We have committed \$25M towards the development of the Waikato Regional Theatre. This 10-Year Plan provides for grant payments of \$19M towards the cost of the theatre. The balance of \$6M is proposed to be paid directly to the Waikato Regional Theatre Trust from Vibrant Hamilton Trust. This has been agreed with Vibrant Hamilton Trust trustees however there is a small

possibility that the proposal might not eventuate. Should this be the case we would need to seek another source for the \$6M funding required.

#### **Hamilton Gardens Development**

Hamilton Gardens staff and supporters have been very successful in securing sponsorship for the development of the theme gardens over the years. The totals raised vary from year to year and from garden to garden and face increasing competition from other activities we do. It is expected the organisations supporting Hamilton Gardens will be able to secure further significant funding.

We have budgeted capital revenue of \$15M over ten years to be raised by the Hamilton Gardens Development Trust towards a Gardens Development Plan as they signalled in their submission. We have agreed that they will present the plan to us by the end of 2018. We will raise \$10.3M from the Hamilton Gardens Targeted Rate over ten years as our contribution to the potential \$25M development.

We are excited by the opportunity that partnering with the Trust provides but accept that the proposal carries a high degree of risk. To mitigate this risk the budget for the first five years is smaller to allow time to implement the proposal. Should the funding targets not be met then the development work would be adjusted to

the funding available. There is a low risk of impact on our overall Financial Strategy.

#### **Playgrounds Development**

We have provided funding towards the Playgrounds of the Future Plan. This plan provides that one third of the funding would come from external sources. We have budgeted \$2.7M external funding to completed capital works of \$8.2M.

Should the funding targets not be met then the development work would be adjusted to the funding available. There is a low risk of impact on our overall Financial Strategy.

### **CLIMATE CHANGE**

The Climate Change Adaptation Technical Working Group was established as a business unit within the Ministry for the Environment in 2016. The group is responsible for leading the development, coordination and implementation of whole-of-government climate change policy that can adapt to the impacts of climate change whilst continuing to grow the economy.

Climate trends are monitored by the Technical Working Group, which has predicted impacts of a range of climate change scenarios for the Waikato, including changes in average temperature, sea level rise and rainfall patterns. In general, Waikato, like much of the west coast of New Zealand, is likely to become warmer and wetter.

Different agencies and organisations have different predictions of the likely changes to the climate. However, the impact on our infrastructure is considered acceptable when compared with the currently used design standards for new infrastructure if predicted impacts are generally accurate. The predicted impacts are:

- 0.6-3.3°C average temperature increase (from 1995 to 2090)
- Winter rainfall in the Hamilton area is expected to rise by 4% to 8% by 2090, whereas spring rainfall is projected to decrease by 6%. The variability could lead to more extreme weather event such as drought and flooding.

The topography and relatively low natural hazard risk in Hamilton is considered an advantage compared to other parts of the country (such as coastal communities) which are more directly impacted by changes to climate. However, we will monitor emerging trends in natural hazard risk alongside Waikato Regional Council.

## **FUTURE LEGISLATIVE CHANGE**

The details of future legislative changes are 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 this 10-Year Plan are moderate in scale. However, given the lack of detail available on future

legislative changes and their timing, our projects have been planned based on the current legislative regime.

Changes to other legislation, regulations or rules that affect how we operate (usually through requiring compliance with new and higher standards) cannot be anticipated at this point. As a result, this 10-Year Plan has been developed based on current legislation, regulations, rules and policy.

## **DRINKING WATER STANDARDS**

Our water supply is fully compliant with the current New Zealand Drinking Water Standards and the Health Act. We have a comprehensive, approved and audited Water Safety Plan in place that identifies potential risk and details how they are managed.

Our water supply has been assessed as having a Ministry of Health 'Aa' grading which indicates our water supply, treatment process and distribution system is managed to ensure there is an extremely low risk of contamination occurring to our drinking water.

Following the Havelock North District Council water supply contamination event that occurred in August 2016, the Government initiated an inquiry. Two inquiry reports have been released which have identified recommended improvements to the way in which drinking water supplies

are managed nationally. These will likely lead to increased Drinking Water Standards, particularly in relation to bore water compliance criteria.

As Hamilton already provides appropriate and effective treatment it is not anticipated that our current treatment processes will require immediate improvement. However, it is likely that there will be a need for new training and competency requirements for staff.

Staff are continuing to monitor Government response to understand any potential implications resulting from this inquiry and any future changes to standards.

The operating and capital budgets have been set to maintain current service levels under the current regulatory framework. As it is unknown what changes could be made, we are not able to forecast the impacts of these. We have concluded that given the facts stated above we have a high degree of confidence that any regulatory changes will have a minor impact on costs and service levels.

## **RESOURCE CONSENTS**

It has been broadly assumed that the necessary consents will be able to be obtained. Funding provision and time has been made within the relevant capital project budget and programme plan to allow for obtaining the necessary planning

permissions. The provisions made have been determined by the relevant asset/budget manager based on previous experience and expert knowledge of the contemporary planning framework and legislation.

New consent applications frequently have altered conditions that often create higher compliance costs. These higher costs cannot be reasonably forecast. Individual new compliance costs are often not large, but the cumulative effect of a more regulated consenting environment does have an impact on our costs.

The following key consents are planned for renewal:

- Wastewater Treatment Plant discharge - 2027
- Water Treatment Plant abstraction - 2044
- Hamilton Gardens water abstraction - 2019
- Comprehensive stormwater consent - 2036
- Crematorium emission consent - 2040

## SENSITIVITY ANALYSIS

### INFLATION AND INTEREST

Variance in the LGCI operating expenditure rate of inflation by 1% would impact the budget by approximately \$1.5M per annum (including staff costs). A similar variance in the capital expenditure inflation rate would impact the capital programme by approximately \$1.8M per annum.

A 1% variance to interest rates would increase or decrease interest costs by approximately \$5.6M per annum based on expected 2018/19 debt levels, assuming all of our debt is floating. We currently have 90% of our borrowings at fixed rates, therefore the impact of a 1% variance would be \$0.6M.

The impact of a 1% increase in either interest rates or inflation can be absorbed within the existing Financial Strategy limits for debt to revenue and balancing the books. In combination however, these would cause a breach in the balancing the books and debt limits. In the medium term (first three years of this 10-Year Plan) this is partially mitigated by the 90% of interest on fixed debt.

We would have to respond to such a large change in interest rates and inflation. This response would depend on any effects these factors had on population growth and associated investment.

### GROWTH ASSUMPTIONS

In making these forecasting assumptions we have to be mindful the future may not unfold as expected. Many of our assumptions are based on our growth forecasts. As such, we need to prepare for variations to these.

Our current growth assumptions show unprecedented sustained growth over the next ten years. This matter has the greatest impact on our 10-Year Plan. It results in more expenditure to run the city, more capital expenditure earlier to provide for the growing city and more revenue to pay for it. Growth affects most of our assumptions and it affects our resilience to manage certain types of assumptions, for example climate change.

The Financial Strategy, based on the assumptions in this document, show that growth is affordable. However following community feedback, we modified our Financial Strategy to lower rates and maximised our debt to revenue limit. This is a riskier strategy which means we are more vulnerable to changes in forecast growth. To be prepared for the possibility of growth happening other than planned, analysis has been done on the effects of a 15% change in growth.

The forecast growth is based on the NIDEA low household growth series. In NIDEA's latest forecast, NIDEA medium is about 15%

higher than NIDEA low, so we have chosen that as a reasonable basis for considering how a change might affect us.

### 15% HIGHER THAN FORECAST GROWTH

Higher growth means more income from growth, particularly in terms of revenue from development contributions, rates and consenting processes. This helps pay for the higher everyday costs of running the city that more people create.

Based on the existing capital programme, Hamilton will be able to accommodate a larger population in the short-term. More infill housing will occur as a result. In time, capital projects currently beyond the ten years will need to be brought forward. A benefit of higher growth would be greater debt capacity for the next big spend when new growth cells need to be opened.

The graphs on the left show that if growth was 15% higher than assumed, surpluses will get stronger and debt capacity increase.

### 15% LOWER THAN FORECAST GROWTH

Typically, a recession is likely to occur in any ten year period, but they are almost impossible to forecast. If growth is lower than assumed our challenges will be greater.

With the Financial Strategy maximising the debt to revenue limit we are more vulnerable to drops in revenue. Less

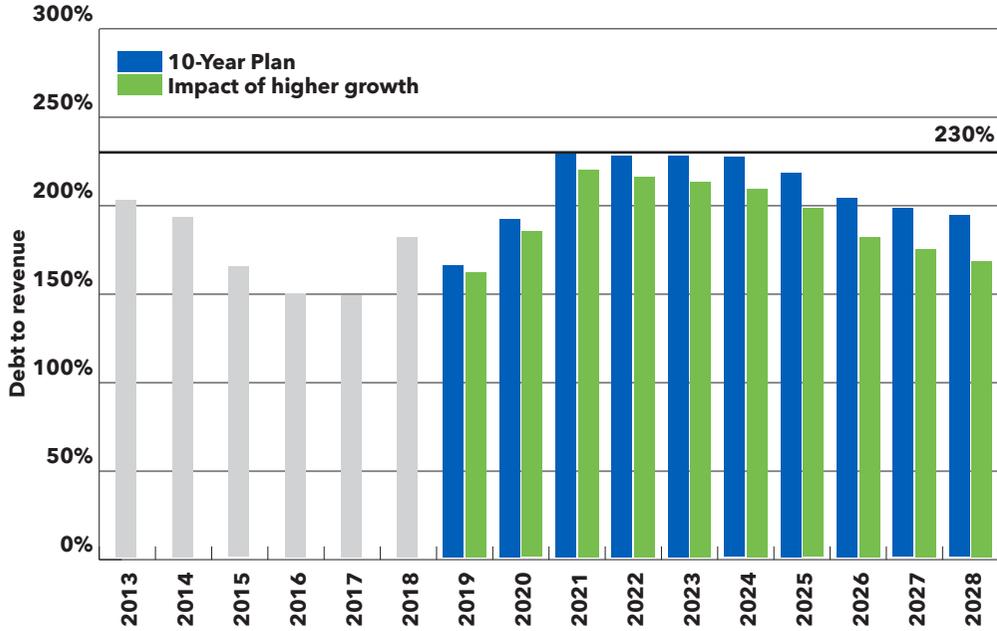
revenue from grants and subsidies and fees and charges could push us beyond our 230% limit. The biggest impacts come from lower than forecast growth particularly in terms of development contributions, consent processing and rates. Costs are difficult to rein in quickly. The first three years of the plan has our biggest capital programme ever. This will be well underway before a change in growth would become apparent and once started, contracts and practical arrangements would make it difficult to stop.

The effect of this on the Financial Strategy would be movements in the wrong direction. The graphs on the right model a lower growth scenario which shows deficits, meaning we would be borrowing more to pay for everyday costs. They also show the impact of less revenue on the debt to revenue graphs with five years of debt above the 230% limit.

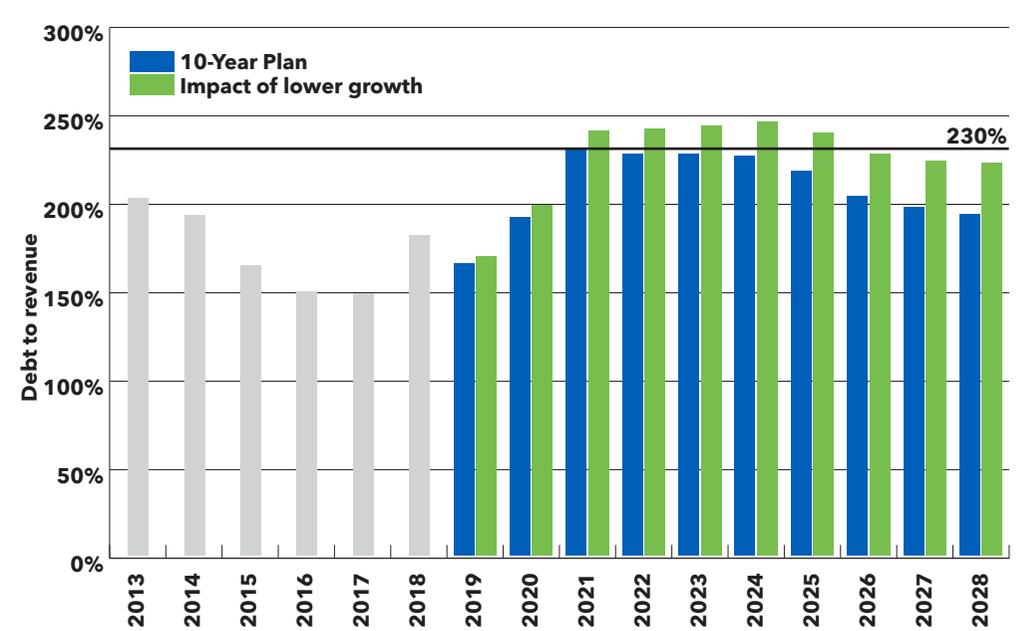
When we established a 230% debt limit as a prudent measure in the Financial Strategy this allowed for a degree of planning for the unexpected. Lenders will lend us up to 250% and in this scenario we stay below that level.

We are aware of this risk and constantly monitor actual growth and revenue so we can respond quickly if required.

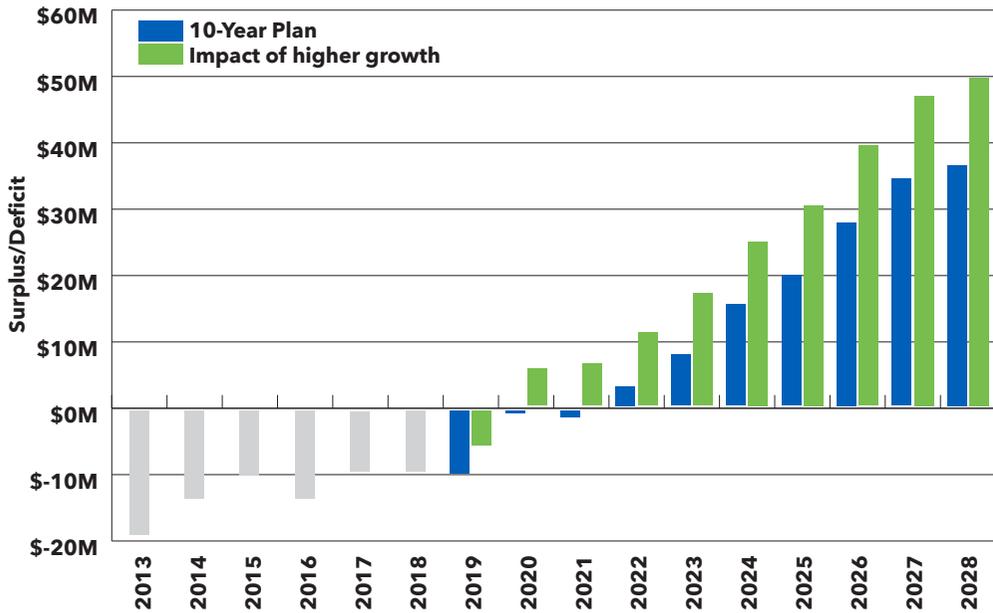
DEBT TO REVENUE:15% HIGHER THAN FORECAST GROWTH



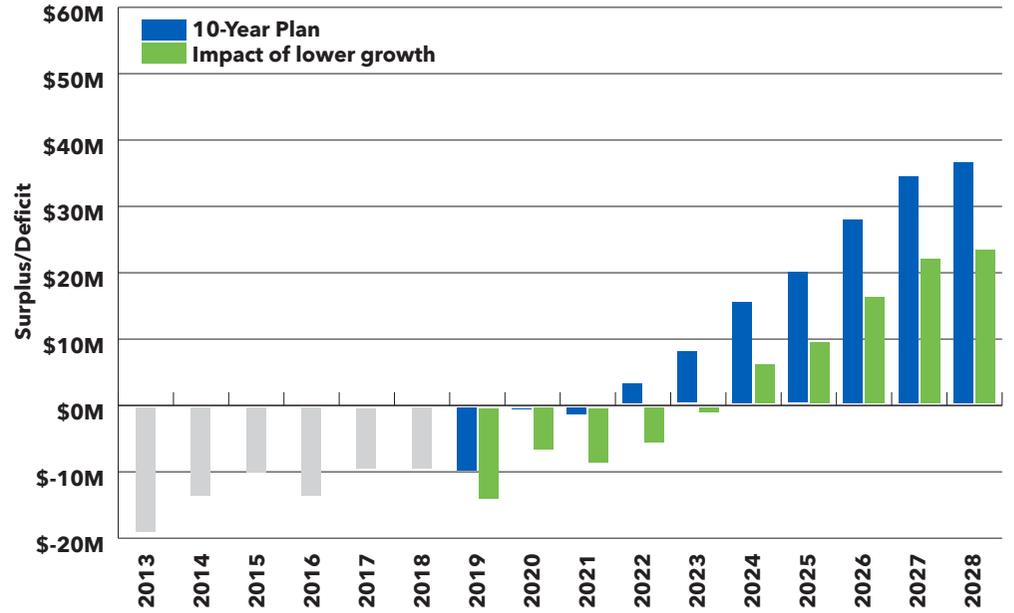
DEBT TO REVENUE:15% LOWER THAN FORECAST GROWTH



BALANCING THE BOOKS:15% HIGHER THAN FORECAST GROWTH



BALANCING THE BOOKS: 15% LOWER THAN FORECAST GROWTH



# FORECAST FINANCIAL STATEMENTS

## PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FORECAST FOR YEAR ENDED 30 JUNE 2018-2028		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Notes	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>												
Rates	2	160,765	179,713	191,078	203,293	215,887	229,104	243,031	257,710	273,181	289,465	306,645
Fees and user charges	3	34,098	35,286	36,583	38,550	40,495	42,002	43,497	44,767	45,926	47,115	48,356
Subsidies and grants	4	5,692	7,120	6,870	6,991	7,277	7,697	7,957	8,370	9,396	9,239	10,184
Interest revenue	5	2,000	2,475	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650
Other revenue	6	6,481	10,858	20,184	21,141	21,168	20,194	10,515	8,460	8,345	8,408	7,270
Development contributions	7	11,141	17,518	25,104	29,909	32,270	32,754	32,563	34,568	36,397	36,497	35,392
Capital revenue	8	6,702	44,840	65,029	41,541	51,464	50,552	34,923	27,507	34,378	36,353	28,353
Vested assets	9	8,581	30,000	31,230	32,479	33,291	34,057	34,874	35,746	36,640	37,592	38,607
<b>Total revenue</b>		<b>235,460</b>	<b>327,810</b>	<b>377,728</b>	<b>375,554</b>	<b>403,502</b>	<b>418,010</b>	<b>409,010</b>	<b>418,778</b>	<b>445,913</b>	<b>466,319</b>	<b>476,457</b>
<b>Expenses</b>												
Personnel costs		73,884	83,168	86,290	89,187	92,161	94,636	96,942	99,783	102,770	105,660	108,945
Depreciation and amortisation expense	10	63,870	68,473	72,304	77,175	81,724	86,247	91,066	97,669	100,725	105,386	110,090
Finance costs	11	21,819	22,010	26,720	31,951	35,349	37,375	37,958	36,838	36,588	36,915	37,458
Operating and maintenance costs		38,518	46,466	45,821	50,626	53,929	56,409	58,843	62,794	66,330	68,665	75,979
Professional costs		7,907	13,268	12,246	11,243	10,038	10,343	9,933	10,306	11,277	11,625	12,801
Administration costs		9,073	6,582	10,116	16,314	5,416	4,645	1,646	1,411	1,444	1,596	1,700
Property costs		11,808	12,067	12,265	12,554	12,927	13,325	13,726	14,155	14,612	15,072	15,566
<b>Total expenses</b>		<b>226,879</b>	<b>252,034</b>	<b>265,762</b>	<b>289,050</b>	<b>291,544</b>	<b>302,980</b>	<b>310,114</b>	<b>322,956</b>	<b>333,746</b>	<b>344,919</b>	<b>362,539</b>
<b>Operating surplus/(deficit)</b>		<b>8,581</b>	<b>75,776</b>	<b>111,966</b>	<b>86,504</b>	<b>111,958</b>	<b>115,030</b>	<b>98,896</b>	<b>95,822</b>	<b>112,167</b>	<b>121,400</b>	<b>113,918</b>
Gains		-	565	579	593	608	623	639	655	671	688	705
Losses		-	-	-	(48,718)	-	-	-	-	-	-	-
<b>Total surplus/(deficit)</b>		<b>8,581</b>	<b>76,341</b>	<b>112,545</b>	<b>38,379</b>	<b>112,566</b>	<b>115,653</b>	<b>99,535</b>	<b>96,477</b>	<b>112,838</b>	<b>122,088</b>	<b>114,623</b>
<b>Other comprehensive revenue and expense</b>												
Items that will not be reclassified to surplus/(deficit)												
Gain on property, plant and equipment revaluations		52,857	227,644	85,110	143,896	149,223	72,792	145,656	128,452	68,165	166,120	157,740
<b>Total other comprehensive revenue and expense</b>		<b>52,857</b>	<b>227,644</b>	<b>85,110</b>	<b>143,896</b>	<b>149,223</b>	<b>72,792</b>	<b>145,656</b>	<b>128,452</b>	<b>68,165</b>	<b>166,120</b>	<b>157,740</b>
<b>Total comprehensive revenue and expense</b>		<b>61,438</b>	<b>303,985</b>	<b>197,655</b>	<b>182,275</b>	<b>261,789</b>	<b>188,445</b>	<b>245,191</b>	<b>224,929</b>	<b>181,003</b>	<b>288,208</b>	<b>272,363</b>

The accompanying notes form part of these financial statements.

Internal trade waste fees have been restated as fees and user charges for 2017/18.

Other expenses in 2017/18 have been restated as operating and maintenance costs, professional costs, administration costs and property costs.

## PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

FORECAST FOR YEAR ENDED 30 JUNE 2018-2028		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Notes	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Equity balance at 1 July</b>		3,179,121	3,606,403	3,910,388	4,108,043	4,290,318	4,552,107	4,740,552	4,985,743	5,210,672	5,391,675	5,679,883
Total comprehensive revenue and expense for the period		61,438	303,985	197,655	182,275	261,789	188,445	245,191	224,929	181,003	288,208	272,363
<b>Equity balance at 30 June</b>		<b>3,240,559</b>	<b>3,910,388</b>	<b>4,108,043</b>	<b>4,290,318</b>	<b>4,552,107</b>	<b>4,740,552</b>	<b>4,985,743</b>	<b>5,210,672</b>	<b>5,391,675</b>	<b>5,679,883</b>	<b>5,952,246</b>
<b>Accumulated comprehensive revenue and expense</b>												
Balance at beginning of year		1,629,990	1,724,871	1,801,331	1,913,813	1,951,822	2,063,936	2,179,134	2,278,302	2,374,334	2,486,709	2,607,988
Operating surplus/(deficit)		8,581	76,341	112,545	38,379	112,566	115,653	99,535	96,477	112,838	122,088	114,623
Transfers (to)/from restricted and council created reserves		993	119	(63)	(370)	(452)	(455)	(367)	(445)	(463)	(809)	(2,424)
Balance at end of year		1,639,564	1,801,331	1,913,813	1,951,822	2,063,936	2,179,134	2,278,302	2,374,334	2,486,709	2,607,988	2,720,187
<b>Revaluation reserves</b>												
Balance at beginning of year		1,505,683	1,841,571	2,069,215	2,154,325	2,298,221	2,447,444	2,520,236	2,665,892	2,794,344	2,862,509	3,028,629
Revaluation gains		52,857	227,644	85,110	143,896	149,223	72,792	145,656	128,452	68,165	166,120	157,740
Balance at end of year		1,558,540	2,069,215	2,154,325	2,298,221	2,447,444	2,520,236	2,665,892	2,794,344	2,862,509	3,028,629	3,186,369
<b>Restricted and council created reserves</b>												
Balance at beginning of year		43,448	39,961	39,842	39,905	40,275	40,727	41,182	41,549	41,994	42,457	43,266
Transfers (to)/from reserves		(993)	(119)	63	370	452	455	367	445	463	809	2,424
Balance at end of year		42,455	39,842	39,905	40,275	40,727	41,182	41,549	41,994	42,457	43,266	45,690
<b>Equity balance at 30 June</b>		<b>3,240,559</b>	<b>3,910,388</b>	<b>4,108,043</b>	<b>4,290,318</b>	<b>4,552,107</b>	<b>4,740,552</b>	<b>4,985,743</b>	<b>5,210,672</b>	<b>5,391,675</b>	<b>5,679,883</b>	<b>5,952,246</b>

The accompanying notes form part of these financial statements.

## PROSPECTIVE BALANCING THE BOOKS MEASURE

FORECAST FOR YEAR ENDED 30 JUNE 2018-2028

	Notes	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
<b>Surplus/(deficit)</b>		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Remove capital revenue</b>		8,581	76,341	112,545	38,379	112,566	115,653	99,535	96,477	112,838	122,088	114,623
Vested assets		(8,581)	(30,000)	(31,230)	(32,479)	(33,291)	(34,057)	(34,874)	(35,746)	(36,640)	(37,592)	(38,607)
Part of development and financial contributions <sup>A</sup>		(7,242)	(11,387)	(16,318)	(19,441)	(20,976)	(21,290)	(21,166)	(22,469)	(23,658)	(23,723)	(23,005)
Capital subsidy (excluding subsidy on transport renewals) <sup>B</sup>		(369)	(35,012)	(46,759)	(31,184)	(42,074)	(43,032)	(25,471)	(18,138)	(24,658)	(24,767)	(18,108)
Other capital contributions		(1,797)	(4,744)	(11,748)	(5,173)	(3,692)	(2,180)	(3,727)	(3,712)	(3,842)	(5,465)	(3,735)
Other items not considered everyday operating revenue <sup>C</sup>		-	(4,233)	(13,411)	(14,345)	(14,335)	(13,319)	(3,596)	(1,497)	(1,340)	(1,349)	(160)
<b>Remove (gains)/losses</b>												
All (gains)/losses		-	(565)	(579)	48,125	(608)	(623)	(639)	(655)	(671)	(688)	(705)
<b>Remove other expenses</b>												
Other items not considered everyday operating expenses <sup>D</sup>		-	197	7,160	15,189	5,321	6,557	5,205	5,424	5,584	5,700	5,945
<b>Balancing the books surplus/(deficit)</b>		<b>(9,408)</b>	<b>(9,403)</b>	<b>(340)</b>	<b>(929)</b>	<b>2,912</b>	<b>7,709</b>	<b>15,267</b>	<b>19,684</b>	<b>27,613</b>	<b>34,204</b>	<b>36,248</b>

The accompanying notes form part of these financial statements.

<sup>A</sup> Development contributions contain an element of funding for interest costs that are part of every day expenses. An adjustment is made to match the revenue with the expense. The budget has assumed interest costs funded from development contributions represent 35% of development contributions revenue.

<sup>B</sup> Subsidy on transport renewals is adjusted to recognise that this is funding a portion of the depreciation on these renewals.

<sup>C</sup> Adjustment for fair value calculation on the Housing Infrastructure Fund loans.

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

## PROSPECTIVE STATEMENT OF FINANCIAL POSITION

FORECAST AS AT 30 JUNE 2018-2028

	Notes	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Assets</b>												
<b>Current assets</b>												
Cash and cash equivalents		35,000	49,500	48,100	47,300	47,100	47,100	47,300	47,500	47,700	47,800	47,900
Receivables		19,142	17,910	18,360	18,810	19,260	19,760	20,210	20,710	21,210	21,810	22,310
Prepayments		1,563	1,670	1,712	1,755	1,798	1,843	1,889	1,937	1,985	2,035	2,086
Inventory		151	160	160	160	160	160	160	160	160	160	160
Other financial assets	12	17,975	2,125	-	-	-	-	-	-	-	-	-
<b>Total current assets</b>		<b>73,831</b>	<b>71,365</b>	<b>68,332</b>	<b>68,025</b>	<b>68,318</b>	<b>68,863</b>	<b>69,559</b>	<b>70,307</b>	<b>71,055</b>	<b>71,805</b>	<b>72,456</b>
<b>Non-current assets</b>												
Property, plant and equipment		3,608,249	4,371,324	4,696,852	4,971,807	5,281,644	5,496,980	5,732,426	5,943,769	6,124,718	6,428,981	6,703,168
Intangible assets		19,067	22,283	21,082	19,500	17,810	17,094	17,978	17,478	15,839	14,644	15,284
Investment property		19,420	23,175	23,754	24,348	24,957	25,581	26,221	26,877	27,549	28,238	28,944
Other financial assets												
- Investment in CCOs and other similar entities		12,833	8,978	8,978	8,978	8,978	8,978	8,978	8,978	8,978	8,978	8,978
- Other investments		5,040	5,500	6,900	7,700	7,900	7,900	7,700	7,500	7,300	7,200	7,100
Total other financial assets	12	17,873	14,478	15,878	16,678	16,878	16,878	16,678	16,478	16,278	16,178	16,078
Investment in associates	13	7,430	7,430	7,430	7,430	7,430	7,430	7,430	7,430	7,430	7,430	7,430
<b>Total non-current assets</b>		<b>3,672,039</b>	<b>4,438,690</b>	<b>4,764,996</b>	<b>5,039,763</b>	<b>5,348,719</b>	<b>5,563,963</b>	<b>5,800,733</b>	<b>6,012,032</b>	<b>6,191,814</b>	<b>6,495,471</b>	<b>6,770,904</b>
<b>Total assets</b>		<b>3,745,870</b>	<b>4,510,055</b>	<b>4,833,328</b>	<b>5,107,788</b>	<b>5,417,037</b>	<b>5,632,826</b>	<b>5,870,292</b>	<b>6,082,339</b>	<b>6,262,869</b>	<b>6,567,276</b>	<b>6,843,360</b>
<b>Liabilities</b>												
<b>Current liabilities</b>												
Payables and deferred revenue		25,470	33,250	32,125	32,446	32,770	33,098	33,429	33,763	34,101	34,442	34,786
Employee entitlements		5,994	6,420	6,520	6,620	6,720	6,820	6,920	7,020	7,120	7,220	7,320
Provisions		1,781	337	771	698	916	776	859	895	1,118	1,247	1,336
Borrowings	14	65,300	83,300	48,300	78,300	37,199	62,640	74,709	74,764	73,740	73,420	73,169
Derivative financial instruments		-	4,628	4,119	3,650	3,317	2,970	1,750	1,107	617	422	1,073
<b>Total current liabilities</b>		<b>98,545</b>	<b>127,935</b>	<b>91,835</b>	<b>121,714</b>	<b>80,922</b>	<b>106,304</b>	<b>117,667</b>	<b>117,549</b>	<b>116,696</b>	<b>116,751</b>	<b>117,684</b>
<b>Non-current liabilities</b>												
Employee entitlements		886	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Provisions		12,180	24,413	23,209	22,583	21,449	20,812	19,871	18,941	17,599	16,223	14,798
Borrowings	14	363,700	427,194	594,235	660,816	753,519	759,088	742,691	731,964	734,303	752,246	757,532
Derivative financial instruments		30,000	19,025	14,906	11,257	7,940	4,970	3,220	2,113	1,496	1,073	-
<b>Total non-current liabilities</b>		<b>406,766</b>	<b>471,732</b>	<b>633,450</b>	<b>695,756</b>	<b>784,008</b>	<b>785,970</b>	<b>766,882</b>	<b>754,118</b>	<b>754,498</b>	<b>770,642</b>	<b>773,430</b>
<b>Total liabilities</b>		<b>505,311</b>	<b>599,667</b>	<b>725,285</b>	<b>817,470</b>	<b>864,930</b>	<b>892,274</b>	<b>884,549</b>	<b>871,667</b>	<b>871,194</b>	<b>887,393</b>	<b>891,114</b>
<b>Net assets</b>		<b>3,240,559</b>	<b>3,910,388</b>	<b>4,108,043</b>	<b>4,290,318</b>	<b>4,552,107</b>	<b>4,740,552</b>	<b>4,985,743</b>	<b>5,210,672</b>	<b>5,391,675</b>	<b>5,679,883</b>	<b>5,952,246</b>
<b>Equity</b>												
Accumulated funds		1,639,564	1,801,331	1,913,813	1,951,822	2,063,936	2,179,134	2,278,302	2,374,334	2,486,709	2,607,988	2,720,187
Other reserves		1,558,540	2,069,215	2,154,325	2,298,221	2,447,444	2,520,236	2,665,892	2,794,344	2,862,509	3,028,629	3,186,369
Restricted reserves	15	37,967	38,587	38,829	39,078	39,335	39,600	39,872	40,153	40,442	40,740	41,047
Council created reserves	15	4,488	1,255	1,076	1,197	1,392	1,582	1,677	1,841	2,015	2,526	4,643
<b>Total equity attributable to Hamilton City Council</b>		<b>3,240,559</b>	<b>3,910,388</b>	<b>4,108,043</b>	<b>4,290,318</b>	<b>4,552,107</b>	<b>4,740,552</b>	<b>4,985,743</b>	<b>5,210,672</b>	<b>5,391,675</b>	<b>5,679,883</b>	<b>5,952,246</b>
<b>Total equity</b>		<b>3,240,559</b>	<b>3,910,388</b>	<b>4,108,043</b>	<b>4,290,318</b>	<b>4,552,107</b>	<b>4,740,552</b>	<b>4,985,743</b>	<b>5,210,672</b>	<b>5,391,675</b>	<b>5,679,883</b>	<b>5,952,246</b>

The accompanying notes form part of these financial statements.

## PROSPECTIVE STATEMENT OF CASH FLOWS

FORECAST FOR THE YEAR ENDED 30 JUNE 2018-2028

		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Notes	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Cash flows from operating activities</b>												
<b>Cash will be provided from:</b>												
Rates revenue	2	160,765	179,713	191,078	203,293	215,887	229,104	243,031	257,710	273,181	289,465	306,645
Fees and user charges	3	39,867	35,286	36,583	38,550	40,495	42,002	43,497	44,767	45,926	47,115	48,356
Government operating subsidies and grants	4	5,692	7,120	6,870	6,991	7,277	7,697	7,957	8,370	9,396	9,239	10,184
Government capital subsidies and grants	8	4,905	40,096	53,281	36,368	47,772	48,372	31,196	23,795	30,536	30,888	24,618
Other capital contributions	7 & 8	12,938	22,262	36,852	35,082	35,962	34,934	36,290	38,280	40,239	41,962	39,127
Interest received	5	2,000	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650
Dividends received	6	100	104	104	104	104	104	104	104	104	104	104
Sundry revenue	6	1,089	6,521	6,669	6,692	6,729	6,771	6,815	6,859	6,901	6,955	7,006
<b>Total</b>		<b>227,356</b>	<b>292,752</b>	<b>333,087</b>	<b>328,730</b>	<b>355,876</b>	<b>370,634</b>	<b>370,540</b>	<b>381,535</b>	<b>407,933</b>	<b>427,378</b>	<b>437,690</b>
<b>Cash will be applied to:</b>												
Payments to employees		73,884	83,168	86,290	89,187	92,161	94,636	96,942	99,783	102,770	105,660	108,945
Payments for suppliers		67,783	78,383	80,448	90,737	82,310	84,722	84,148	88,666	93,663	96,958	106,046
Interest paid	11	21,819	20,645	24,444	28,682	30,981	31,814	31,785	30,506	30,138	30,400	30,755
Net GST paid		(657)	-	-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>162,829</b>	<b>182,196</b>	<b>191,182</b>	<b>208,606</b>	<b>205,452</b>	<b>211,172</b>	<b>212,875</b>	<b>218,955</b>	<b>226,571</b>	<b>233,018</b>	<b>245,746</b>
<b>Net cash flow from operating activities</b>		<b>64,527</b>	<b>110,556</b>	<b>141,905</b>	<b>120,124</b>	<b>150,424</b>	<b>159,462</b>	<b>157,665</b>	<b>162,580</b>	<b>181,362</b>	<b>194,360</b>	<b>191,944</b>
<b>Cash flows from investing activities</b>												
<b>Cash will be provided from:</b>												
Proceeds from sale of shares		-	2,125	2,125	-	-	-	-	-	-	-	-
Proceeds from maturity of NZLGFA borrower notes		-	-	-	-	-	-	200	200	200	100	100
Proceeds from sale of investment property		-	18,800	-	-	-	-	-	-	-	-	-
Proceeds from sale of property, plant and equipment		-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>-</b>	<b>20,925</b>	<b>2,125</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>100</b>	<b>100</b>
<b>Cash will be applied to:</b>												
NZLGFA borrower notes		-	460	1,400	800	200	-	-	-	-	-	-
Purchase of property, plant and equipment		89,884	219,819	288,326	228,860	213,040	199,235	151,726	147,981	178,433	207,632	191,194
<b>Total</b>		<b>89,884</b>	<b>220,279</b>	<b>289,726</b>	<b>229,660</b>	<b>213,240</b>	<b>199,235</b>	<b>151,726</b>	<b>147,981</b>	<b>178,433</b>	<b>207,632</b>	<b>191,194</b>
<b>Net cash flow from investing activities</b>		<b>(89,884)</b>	<b>(199,354)</b>	<b>(287,601)</b>	<b>(229,660)</b>	<b>(213,240)</b>	<b>(199,235)</b>	<b>(151,526)</b>	<b>(147,781)</b>	<b>(178,233)</b>	<b>(207,532)</b>	<b>(191,094)</b>
<b>Cash flows from financing activities</b>												
<b>Cash will be provided from:</b>												
Loans raised		110,782	182,449	192,596	187,036	99,815	102,413	68,770	60,165	70,811	86,692	72,419
<b>Total</b>		<b>110,782</b>	<b>182,449</b>	<b>192,596</b>	<b>187,036</b>	<b>99,815</b>	<b>102,413</b>	<b>68,770</b>	<b>60,165</b>	<b>70,811</b>	<b>86,692</b>	<b>72,419</b>
<b>Cash will be applied to:</b>												
Loan repayments		95,000	83,000	48,000	78,000	36,899	62,340	74,409	74,464	73,440	73,120	72,869
Finance lease repayments		425	300	300	300	300	300	300	300	300	300	300
<b>Total</b>		<b>95,425</b>	<b>83,300</b>	<b>48,300</b>	<b>78,300</b>	<b>37,199</b>	<b>62,640</b>	<b>74,709</b>	<b>74,764</b>	<b>73,740</b>	<b>73,420</b>	<b>73,169</b>
<b>Net cash flow from financing activities</b>		<b>15,357</b>	<b>99,149</b>	<b>144,296</b>	<b>108,736</b>	<b>62,616</b>	<b>39,773</b>	<b>(5,939)</b>	<b>(14,599)</b>	<b>(2,929)</b>	<b>13,272</b>	<b>(750)</b>
Net increase/(decrease) in cash held		(10,000)	10,351	(1,400)	(800)	(200)	-	200	200	200	100	100
Opening cash and cash equivalents balance		45,000	39,149	49,500	48,100	47,300	47,100	47,100	47,300	47,500	47,700	47,800
<b>Closing cash and cash equivalents balance</b>		<b>35,000</b>	<b>49,500</b>	<b>48,100</b>	<b>47,300</b>	<b>47,100</b>	<b>47,100</b>	<b>47,300</b>	<b>47,500</b>	<b>47,700</b>	<b>47,800</b>	<b>47,900</b>

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.

Our primary objective is to provide goods or services for community or social benefit rather than making a financial return. As such, for the purposes of financial reporting, we are considered a public benefit entity.

These prospective financial statements are for Hamilton City Council as a separate legal entity. Consolidated prospective financial statements covering both us and our subsidiaries and associates have not been prepared as the income and expenditure is not material to our long-term planning.

## BASIS OF PREPARATION

We authorised the prospective financial statements on 28 June 2018. We believe the assumptions underlying these prospective financial statements are appropriate. We accept responsibility for the preparation of the prospective financial statements, including the appropriateness of the assumptions underlying these statements and all other required disclosures. No actual results have been included within the

prospective financial statements. We do not intend to update the prospective financial statements after they are presented.

## STATEMENT OF COMPLIANCE

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

The prospective financial statements have also been prepared to comply with the Public Benefit Entity Standards (PBE Standards) for a Tier 1 entity.

The reporting period for these prospective financial statements is for 10 years ending 30 June 2028. These 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 here.

The purpose of the prospective financial information is to support our long-term planning.

## MEASUREMENT BASE

The basis for measurement 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 from the latest relevant BERL forecasts and

the discount rate is our forecast long-term cost of borrowing.

## JUDGEMENTS AND ESTIMATIONS

The preparation of prospective financial statements using PBE standards uses 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 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 adjusted where necessary.

Judgements with 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 may include landfill post-closure costs, asset revaluations, impairments, certain fair value calculations and provisions.

## SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are included in the notes to which they relate. Those that do not relate to a specific note are outlined below.

### REVENUE

Revenue includes rates, revenue from operating activities, investment revenue, gains, finance and other revenue. It is measured at the fair value of consideration received or receivable.

Revenue may come from either exchange or non-exchange transactions.

### EXCHANGE TRANSACTIONS

Exchange transactions are transactions where we receive assets (primarily cash) or services, or have liabilities extinguished, and directly give 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, we either receive value from or give 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 considered revenue, except to the extent that a liability is also recognised in respect of the same inflow.

At times we satisfy a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset. Doing so reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

### GAINS

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

### GOODS AND SERVICES TAX (GST)

All items in the prospective financial statements are exclusive of GST except 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 includes current and deferred tax.

Current tax is the expected tax payable based on the taxable income for the year.

This uses 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. This provides 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. It also takes into account 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 it is probable future taxable profit will be available against which they can be utilised.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short term highly liquid investments. The carrying value of cash at bank and short-term deposits with original maturities of less than three months approximates their fair value.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

### RECEIVABLES

Short-term receivables are recorded at the amount due less any provision for collectability.

A receivable is considered to be uncollectable when there is evidence the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

### INVENTORY

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the FIFO method), adjusted, when applicable for any loss of service potential.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition. Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value.

## **PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment include:

### **OPERATIONAL ASSETS**

These are land, buildings (including cultural assets and 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 is the actual expense incurred in acquiring the Zoo animals.

### **RESTRICTED ASSETS**

These are parks and reserves we own that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

### **HERITAGE ASSETS**

These are museum collections and library collections (New Zealand Room).

### **INFRASTRUCTURE ASSETS**

These are the fixed utility systems that we own. 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 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 after 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 infrastructure assets (except land under roads) are revalued regularly to ensure that their carrying amount does not differ materially from fair value. These revaluations occur 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 make sure they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

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 in other comprehensive income.

### **DEPRECIATION**

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.

The useful lives and associated depreciation rates of major classes of assets are estimated as:

ASSET CLASS	YEARS	DEPRECIATION RATE
<b>BUILDINGS - STRUCTURE/FIT OUT/SERVICES</b>	5 - 100	1% - 20%
<b>PLANT AND VEHICLES</b>	3 - 15	6.7% - 33.3%
<b>FURNITURE, FITTINGS AND EQUIPMENT</b>	5 - 10	10% - 20%
<b>LIBRARY BOOKS</b>	3 - 8	12.5% - 33.3%
<b>ZOO ANIMAL (ACQUISITION COSTS)</b>	10	10%
<b>IMPROVEMENTS - PARKS &amp; GARDENS</b>	5 - 150	0.7% - 20%
<b>ROADS AND TRAFFIC NETWORK</b>		
Top surface (seal)	5 - 20	5% - 20%
Pavement (basecourse)	50 - 140	0.7% - 2%
Drainage	60 - 70	1.4% - 1.7%
Carparks	15 - 110	0.9% - 6.7%
Footpaths and cycleways	5 - 75	1.3% - 20%
Kerbs and traffic islands	20 - 60	1.7% - 5%
Signs	15	6.7%
Street lights	25 - 50	2% - 4%
Bridges and culverts	40 - 150	0.7% - 2.5%
Underpasses	80	1.3%
Traffic signals	15	6.7%
Guarding and railing	20 - 25	4% - 5%
Bus shelters and fences	20	5%
Verge, embankment and retaining walls	50 - 100	1% - 2%

ASSET CLASS	YEARS	DEPRECIATION RATE
<b>WASTEWATER RETICULATION</b>		
Pipes	30 - 100	1% - 3.3%
Manholes	100	1%
Treatment plant	15 - 100	1% - 6.7%
Valves	40 - 75	1.3% - 2.5%
Pump stations	20 - 100	1% - 5%
<b>STORMWATER SYSTEM</b>		
Pipes	30 - 100	1% - 3.3%
Manholes, inlets and outlets	100	1%
Soakage trench	50	2%
Channels	90	1.1%
Erosion control	100	1%
<b>WATER RETICULATION</b>		
Bulk main chambers	100	1%
Backflow devices	40	2.5%
Pipes	40 - 100	1% - 2.5%
Valves	40 - 75	1.3% - 2.5%
Treatment plant	15 - 100	1% - 6.7%
Meters	15	6.7%
Hydrants	50 - 75	1.3% - 2%
Reservoirs	15 - 100	1% - 6.7%
<b>REFUSE - RUBBISH AND RECYCLING</b>		
	10 - 100	1% - 10%

## INVESTMENT PROPERTIES

Properties leased to third parties under operating leases are classified as investment property. This is 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 us, 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 and not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value, less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

## INTANGIBLE ASSETS

Intangible assets are defined as identifiable non-monetary assets without physical form. Amortisation is the systematic allocation of the depreciable amount of an intangible asset over its useful life.

Intangible assets include:

### Software acquisition and development

- Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.
- Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.
- Staff training costs are recognised in the surplus or deficit when incurred. Costs associated with maintaining computer software are recognised in the surplus or

deficit when incurred. Costs associated with development and maintenance of the Council's website are recognised as an expense when incurred.

These are capitalised at historic cost and are amortised on a straight-line basis over their estimated useful lives (five years).

Costs associated with maintaining computer software are recognised as an expense when incurred.

### Consents and designations

- Consents and designations not attributed to a specific asset are capitalised at historic cost. These are amortised on a straight-line basis over their estimated useful lives.

## AMORTISATION

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life.

The useful lives of major classes of intangible assets have been estimated as follows:

COMPUTER SOFTWARE	3-5 years
CONSENTS & DESIGNATIONS	10-35 years
LICENSES	3-10 years
INFRASTRUCTURAL MODELLING	7-15 years

## IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

Impairment in term deposits, local authority stock, government stock bonds, general and community loans are recognised directly against the instruments' carrying amount.

## CREDITORS AND OTHER PAYABLES

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

## 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. This is in respect of service that employees have accumulated up until twelve months after balance date.

## LONG-TERM EMPLOYEE ENTITLEMENTS

Employee benefits 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. These are based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information
- 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

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

## DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are used to manage exposure to interest rate risks arising from our financing activities.

Derivative financial instruments are recognised initially at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date. We have chosen not to hedge account for these derivative financial instruments.

Changes in the fair value of the derivative financial instruments are recognised in the surplus/deficit.

For the purpose of preparing prospective financial statements, the Council has recognised the fair value of contracted derivatives in the prospective statement of financial position. Movements in the fair value of derivatives has not been recognised in the prospective statement of comprehensive revenue and expense.

## LEASES

Leases include:

### 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.

## Finance leases

- A finance lease transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.
- At the start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item and the present value of the minimum lease payments.
- The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.
- The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty as to whether we will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

## PROVISIONS

We recognise 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
- 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. This is done using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost and is included in "finance costs".

## LANDFILL AFTERCARE COSTS

We have legal obligations under resource consents to provide ongoing maintenance and monitoring services at several of our closed 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. This takes 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.

## CONTINGENCIES

### FINANCIAL GUARANTEES

At times we are requested to act as a guarantor to loans raised by community organisations and sports clubs to construct facilities on Council reserve land. These structures for part of the reserve but are not included in the fixed asset figures. No provision has been made because we do not consider it likely that these loans will require settlement.

## EQUITY

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- accumulated funds
- other reserves - revaluation reserves and fair value through other comprehensive revenue and expense reserve
- restricted reserves
- council created reserves.

Accumulated funds include accumulated surpluses over the years.

## PROSPECTIVE STATEMENT OF CASH FLOWS

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

Operating activities include cash received from all our non-financial revenue sources 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 our equity and debt capital structure and financing cost.

## PUBLIC BENEFIT ENTITY FINANCIAL REPORTING STANDARD 42 PROSPECTIVE FINANCIAL STATEMENTS (PBE FRS 42)

We have complied with PBE FRS 42 in the preparation of these draft prospective financial statements. The following information is included to satisfy the requirements of PBE FRS 42:

- (i) Description of the nature of the entity's current operation and its principal activities:  
Hamilton City Council is a territorial local authority, as defined in the Local Government Act 2002. Our principal activities are outlined within this 10-Year Plan.

(ii) 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 allows ratepayers and residents the opportunity to review our projected financial results and position. Prospective financial statements are revised annually to reflect updated assumptions and costs.

(iii) Bases for assumptions, risks and uncertainties:  
The financial information has been prepared based on best estimate assumptions as to the future events which we expect to take place. We have 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.

(iv) Cautionary note:  
The financial information is prospective. Actual results are likely to vary from the information presented. These variations may be material.

(iv) Other disclosures:  
These prospective financial statements were adopted as part of the assumptions that form this 10-Year Plan. We are responsible for the prospective financial statements presented, including the assumptions underlying prospective financial statements and all other disclosures. This 10-Year Plan is prospective and as such contains no actual operating results.

## NOTE 2: RATES

### ACCOUNTING POLICY

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

### RATES PENALTIES

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

### RATES REMISSIONS

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

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>General rates</b>											
General rates	44,679	95,450	145,094	198,086	210,567	223,660	237,463	252,010	267,336	283,475	300,497
Rates charges to Council properties	(414)	(445)	(506)	(526)	(546)	(566)	(588)	(610)	(633)	(657)	(682)
<b>Targeted rates</b>											
Metered water supply	8,111	8,107	8,286	8,468	8,654	8,853	9,057	9,274	9,506	9,744	9,997
Metered water charges to Council properties	(418)	(461)	(472)	(484)	(494)	(507)	(519)	(533)	(546)	(562)	(576)
Business improvement district rate	291	297	303	310	317	324	332	340	348	357	366
Service category rates (water, refuse and sewerage)	1,020	1,162	1,206	1,252	1,299	1,349	1,400	1,453	1,509	1,566	1,625
Hamilton Gardens	620	646	725	808	893	980	1,071	1,164	1,260	1,359	1,461
CBD parking	109	145	145	145	145	145	145	145	145	145	145
Transitional rate	104,251	79,235	40,889	-	-	-	-	-	-	-	-
Access Hamilton	5,000	-	-	-	-	-	-	-	-	-	-
<b>Penalties and remissions</b>											
Rates penalties	950	1,042	1,082	1,123	1,166	1,210	1,256	1,304	1,353	1,404	1,458
Rates remissions:											
- Hardship	(250)	(274)	(285)	(295)	(307)	(318)	(330)	(343)	(356)	(370)	(384)
- HCC utilities	-	(4,160)	(4,318)	(4,482)	(4,653)	(4,829)	(5,013)	(5,203)	(5,401)	(5,606)	(5,819)
- HCC other	(3,184)	(842)	(874)	(908)	(942)	(978)	(1,015)	(1,054)	(1,094)	(1,135)	(1,178)
- Community shop 50%	-	(56)	(59)	(61)	(63)	(65)	(68)	(71)	(73)	(76)	(79)
- Sewerage/water/refuse	-	(133)	(138)	(143)	(149)	(154)	(160)	(166)	(173)	(179)	(186)
<b>Total rates</b>	<b>160,765</b>	<b>179,713</b>	<b>191,078</b>	<b>203,293</b>	<b>215,887</b>	<b>229,104</b>	<b>243,031</b>	<b>257,710</b>	<b>273,181</b>	<b>289,465</b>	<b>306,645</b>

## NOTE 3: FEES AND CHARGES

### ACCOUNTING POLICY

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

### SALE OF GOODS

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

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Animal control charges	1,053	1,050	1,073	1,096	1,120	1,147	1,173	1,201	1,232	1,262	1,295
Building and resource consent charges	9,448	9,844	10,246	10,883	11,125	11,384	11,673	11,954	12,258	12,593	12,917
Cemetery and crematorium charges	1,681	1,895	1,937	1,979	2,022	2,070	2,117	2,168	2,223	2,278	2,337
Event facilities charges	3,982	4,023	3,857	3,993	4,117	4,213	4,349	4,479	4,629	4,781	4,942
Hamilton Gardens charges	231	155	164	172	176	180	184	189	193	198	203
Parking fees	1,608	1,433	1,433	1,433	1,433	1,433	1,433	1,433	1,433	1,433	1,433
Swimming pools charges	2,463	2,460	2,980	3,127	3,276	3,407	3,541	3,684	3,778	3,871	3,971
Trade waste charges	2,893	2,741	2,846	2,950	3,057	3,169	3,281	3,401	3,529	3,656	3,790
Zoo charges	1,547	1,741	1,780	1,818	2,284	2,543	2,883	3,203	3,284	3,365	3,452
Other fees and charges	2,439	2,532	2,593	2,648	2,703	2,769	2,830	2,893	2,960	3,029	3,104
Commission received	778	1,155	918	893	899	904	909	914	920	925	930
Sale of goods	2,108	2,385	2,837	3,395	4,033	4,435	4,678	4,816	4,939	5,061	5,199
Shared services recoveries	3,103	3,049	3,116	3,343	3,415	3,496	3,578	3,665	3,757	3,853	3,952
Adshel contribution	53	120	120	120	120	120	120	-	-	-	-
Environment Waikato Contribution (project watershed)	392	392	401	410	419	428	438	449	460	472	484
Other income	319	311	282	290	296	304	310	318	331	338	347
<b>Total fees and charges</b>	<b>34,098</b>	<b>35,286</b>	<b>36,583</b>	<b>38,550</b>	<b>40,495</b>	<b>42,002</b>	<b>43,497</b>	<b>44,767</b>	<b>45,926</b>	<b>47,115</b>	<b>48,356</b>

## NOTE 4: GRANTS, SUBSIDIES AND REIMBURSEMENTS

### ACCOUNTING POLICY

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.

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
New Zealand Transport Authority roading subsidy - operating	4,640	5,887	5,617	5,716	5,957	6,357	6,615	7,004	8,005	7,818	8,692
Government grants & subsidies:											
- Waste minimisation levy	550	566	575	583	590	597	604	611	617	624	630
- Other Government grants & subsidies	295	573	584	598	636	649	644	661	680	703	768
Other grants	207	94	94	94	94	94	94	94	94	94	94
<b>Total grants, subsidies and reimbursements</b>	<b>5,692</b>	<b>7,120</b>	<b>6,870</b>	<b>6,991</b>	<b>7,277</b>	<b>7,697</b>	<b>7,957</b>	<b>8,370</b>	<b>9,396</b>	<b>9,239</b>	<b>10,184</b>

## NOTE 5: INTEREST REVENUE

### ACCOUNTING POLICY

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

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Interest revenue</b>											
Term deposits	2,000	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650
Discount unwind on community loans	-	825	-	-	-	-	-	-	-	-	-
<b>Total interest revenue</b>	<b>2,000</b>	<b>2,475</b>	<b>1,650</b>								

## NOTE 6: OTHER REVENUE

### ACCOUNTING POLICY

#### INFRINGEMENT FEES AND FINES

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

#### DIVIDENDS

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

#### INVESTMENT PROPERTY RENTAL REVENUE

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

### BEQUESTS AND OTHER DONATIONS

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

### FAIR VALUE GAINS

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

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Infringements and fines - traffic & parking	1,348	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261	1,261
Infringements and fines - other	31	30	30	30	30	30	30	30	30	30	30
Rental revenue from investment properties	3,160	3,154	3,368	3,366	3,380	3,394	3,409	3,426	3,442	3,462	3,480
Rents - residential	232	268	268	268	268	268	268	268	268	268	268
Other rental income	507	595	595	595	595	595	595	595	595	596	596
Dividend revenue	100	104	104	104	104	104	104	104	104	104	104
Petrol tax income	1,089	1,090	1,119	1,144	1,167	1,195	1,224	1,251	1,277	1,310	1,343
Sponsorship income	-	22	22	22	22	22	22	22	22	22	22
Insurance claims	2	-	-	-	-	-	-	-	-	-	-
Donations received	12	101	6	6	6	6	6	6	6	6	6
Housing Infrastructure Fund - fair value benefit	-	4,233	13,411	14,345	14,335	13,319	3,596	1,497	1,340	1,349	160
<b>Total other revenue</b>	<b>6,481</b>	<b>10,858</b>	<b>20,184</b>	<b>21,141</b>	<b>21,168</b>	<b>20,194</b>	<b>10,515</b>	<b>8,460</b>	<b>8,345</b>	<b>8,408</b>	<b>7,270</b>

## NOTE 7: DEVELOPMENT CONTRIBUTIONS

### ACCOUNTING POLICY

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

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Reserves	1,818	938	1,330	1,590	1,771	2,305	2,701	3,089	3,287	3,203	2,945
Stormwater	589	2,010	2,999	3,793	4,271	3,771	3,093	2,791	3,227	4,061	4,705
Transport	3,116	5,234	7,476	8,927	9,615	10,570	11,060	11,747	12,193	12,014	11,553
Wastewater	3,372	5,838	8,314	9,806	10,505	10,145	9,989	10,909	11,409	11,103	10,388
Water	2,246	3,498	4,985	5,793	6,108	5,963	5,720	6,032	6,281	6,116	5,801
<b>Total development contributions</b>	<b>11,141</b>	<b>17,518</b>	<b>25,104</b>	<b>29,909</b>	<b>32,270</b>	<b>32,754</b>	<b>32,563</b>	<b>34,568</b>	<b>36,397</b>	<b>36,497</b>	<b>35,392</b>

## NOTE 8: CAPITAL REVENUE

### ACCOUNTING POLICY

#### NEW ZEALAND TRANSPORT AGENCY ROADING SUBSIDIES - CAPITAL

Reimbursements (e.g. NZTA roading claim payments) are recognised upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Capital contributions - general	1,797	4,744	11,748	5,173	3,692	2,180	3,727	3,712	3,842	5,465	3,735
New Zealand Transport Authority roading subsidy - capital	4,905	40,096	53,281	36,368	47,772	48,372	31,196	23,795	30,536	30,888	24,618
<b>Total capital revenue</b>	<b>6,702</b>	<b>44,840</b>	<b>65,029</b>	<b>41,541</b>	<b>51,464</b>	<b>50,552</b>	<b>34,923</b>	<b>27,507</b>	<b>34,378</b>	<b>36,353</b>	<b>28,353</b>

## NOTE 9: VESTED ASSETS

### ACCOUNTING POLICY

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

		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Vested assets	- Land	3,464	12,111	12,607	13,112	13,440	13,748	14,079	14,430	14,792	15,175	15,585
	- Stormwater	1,455	5,088	5,297	5,508	5,646	5,776	5,915	6,063	6,214	6,376	6,548
	- Transport	2,286	7,992	8,320	8,652	8,869	9,073	9,290	9,523	9,761	10,015	10,285
	- Wastewater	868	3,036	3,160	3,287	3,369	3,447	3,529	3,617	3,708	3,804	3,907
	- Water supply	507	1,773	1,846	1,920	1,967	2,013	2,061	2,113	2,165	2,222	2,282
<b>Total vested assets</b>		<b>8,581</b>	<b>30,000</b>	<b>31,230</b>	<b>32,479</b>	<b>33,291</b>	<b>34,057</b>	<b>34,874</b>	<b>35,746</b>	<b>36,640</b>	<b>37,592</b>	<b>38,607</b>

## NOTE 10: DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY

### ACCOUNTING POLICY

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

Amortisation is provided on intangible assets and begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Directly attributable depreciation and amortisation expense by group of activity</b>											
Arts and Community	3,101	3,364	3,353	3,349	2,632	3,009	3,226	3,435	3,587	3,499	3,565
City Planning and Development	6	4	2	-	-	-	-	-	-	-	-
Democracy Services	-	-	-	-	-	-	-	-	-	-	-
Parks and Recreation	4,662	5,852	6,964	7,248	7,822	8,157	8,490	8,782	9,285	9,516	9,716
Rubbish and Recycling	426	436	457	486	485	485	517	528	543	581	591
Safety	79	173	189	198	213	205	209	213	220	220	224
Stormwater	8,256	8,772	8,909	9,676	9,903	10,252	11,106	11,267	11,437	12,304	12,549
Transport	18,309	18,652	19,540	20,668	23,410	26,724	28,105	32,269	33,720	35,261	38,265
Venues, Tourism and Major Events	5,411	5,230	5,478	5,430	5,385	5,399	5,710	5,961	6,270	6,644	6,903
Visitor Attractions	1,944	2,162	2,663	2,682	2,921	3,064	3,233	3,400	3,526	3,671	3,909
Wastewater	9,313	9,774	10,142	11,576	12,170	12,780	13,895	14,648	14,969	16,076	16,436
Water Supply	7,146	7,657	8,000	8,759	9,175	9,482	10,518	10,765	10,917	11,720	12,084
<b>Total</b>	<b>58,653</b>	<b>62,076</b>	<b>65,697</b>	<b>70,072</b>	<b>74,116</b>	<b>79,557</b>	<b>85,009</b>	<b>91,268</b>	<b>94,474</b>	<b>99,492</b>	<b>104,242</b>
Depreciation and amortisation expense not directly attributable to a group of activity	5,217	6,397	6,607	7,103	7,608	6,690	6,057	6,401	6,251	5,894	5,848
<b>Total depreciation and amortisation expense</b>	<b>63,870</b>	<b>68,473</b>	<b>72,304</b>	<b>77,175</b>	<b>81,724</b>	<b>86,247</b>	<b>91,066</b>	<b>97,669</b>	<b>100,725</b>	<b>105,386</b>	<b>110,090</b>

## NOTE 11: FINANCE COSTS

### ACCOUNTING POLICY

All borrowing costs are recognised as an expense in the period in which they are incurred.

### FAIR VALUE DISCOUNT UNWINDING

Fair value discount unwinding is recognised as a finance cost for borrowing at low or zero interest cost. The fair value benefit is recognised as other revenue.

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Interest on borrowings	21,744	20,575	24,374	28,612	30,911	31,744	31,715	30,436	30,068	30,330	30,685
Interest on finance leases	75	70	70	70	70	70	70	70	70	70	70
Discount unwind on provisions	-	1,168	1,116	1,080	1,047	1,004	968	908	866	815	758
Fair value discount unwinding	-	197	1,160	2,189	3,321	4,557	5,205	5,424	5,584	5,700	5,945
<b>Total finance costs</b>	<b>21,819</b>	<b>22,010</b>	<b>26,720</b>	<b>31,951</b>	<b>35,349</b>	<b>37,375</b>	<b>37,958</b>	<b>36,838</b>	<b>36,588</b>	<b>36,915</b>	<b>37,458</b>

## NOTE 12: OTHER FINANCIAL ASSETS

### ACCOUNTING POLICY

Financial assets (other than shares in subsidiaries) are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

### TERM DEPOSITS AND COMMUNITY LOANS (LOANS AND RECEIVABLES)

For loans to community organisations, the difference between the loan amount and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as an interest expense.

After initial recognition, term deposits and loans to community organisations are measured at amortised cost using the effective interest method. Where applicable, interest accrued is added to the investment balance.

At year-end, the assets are assessed for indicators of impairment. Impairment is established when there is evidence that we will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments are indicators that the asset is impaired. If assets are impaired, the amount not expected to be collected is recognised in the surplus or deficit.

### SHARES IN SUBSIDIARIES

The investment in subsidiaries is carried at cost.

### UNLISTED SHARES

Shares (other than shares in subsidiaries) and listed bonds (other than those designated as held to maturity) are designated at fair value through other comprehensive revenue and expense.

After initial recognition, the shares are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

For shares, a significant or prolonged decline in the fair value of the shares below its cost is considered to be objective evidence of impairment.

If impairment evidence exists, the cumulative loss recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

Impairment losses on shares recognised in the surplus or deficit are not reversed through the surplus or deficit.

## NOTE 12: OTHER FINANCIAL ASSETS

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Current portion:</b>											
<b>Loans and receivables</b>											
Loan to Accessible Properties Limited	17,975	-	-	-	-	-	-	-	-	-	-
Loan to Warehouse Storage Limited	-	2,125	-	-	-	-	-	-	-	-	-
<b>Total current portion</b>	<b>17,975</b>	<b>2,125</b>	<b>-</b>								
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Non-current portion:</b>											
<b>Investment in CCOs and similar entities</b>											
Shares in subsidiaries:											
- Hamilton Properties Limited	1	-	-	-	-	-	-	-	-	-	-
- Innovation Waikato Limited	8,421	-	-	-	-	-	-	-	-	-	-
- Waikato Innovation Growth Limited	-	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Civic Financial Services Limited	295	310	310	310	310	310	310	310	310	310	310
NZ Local Government Funding Agency Limited	1,866	4,472	4,472	4,472	4,472	4,472	4,472	4,472	4,472	4,472	4,472
Waikato Innovation Park Limited	2,079	-	-	-	-	-	-	-	-	-	-
Waikato Local Authority Shared Services Limited	171	196	196	196	196	196	196	196	196	196	196
	12,833	8,978	8,978	8,978	8,978	8,978	8,978	8,978	8,978	8,978	8,978
<b>Other investments</b>											
Term deposits with maturities greater than 1 year	5,040	5,500	6,900	7,700	7,900	7,900	7,700	7,500	7,300	7,200	7,100
	5,040	5,500	6,900	7,700	7,900	7,900	7,700	7,500	7,300	7,200	7,100
<b>Total non-current portion</b>	<b>17,873</b>	<b>14,478</b>	<b>15,878</b>	<b>16,678</b>	<b>16,878</b>	<b>16,878</b>	<b>16,678</b>	<b>16,478</b>	<b>16,278</b>	<b>16,178</b>	<b>16,078</b>
<b>Total other financial assets</b>	<b>35,848</b>	<b>16,603</b>	<b>15,878</b>	<b>16,678</b>	<b>16,878</b>	<b>16,878</b>	<b>16,678</b>	<b>16,478</b>	<b>16,278</b>	<b>16,178</b>	<b>16,078</b>

## NOTE 13: INVESTMENT IN ASSOCIATES AND SUBSIDIARIES

### ACCOUNTING POLICY

An associate is an entity over which we have significant influence and that is neither a subsidiary nor an interest in a joint venture.

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
<b>Investment in associates</b>	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
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
<b>Total investment in associates</b>	<b>7,430</b>										
<b>Total investment in CCOs (as per Note 12) and other entities</b>	<b>20,263</b>	<b>16,408</b>									

## NOTE 14: BORROWINGS

### ACCOUNTING POLICY

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance.

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

### HOUSING INFRASTRUCTURE FUND LOAN

The Housing Infrastructure Fund Loan (HIF) is interest free for ten years from the date of each drawdown.

The fair value of the loan recognises the interest free benefit and is recognised as other revenue. Ten years after each drawdown the loan will be recognised at its nominal value with the unwinding of the fair value gains being recognised annually as a finance cost.

### FINANCE LEASES

A finance lease transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item and the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty as to whether we will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
<b>Current portion:</b>											
Secured loans - general	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Secured loans - Housing Infrastructure Fund	65,000	83,000	48,000	78,000	33,000	58,000	70,000	70,000	70,000	70,000	70,000
Finance leases	-	-	-	-	3,899	4,340	4,409	4,464	3,440	3,120	2,869
<b>Total current portion</b>	<b>65,300</b>	<b>83,300</b>	<b>48,300</b>	<b>78,300</b>	<b>37,199</b>	<b>62,640</b>	<b>74,709</b>	<b>74,764</b>	<b>73,740</b>	<b>73,420</b>	<b>73,169</b>
<b>Non-current portion:</b>											
Secured loans - general	361,850	413,859	557,223	599,201	670,085	654,628	631,816	617,791	615,892	629,148	631,358
Secured loans - Housing Infrastructure Fund	-	12,685	36,362	60,965	82,784	103,810	110,225	113,523	117,761	122,448	125,524
Unsecured loans	1,200	-	-	-	-	-	-	-	-	-	-
Finance leases	650	650	650	650	650	650	650	650	650	650	650
<b>Total non-current portion</b>	<b>363,700</b>	<b>427,194</b>	<b>594,235</b>	<b>660,816</b>	<b>753,519</b>	<b>759,088</b>	<b>742,691</b>	<b>731,964</b>	<b>734,303</b>	<b>752,246</b>	<b>757,532</b>
<b>Total external debt</b>	<b>429,000</b>	<b>510,494</b>	<b>642,535</b>	<b>739,116</b>	<b>790,718</b>	<b>821,728</b>	<b>817,400</b>	<b>806,728</b>	<b>808,043</b>	<b>825,666</b>	<b>830,701</b>
<b>Adjustments required to determine overall debt:</b>											
External debt	429,000	510,494	642,535	739,116	790,718	821,728	817,400	806,728	808,043	825,666	830,701
Less cash held and cash investments	(35,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)
<b>Net debt</b>	<b>394,000</b>	<b>455,494</b>	<b>587,535</b>	<b>684,116</b>	<b>735,718</b>	<b>766,728</b>	<b>762,400</b>	<b>751,728</b>	<b>753,043</b>	<b>770,666</b>	<b>775,701</b>
<b>Debt servicing performance indicators</b>											
<b>Financial ratios</b>											
Liquidity ratio (target >110%)	>110%	>110%	>110%	>110%	>110%	>110%	>110%	>110%	>110%	>110%	>110%
Net debt/Total revenue (target <230%)	183%	165%	191%	229%	227%	227%	226%	217%	203%	197%	193%
Net interest on external debt/Total revenue (target <20%)	11%	7%	7%	9%	9%	9%	9%	8%	8%	7%	7%

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

**Net debt** is defined as total external debt less cash and cash equivalents.

**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.

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

**Total revenue** is defined as total revenue less vested assets, development contributions, and fair value benefit of Housing Infrastructure Fund loans.

## NOTE 15: RESERVES

### ACCOUNTING POLICY

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into accumulated funds, restricted and Council created reserves, revaluation reserves and fair value through other comprehensive revenue and expense reserve.

### RESTRICTED AND COUNCIL CREATED RESERVES

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned.

Restricted reserves include those subject to specific conditions we accept as binding and which may not be revised without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves we restrict by resolution. We may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at our discretion.

Council created reserves are restricted in their application by our resolution.

### REVALUATION RESERVES

This reserve relates to the revaluation of property, plant and equipment to fair value.

### FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE RESERVE

This reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
<b>Restricted reserves</b>	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cemetery plot maintenance in perpetuity	1,800	1,876	1,876	1,876	1,876	1,876	1,876	1,876	1,876	1,876	1,876
Municipal endowment fund	28,639	28,639	28,639	28,639	28,639	28,639	28,639	28,639	28,639	28,639	28,639
Domain endowment fund	7,518	8,061	8,303	8,552	8,809	9,073	9,345	9,626	9,914	10,212	10,518
Waikato Art Gallery endowment reserve	10	11	11	11	11	12	12	12	13	13	14
<b>Total restricted reserves</b>	<b>37,967</b>	<b>38,587</b>	<b>38,829</b>	<b>39,078</b>	<b>39,335</b>	<b>39,600</b>	<b>39,872</b>	<b>40,153</b>	<b>40,442</b>	<b>40,740</b>	<b>41,047</b>
<b>Council created reserves</b>											
Bus shelter (adshel) reserve	81	369	443	517	592	669	746	768	791	815	839
Project watershed operating reserve	571	272	-	-	-	-	-	-	-	-	-
Waste minimisation reserve	532	614	633	680	800	913	931	1,073	1,224	1,344	1,466
Hamilton Gardens reserve	432	-	-	-	-	-	-	-	-	367	2,338
Reserves contribution fund	2,872	-	-	-	-	-	-	-	-	-	-
<b>Total council created reserves</b>	<b>4,488</b>	<b>1,255</b>	<b>1,076</b>	<b>1,197</b>	<b>1,392</b>	<b>1,582</b>	<b>1,677</b>	<b>1,841</b>	<b>2,015</b>	<b>2,526</b>	<b>4,643</b>
<b>Total restricted and council created reserves</b>	<b>42,455</b>	<b>39,842</b>	<b>39,905</b>	<b>40,275</b>	<b>40,727</b>	<b>41,182</b>	<b>41,549</b>	<b>41,994</b>	<b>42,457</b>	<b>43,266</b>	<b>45,690</b>

## NOTE 15: RESERVES

	Activities to which the reserve relates	Opening balance July 2018	Transfers into reserve	Transfers out of reserve	Closing balance June 2028
<b>Restricted reserves</b>		\$000	\$000	\$000	\$000
<b>Cemetery plot maintenance in perpetuity</b> - to maintain and provide for improvements to the cemeteries.	Cemeteries and Crematorium	1,876	563	(563)	1,876
<b>Municipal endowment fund</b> - to provide a capital fund for crown endowment land vested in the Council for investment	Strategic Property Investment	28,639	-	-	28,639
<b>Domain endowment fund</b> - 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 Recreation Stormwater	7,827	2,691	-	10,518
<b>Waikato Art Gallery endowment reserve</b> - to provide funds for the acquisition of works of art for the Waikato Museum of Art and History.	Visitor Attractions	10	4	-	14
<b>Total restricted reserves</b>		<b>38,352</b>	<b>3,258</b>	<b>(563)</b>	<b>41,047</b>
<b>Council created reserves</b>					
<b>Bus shelter (adshel) reserve</b> - to manage the income generated from advertising in bus shelters to provide, maintain and enhance passenger infrastructure.	Transport	297	900	(358)	839
<b>Project watershed operating reserve</b> - 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 Recreation Stormwater	607	26	(633)	-
<b>Waste minimisation reserve</b> - 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.	Rubbish and Recycling	538	6,259	(5,331)	1,466
<b>Hamilton Gardens reserve</b> - to provide funds for the development of Hamilton Gardens. Funds are being sourced from a targeted rate.	Parks and Recreation	167	25,376	(23,205)	2,338
<b>Reserves contribution fund</b> - 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	-	-	-	-
<b>Total Council created reserves</b>		<b>1,609</b>	<b>32,561</b>	<b>(29,527)</b>	<b>4,643</b>
<b>Total restricted and Council created reserves</b>		<b>39,961</b>	<b>35,819</b>	<b>(30,090)</b>	<b>45,690</b>

## NOTE 16: RECONCILIATION BETWEEN PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE AND PROSPECTIVE FUNDING IMPACT STATEMENT

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operating surplus/(deficit) per prospective statement of comprehensive revenue and expense	8,581	76,341	112,545	38,379	112,566	115,653	99,535	96,477	112,838	122,088	114,623
<b>Items recognised as revenue in the statement of comprehensive revenue and expense and as capital expenditure funding sources in funding impact statements:</b>											
Capital subsidies	(4,905)	(40,096)	(53,281)	(36,368)	(47,772)	(48,372)	(31,196)	(23,795)	(30,536)	(30,888)	(24,618)
Development, financial and capital contributions	(12,938)	(22,263)	(36,852)	(35,082)	(35,962)	(34,933)	(36,291)	(38,279)	(40,239)	(41,962)	(39,127)
<b>Non-cash items recognised in prospective statement of comprehensive revenue and expense and not included in funding impact statements:</b>											
Depreciation	63,870	68,473	72,304	77,175	81,724	86,247	91,066	97,669	100,725	105,386	110,090
Recognition of revenue from vested assets	(8,581)	(30,000)	(31,230)	(32,479)	(33,291)	(34,057)	(34,874)	(35,746)	(36,640)	(37,592)	(38,607)
Gain on fair value of investment properties	-	(565)	(579)	(593)	(608)	(623)	(639)	(655)	(671)	(688)	(705)
Housing Infrastructure Fund - fair value benefit	-	(4,233)	(13,411)	(14,345)	(14,335)	(13,319)	(3,596)	(1,497)	(1,340)	(1,349)	(160)
Housing Infrastructure Fund - fair value discount unwinding		197	1,160	2,189	3,321	4,557	5,205	5,424	5,584	5,700	5,945
Transfer of assets constructed but not owned	-	-	-	48,718	-	-	-	-	-	-	-
<b>Operating funding surplus/(deficit) per prospective funding impact statement</b>	<b>46,027</b>	<b>47,854</b>	<b>50,656</b>	<b>47,594</b>	<b>65,643</b>	<b>75,153</b>	<b>89,210</b>	<b>99,598</b>	<b>109,721</b>	<b>120,695</b>	<b>127,441</b>
<b>Balance as per Council FIS operating surplus/(deficit) of operating funding</b>	<b>46,027</b>	<b>47,854</b>	<b>50,656</b>	<b>47,594</b>	<b>65,643</b>	<b>75,153</b>	<b>89,210</b>	<b>99,598</b>	<b>109,721</b>	<b>120,695</b>	<b>127,441</b>

## NOTE 17: OPERATING FUNDING VARIANCE BY ACTIVITY

		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
<b>Total applications of operating funding</b>		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Arts and Community	1	12,925	13,063	18,549	26,531	15,686	15,621	15,625	15,926	16,190	16,806	17,326
City Planning and Development		14,805	14,933	15,870	16,413	15,934	16,069	16,300	16,015	16,349	16,690	17,148
Venues, Tourism and Major Events		18,290	18,960	18,183	18,244	18,340	18,465	19,046	20,610	20,153	19,919	21,151
Visitor Attractions	2	13,254	14,176	14,186	15,060	15,931	16,539	16,633	18,022	18,989	20,059	22,718
Safety		5,889	5,912	6,037	6,178	6,210	6,318	6,411	6,562	6,724	6,886	7,179
Democracy Services	3	5,660	2,753	3,381	2,850	2,945	3,549	3,059	3,115	3,756	3,207	3,358
Parks and Recreation	4	23,809	27,032	26,394	27,939	30,657	31,230	29,599	29,832	30,715	32,066	33,630
Rubbish and Recycling	5	7,364	7,382	7,465	9,661	9,609	10,221	10,746	11,185	11,586	12,132	12,738
Stormwater	6	3,181	5,712	6,531	7,163	7,303	7,427	7,729	7,831	8,103	8,580	8,875
Transport	7	29,064	32,575	32,828	33,906	35,454	37,328	37,983	39,495	42,524	42,962	45,895
Wastewater	8	16,828	23,506	24,637	25,447	26,280	26,306	26,955	27,042	27,965	29,872	31,343
Water Supply	9	11,940	17,182	17,097	18,126	18,850	18,568	18,574	18,827	18,822	18,978	19,223

### EXPLANATION FOR VARIANCES +/- 10% (figures highlighted in blue above)

- Arts and Community.** The cost increases in 2019/20 and 2020/21 are due to the \$25m grant for the Waikato Regional Theatre.
- Visitor Attractions.** The cost increase in 2027/28 is due to budgeting for the repaint of the Museum (planned maintenance).
- Democracy Services.** The costs have initially reduced arising from the reallocation of overheads. Costs increase every three years to pay for our local government elections.
- Parks and Recreation.** The cost increase in 2018/19 is due to the one-off cost of \$1m to demolish the Municipal Pool and additional on going costs associated with increased streetscape and tree maintenance, essential to maintaining service levels. In 2021/22 and 2022/23 the \$4m grant towards the recreation centre increases costs in those years.
- Rubbish and Recycling.** The cost increase in 2020/21 onwards is due to the new rubbish and recycling services, including new bins, recycling contract and increased contractor costs for the new service.
- Stormwater.** The cost increase arises from increased maintenance requirements due to growth and the reallocation of overheads.
- Transport.** The cost increase relates to the budget required to maintain service levels for landscaping, litter control, street cleaning and footpath maintenance. Costs also increase arising from the reallocation of overheads. Other cost increases in 2018/19, 2025/26 and 2027/28 are for repainting Victoria bridge, Fairfield bridge and Claudelands bridge respectively.
- Wastewater.** The cost increases arise from increased maintenance costs driven by growth, costs to capture more accurate asset data and condition assessments, increased contract costs as a result of growth and the reallocation of overhead costs.
- Water Supply.** The increased costs are associated with compliance upgrades, increased maintenance costs, costs to capture more accurate asset data and condition assessments and the reallocation of overhead costs.

# 10-YEAR PLAN DISCLOSURE STATEMENT FOR THE PERIOD COMMENCING 1 JULY 2018

## WHAT IS THE PURPOSE OF THIS STATEMENT?

This statement discloses our planned financial performance in relation to various benchmarks which help us to assess whether we are prudently managing our revenues, expenses, assets, liabilities, and general financial dealings.

We are required to include this statement in our 10-Year Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations).

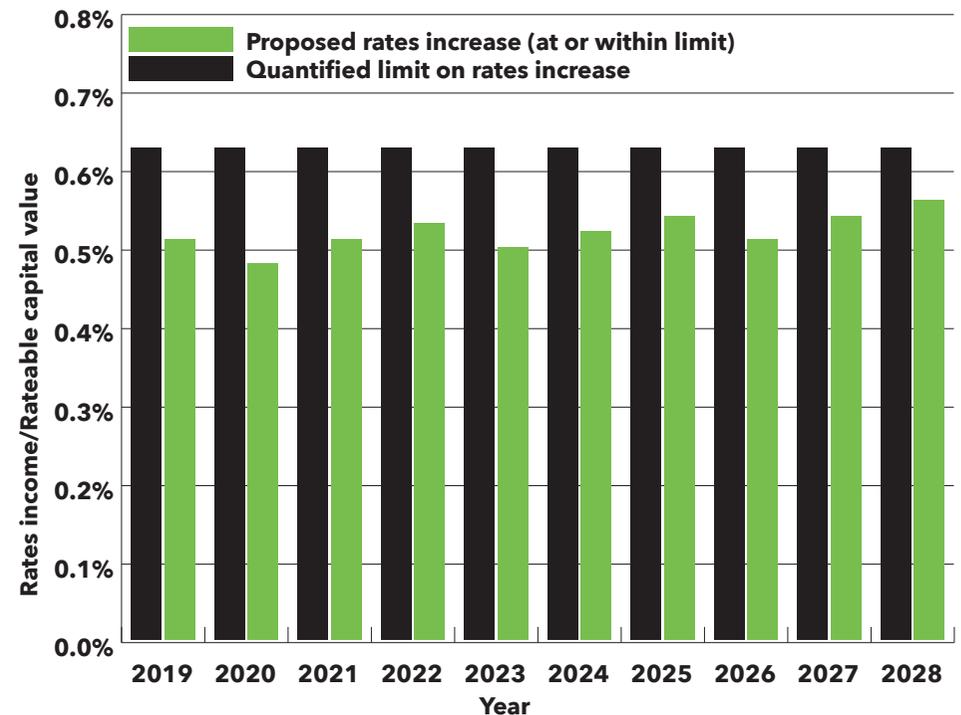
## RATES AFFORDABILITY BENCHMARK

We meet the rates affordability benchmark if:

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

## RATES (INCOME) AFFORDABILITY

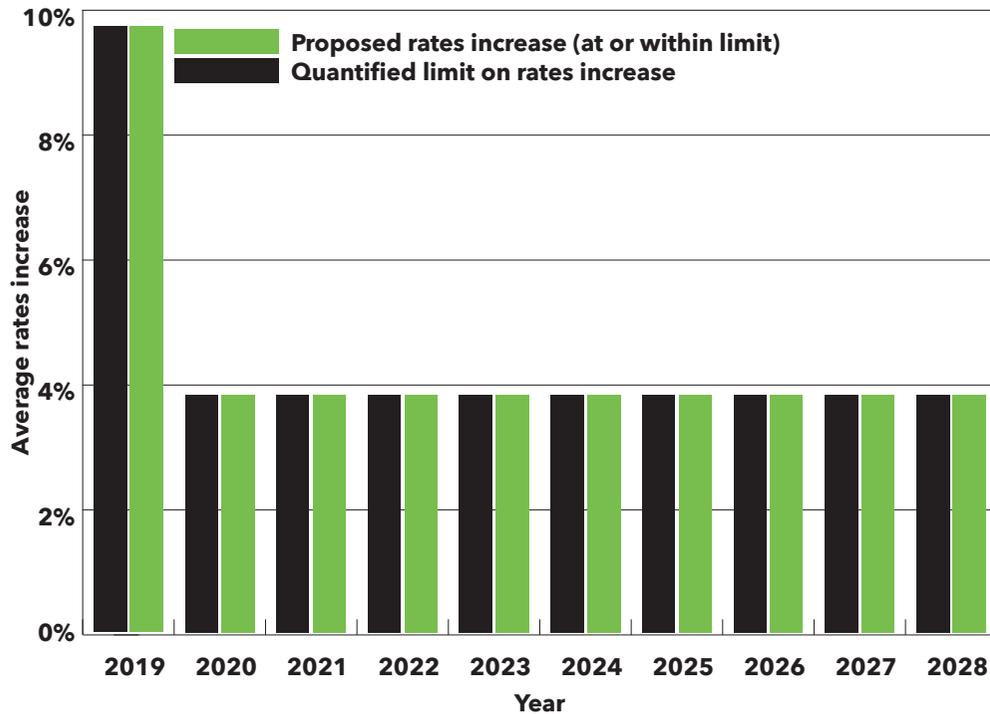
The following graph compares our planned rates income with a quantified limit on rates contained in the Financial Strategy included in this 10-Year Plan. The quantified limit is that rates will not exceed 0.627% of the city's rateable capital value.



Please refer to the regulations for more information, including definitions of some of the terms used in this statement.

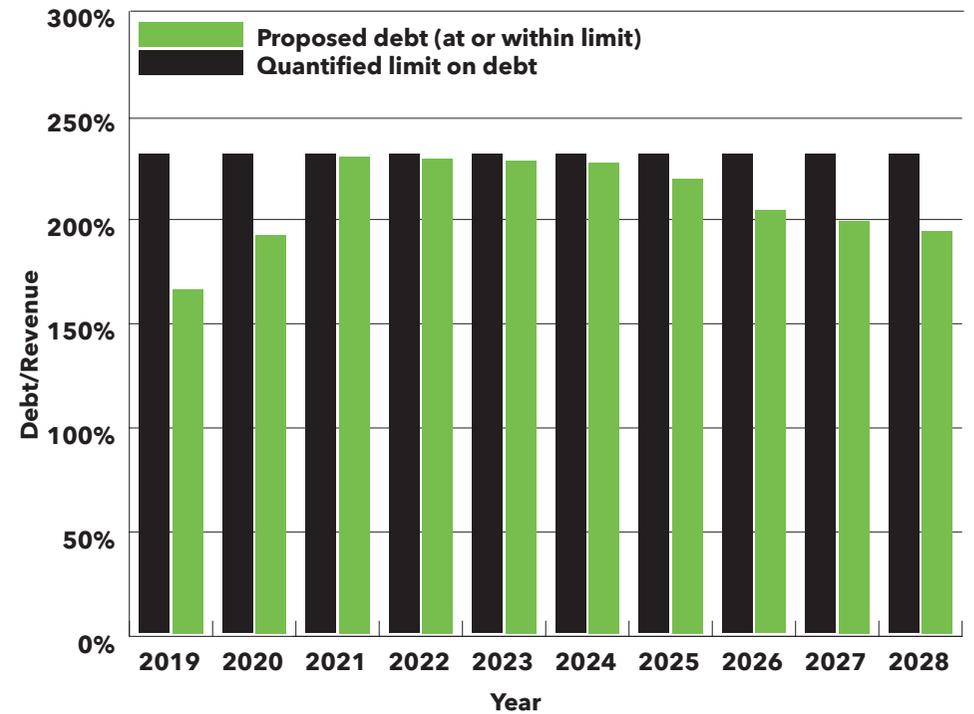
## RATES (INCREASES) AFFORDABILITY

The following graph compares our 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 average rate increases to existing ratepayers will not exceed 9.7% in 2018/19, or 3.8% thereafter.



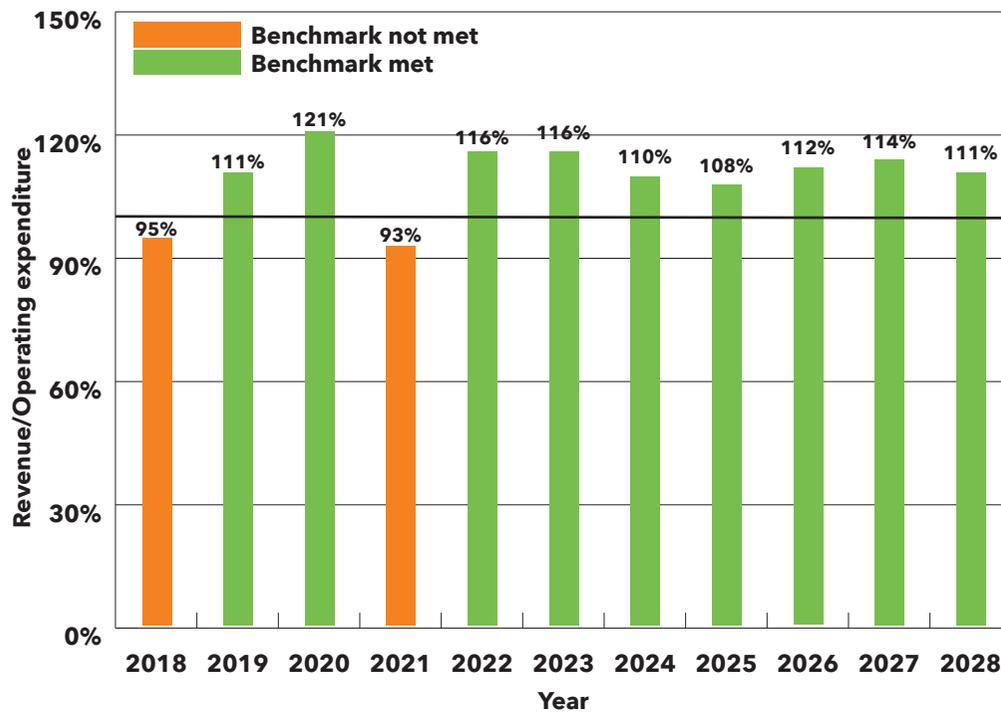
## DEBT AFFORDABILITY BENCHMARK

We will meet the debt affordability benchmark if our planned borrowing is within each quantified limit on borrowing. The following graph compares our planned debt with a quantified limit on borrowing contained in our Financial Strategy. The quantified limit is that the debt to revenue ratio will remain below 230%.



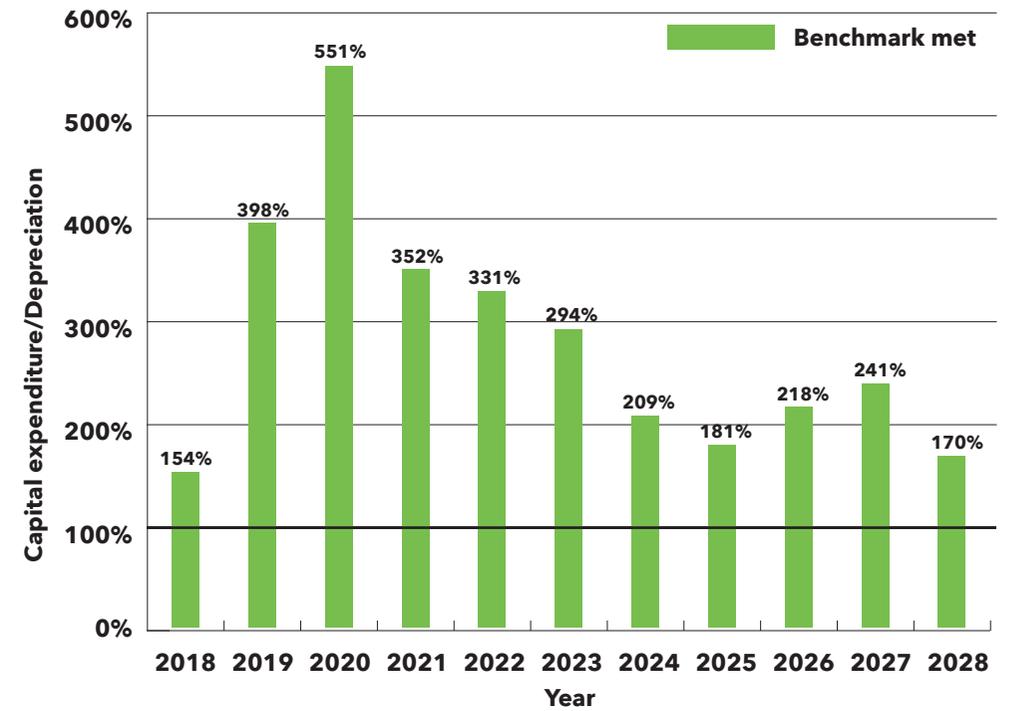
## BALANCED BUDGET BENCHMARK

The following graph shows our 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). We meet the balanced budget benchmark if our planned revenue equals or is greater than our planned operating expenses.



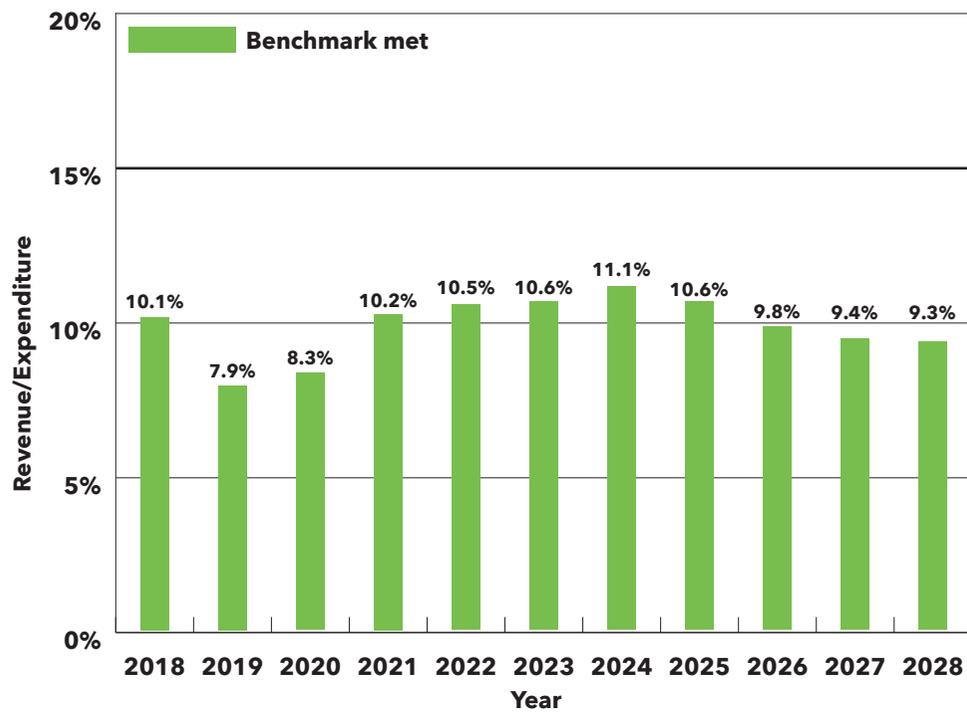
## ESSENTIAL SERVICES BENCHMARK

The following graph shows our planned capital expenditure on network services as a proportion of expected depreciation on network services. We meet this benchmark if our planned capital expenditure on network services equals or is greater than the expected depreciation on our network services.



## DEBT SERVICING BENCHMARK

The following graph displays our 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 that our population will grow faster than the national population is projected to grow, we will meet the debt servicing benchmark if our planned borrowing costs equal or are less than 15% of our planned revenue.



# COUNCIL FUNDING IMPACT STATEMENT AND RATING INFORMATION

The Funding Impact Statement is made up of three parts:

- Rating Information for 2018/19
- Rates Samples for 2018/19
- The Whole of Council Funding Impact Statement.

The Funding Impact Statement should be read in conjunction with our Revenue and Financing Policy and Rating Policy.

## RATING INFORMATION FOR 2018/19

We set and assess these rates under the Local Government (Rating) Act 2002:

- General Rate
- Uniform Annual General Charge (UAGC)
- Targeted Rates include:
  - Transitional Rate
  - Business Improvement District (BID)
  - Central City
  - Hamilton Gardens
  - Service Use Water
  - Service Use Wastewater
  - Service Use Refuse
  - Metered water
  - Commercial and Other category non-metered water

Details of the rates revenue to be collected and the rating 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 differential basis is the use to which the land is put, the provision or availability to the land of a service provided, the activities permitted, controlled, or discretionary for the area in which the land is situated, and in the case of the BID Commercial differential, the location of the land.

The objective of including differentials in the general rate is to achieve an appropriate distribution of the general rate, considering all factors we believe are relevant.

This funding mechanism covers all of the services we provide.

The total revenue sought is \$99,094,296.

The general rate is set and assessed on a differential basis as follows:

SOURCE	DIFFERENTIAL CATEGORIES	DIFFERENTIAL FACTOR	PERCENTAGE OF TOTAL GENERAL RATES	RATE IN THE DOLLAR OF CAPITAL VALUE (GST INCL)	RATES REVENUE (GST INCL)
General Rate	Commercial	2.2938	30.96%	0.00570213	\$ 30,681,713
	BID Commercial	2.1791	7.75%	0.00541702	\$ 7,681,974
	Other	0.7420	1.39%	0.00184465	\$ 1,375,547
	Residential	1.0000	59.90%	0.00248593	\$ 59,355,062

Figures in this statement include GST unless otherwise stated.

## GENERAL RATE RATING CATEGORIES

GENERAL RATE CATEGORY	DESCRIPTION
Commercial	All rating units: <ol style="list-style-type: none"> <li>i. used solely or principally for commercial or industrial purposes; or</li> <li>ii. used solely or principally for commercial residential purposes, including, but not limited to, hotels, boarding houses, rest homes, motels, residential clubs, hospital care facilities, hostels. Commercial residential purposes are where a property is being provided for residential accommodation at a fee with the average occupancy period of the property not exceeding three months; or</li> <li>iii. where the area of a chartered club used for the restaurant, bar and gaming machines; or</li> <li>iv. where the commercial portion of a rating unit which has mixed use; or</li> <li>v. where land is developed or under development for a commercial use; or</li> <li>vi. where a commercial development is marketed for sale or lease, but where works have not yet commenced, whether-or-not wastewater services are currently available; or</li> <li>vii. where vacant land is within any District Plan zone that is predominantly used for commercial or industrial purposes; or</li> <li>viii. used as show homes; or</li> <li>ix. where resource consents require the rating units can only be used for a commercial purpose; or</li> <li>x. used as utility networks.</li> </ol>
BID Commercial	All rating units that meet the definition of Commercial above and are located within the Business Improvement District as shown on the 'Business Improvement District (BID) and Central City areas map' in Schedule one of the Rating Policy.
Other	All rating units that do not meet the definition of Commercial or BID Commercial rating categories and where: <ol style="list-style-type: none"> <li>i. connection to the our wastewater network is not available; and</li> <li>ii. water supply is through a metered connection or connection to the council's water network is not available.</li> </ol>
Residential	All rating units that do not meet the definition of Commercial, BID Commercial, or Other rating categories, or: <ol style="list-style-type: none"> <li>i. land under development intended for a residential use; or</li> <li>ii. land where a proposed residential development is marketed for sale, whether or not water and wastewater services are currently available.</li> </ol>

Land described in Part 2 Schedule 1 of the Local Government (Rating) Act 2002 (broadly speaking, land owned or used by societies for arts or sports) will be assessed at 50% of the residential rate (general rate, UAGC, transitional rate and Hamilton Gardens rate) that applies to the land. This general rate revenue is included within the Residential category shown in the table above, and within the targeted rates revenue where applicable.

### UNIFORM ANNUAL GENERAL CHARGE

A Uniform Annual General Charge (UAGC) is set and assessed on all rateable land. The UAGC is set at \$165 per Separately Used or Inhabited Part of a rating unit (SUIP). We have determined the level of UAGC in order to distribute the allocation of the general rate at an appropriate level among all ratepayers.

The total revenue sought from the UAGC is \$10,673,765.

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

An SUIP is every rating unit and, without limitation, every additional dwelling, commercial or community activity. This includes:

- a) any part or parts of a rating unit used or occupied by the ratepayer for more than one single use
- b) any parts, whether or not actually occupied at any particular time, which are used for rental (or other form of occupation) on an occasional or long-term basis
- c) vacant land and vacant premises offered or intended for use or habitation and usually used as such are defined as 'used'.

For the purposes of clarity, every rating unit has a minimum of one SUIP.

As part of this definition, the list below sets out our intent in the application of SUIPs to rating units used as for residential purposes:

- the second and each additional SUIP must have a separate bathroom, bedroom or living area and separate sink
- any part of a rating unit as described in a-c above that is inhabited by virtue of a tenancy, lease, license or other agreement on an occasional or long-term basis
- single dwelling with flat attached
- two or more houses, flats or apartments on one rating unit

- ancillary flat or detached dwellings (as defined in the District Plan)
- individually surveyed lots of vacant land on one Certificate of Title offered for sale separately or in groups; and
- residential accommodation rented individually per room. For a residential property to be classified as having additional SUIPs, each part must have a separate bathroom, bedroom or living area and separate sink.

As part of this definition, the list below sets out our intent in the application of SUIPs to rating units used for commercial activities:

- a commercial activity is any activity involving the exchange of goods or services for reward (whether for profit or not)
- any part of a rating unit as described in a-c above that is inhabited through a tenancy, lease, license or other agreement on an occasional or long-term basis
- commercial building where there are clearly defined vacant parts, advertised for lease or tenancy
- business premise with separate permitted residential activity
- home-based business (as defined in the District Plan)
- each use within a single rating unit involving a different activity conducted by a person, company, or organisation different to the ratepayer (i.e. a large store which has a café operating within it, where the café is a separate business entity)

- commercial building leased, or sub-leased, to multiple tenants
- a separate dwelling used for short-term accommodation
- commercial accommodation provided on a single rating unit for short-term stays (where average occupancy is limited as prescribed within the District Plan) will be one SUIP.

In addition to the primary use, the list below defines our intent in the application of SUIPs to rating units used as community activities:

- a community activity is any activity operated by an organisation (including clubs and societies)
- any activity meeting the definition of Schedule 1 of the Local Government Rating Act 2002.

## TARGETED RATES

We are not seeking or inviting lump sum contributions for targeted rates.

## TRANSITIONAL RATE

The rate is set and assessed on the land value of all rateable land in Hamilton.

The transitional rate is set on a differential basis. The differential basis is the use to which the land is put, the provision or availability to the land of a service provided, the area of the land, and in the case of the BID Commercial differential, the location of the land.

The different categories of rateable land are outlined in the table below.

The total revenue sought is \$91,119,695.

SOURCE	DIFFERENTIAL CATEGORIES	DIFFERENTIAL FACTOR	PERCENTAGE OF TOTAL TRANSITIONAL RATES	RATE IN THE DOLLAR OF LAND VALUE (GST INCL)	RATES REVENUE (GST INCL)
Transitional Rate	Commercial	2.7855	25.75%	0.01452614	\$23,455,286
	BID Commercial	2.6462	6.75%	0.01379983	\$6,155,016
	Residential	1.0000	64.57%	0.00521489	\$58,844,246
	Multi-unit Residential	1.4774	1.83%	0.00770469	\$1,660,964
	Rural Residential	0.6445	0.05%	0.00336119	\$47,914
	Rural Small	0.4129	0.74%	0.00215320	\$677,888
	Rural Large	0.2083	0.31%	0.00108647	\$278,381

The Transitional rate funds the following activities:

- Community development
- Libraries
- Theatre
- City planning
- Planning guidance
- Building control
- Claudelands
- FMG Stadium Waikato
- Seddon Park
- i-SITE
- Tourism and events funding
- Hamilton Gardens
- Waikato Museum
- Hamilton Zoo
- Animal education and control
- Environmental health
- Alcohol licensing
- Public safety
- Civil Defence
- Governance and public affairs
- Partnership with maori
- Community parks
- Natural areas
- Streetscapes
- Sports parks
- Cemeteries and crematorium
- Pools
- Indoor recreation
- Landfill site management
- Refuse collection
- Waste minimisation
- Stormwater network
- Transport network
- Parking management
- Wastewater treatment and disposal
- Wastewater collection
- Water treatment and storage
- Water distribution.

## TRANSITIONAL RATE CATEGORIES

TRANSITIONAL RATE CATEGORY	DESCRIPTION
<b>Commercial</b>	<p>All rating units:</p> <ul style="list-style-type: none"> <li>i. used solely or principally for commercial or industrial purposes; or</li> <li>ii. used solely or principally for commercial residential purposes, including, but not limited to, hotels, boarding houses, rest homes, show homes, motels, residential clubs, hospital care facilities, hostels.</li> </ul> <p>Commercial residential purposes are where a property is being provided for residential accommodation at a fee with the average occupancy period of the property not exceeding three months. Hostel is the residence or lodging place for persons.; or</p> <ul style="list-style-type: none"> <li>iii. where the area of a chartered club used for the restaurant, bar and gaming machines; or</li> <li>iv. where the commercial portion of the property, which is used for both commercial/ residential use, i.e. small business, operated from residential property; or</li> <li>v. that are vacant land in District Plan business, central city, knowledge and industrial zones and any vacant land in other District Plan zones that are predominantly used for commercial purposes; or</li> <li>vi. used as Utility Networks</li> </ul>
<b>BID Commercial</b>	All rating units that meet the definition of Commercial above and are within the Business Improvement District as shown on the 'Business Improvement District (BID) and Central City areas map' in Schedule one of the Rating Policy.
<b>Residential</b>	<p>All rating units:</p> <ul style="list-style-type: none"> <li>i. used solely or principally for residential purposes and don't meet the definition of commercial or rural; or</li> <li>ii. land under development for a residential subdivision and no longer used principally for rural purposes or bare land marketed for residential section sales not under development; or</li> <li>iii. vacant land in District Plan residential zones for residential use, any vacant land in other District Plan zones that are predominantly used for residential purposes and any land used for other purpose not specified in the category; or</li> <li>iv. any other rating units which do not meet the rating category description for Multi-Unit Residential, Commercial, BID Commercial, Rural Residential, Rural Small Holdings and Rural Large Holdings.</li> </ul>
<b>Multi-Unit Residential</b>	All rating units used solely or principally for three or more residential dwellings/households on a single title including residential centres, but excluding properties categorised as Commercial.
<b>Rural Residential</b>	All rating units more than 2,000 square metres, used solely or principally for residential purposes as the home or residence of not more than two households which receive full water and wastewater services, but where there is a reduced level of general services otherwise provided to residential property.
<b>Rural Small</b>	All rating units more than 2,000 square metres and less than ten hectares, which are used solely or principally for rural purposes. Rural purposes include agricultural, horticultural or pastoral purposes and the keeping of bees or poultry or other livestock.
<b>Rural Large</b>	All rating units ten hectares and more, which are used solely or principally for rural purposes. Rural purposes include agricultural, horticultural or pastoral purposes and the keeping of bees or poultry or other livestock.

## 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 per connected meter, based on the nature of the connection, as follows:
  - i. \$452 for all metered rating units (except rating units receiving a restricted flow supply)
  - ii. \$352 for 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:
  - i. all metered rating units (except rating units receiving a restricted supply) - \$1.88 per kilolitre of water supplied after the first 240 kilolitres of consumption or supply
  - ii. rating units receiving a restricted flow supply - \$1.46 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 \$9,057,915.

## COMMERCIAL AND OTHER CATEGORY NON-METERED WATER RATE

The rate is set and assessed on Commercial and Other category properties connected to the water network, but not provided with a metered connection. The rate is \$452 per rating unit.

The rates contribute to the funding of the Water Distribution and Water Treatment and Storage activities.

The total revenue sought is \$280,240.

Properties in Waikato District Council and Waipa District Council areas supplied with water under contractual arrangements will be charged according to these contracts.

## BUSINESS IMPROVEMENT DISTRICT (BID) RATE

This rate is set and assessed on all rating units defined within the BID Commercial General rate category and comprises both a fixed amount per SUIP and a rate in the dollar based on the Capital Value.

The Business Improvement District (BID) and Central City rating areas map is shown in Schedule 1 of the Rating Policy. The components of this rate are:

- a) BID Fixed rate: a fixed amount of \$240 per SUIP of a commercial rating unit within the defined area
- 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 BID Fixed Rate. The rate is \$0.00001724 per dollar of capital value.

The rate provides funding to the Tourism

and Events Funding activity.

The total revenue sought is \$341,343.

## CENTRAL CITY RATE

This rate is set on all rating units defined within the BID Commercial General rate category and is set as a fixed amount per SUIP.

The Business Improvement District (BID) and Central City rating areas map is shown on Schedule 1 of the Rating Policy.

The rate is a fixed amount of \$126 per SUIP.

The rate provides funding to the Transportation Network activity.

The total revenue sought is \$166,750.

## HAMILTON GARDENS RATE

This rate is set and assessed as a fixed amount on all rating units (excluding 100% non-rateable).

The rate is set at \$11.50 per SUIP.

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

The total revenue sought is \$743,360.

## SERVICE USE CATEGORY

Service Use Category includes rating units that are defined by the use, for the purpose of charging water, wastewater and refuse

collection, set and assessed as targeted rates.

Service Use Category rating units are provided with one or more of these services and are used:

- i. as a reserve under the Reserves Act 1977
- ii. for conservation, wildlife management or preservation purposes and not for private pecuniary profit and accessible to the public
- iii. by us for:
  - public garden, reserve, or children playground
  - games and sports
  - public hall, athenaeum, museum, gallery or similar institution
  - public baths, swimming baths and sanitary convenience
  - cemeteries or crematorium.
- iv. by the Queen Elizabeth the Second National Trust
- v. by the Royal Foundation of the Blind, except as an endowment
- vi. by or for an education establishment, special school or other institution under s159(1) of the Education Act 1989
- vii. by a district health board for health and health related services
- viii. solely and principally as a place of religious worship, Sunday or Sabbath school or other form of religious worship and not for private pecuniary profit
- ix. as Maori meeting house that is Maori freehold land not exceeding 2ha
- x. as railway or for the loading and unloading of goods or passengers from trains

xi. for the free maintenance or relief of persons in need, not exceeding 1.5 hectares.

Where there is a community, sporting or cultural activity on Council Reserve land, and the activity is subject to a lease agreement as defined within our Community Occupancy Policy, these targeted rates will apply.

Upon application, we extend the rating treatment of the Service Use category to rating units which are operated by not for profit organisations, whom provide benefits to the wider community and where there is no private pecuniary gain. Refer to the Rates Remissions and Postponements Policy for criteria.

#### SERVICE USE - WATER RATE

The rate is set and assessed on properties as defined as a Service Use Category and which are connected to our water network but are not provided with a metered connection.

The rate is a fixed amount of \$452 per SUIP.

The rate provides funding towards the Water Distribution and Water Treatment and Storage activities.

The total revenue sought is \$51,528.

#### SERVICE USE - REFUSE RATE

The rate is set and assessed on properties defined as a Service Use Category and which are provided with refuse collection service.

The rate is a fixed amount of \$118 per SUIP.

The rate provides funding towards the Refuse Collection activity.

The total revenue sought is \$14,868.

#### SERVICE USE - WASTEWATER RATE

The rate is set and assessed on properties defined as a Service Use Category and which are connected to the wastewater network. This rate comprises two components. These are:

- a rate per dollar of land value set at \$0.00157846
- a rate per dollar of capital value set at \$0.00037350.

The rate provides funding towards the Wastewater Collection and Wastewater Treatment and Disposal activities.

The total revenue sought is \$1,269,166.

#### FUTURE RATES

Based on the assumptions and decisions included in this 10-Year Plan we intend to set and assess rates from the sources listed above in each year of the 10-Year Plan, except the Transitional Rate which is being phased out and will not be set in the 2020/21 rating year or thereafter.

The Hamilton Gardens rate will increase by \$1.00 (excluding GST) in each year of the plan.

Future rates will increase by 3.8% except:

- the BID rate which increases by the forecast inflation rates
- the Hamilton Gardens rate (see above)
- the Central City rate which is uninflated
- rates for water, wastewater and refuse collection which are linked to the cost of providing the services.

#### 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 7:45 am and 5.00 pm on all business days of the week.

#### RATING BASE

Total land value for 2018/19 is \$14,500,439,584.

Total capital value for 2018/19 is \$33,504,945,202.

The projected number of rating units for the following ten years are:

2018/19	58,790	2023/24	64,490
2019/20	59,910	2024/25	65,640
2020/21	61,050	2025/26	66,800
2021/22	62,200	2026/27	67,960
2022/23	63,350	2027/28	69,120

## 2018/19 RATES - SAMPLE PROPERTIES

Transitional rates differential category	General rates differential category	SUIPs	2015 RATING VALUTAION		2017/18 RATES				2018/19 RATES					Total Rates Change (\$)	Total Rates Change (%)
			Land Value	Capital Value	Land Value Transitional Rates	Capital Value General Rates	Other Rates	Total Rates	Uniform Annual General Charges	Land Value Transitional Rates	Capital Value General Rates	Other Rates	Total Rates		
<b>RESIDENTIAL SECTOR</b>															
Residential	Residential	1	250,000	250,000	1,703	359	58	<b>2,120</b>	165	1,304	621	12	<b>2,102</b>	(19)	(0.9%)
Residential	Residential	1	140,000	240,000	954	344	57	<b>1,355</b>	165	730	597	12	<b>1,503</b>	149	11.0%
Residential	Residential	1	210,000	405,000	1,431	581	87	<b>2,099</b>	165	1,095	1,007	12	<b>2,278</b>	179	8.5%
Residential	Residential	1	300,000	720,000	2,044	1,033	147	<b>3,223</b>	165	1,564	1,790	12	<b>3,531</b>	307	9.5%
Multi Unit Residential	Residential	4	240,000	710,000	2,446	1,019	179	<b>3,644</b>	660	1,849	1,765	46	<b>4,320</b>	677	18.6%
Multi Unit Residential	Residential	10	570,000	910,000	5,809	1,305	286	<b>7,400</b>	1,650	4,392	2,262	115	<b>8,419</b>	1,019	13.8%
Rural Residential	Residential	1	345,000	750,000	1,336	1,076	152	<b>2,564</b>	165	1,160	1,864	12	<b>3,201</b>	636	24.8%
<b>OTHER SECTOR</b>															
Rural Small	Other	1	360,000	360,000	1,028	248	79	<b>1,355</b>	165	775	664	12	<b>1,616</b>	261	19.3%
Rural Small	Other	1	330,000	660,000	942	455	135	<b>1,532</b>	165	711	1,217	12	<b>2,105</b>	572	37.3%
Rural Small	Other	1	710,000	960,000	2,027	662	192	<b>2,880</b>	165	1,529	1,771	12	<b>3,476</b>	596	20.7%
Rural Large	Other	1	1,850,000	1,850,000	2,180	1,275	359	<b>3,814</b>	165	2,010	3,413	12	<b>5,599</b>	1,785	46.8%
Rural Large	Other	1	2,500,000	2,990,000	2,946	2,061	573	<b>5,580</b>	165	2,716	5,516	12	<b>8,408</b>	2,828	50.7%
<b>COMMERCIAL SECTOR</b>															
Commercial	Commercial	1	570,000	570,000	11,569	1,502	118	<b>13,189</b>	165	8,280	3,250	12	<b>11,707</b>	(1,483)	(11.2%)
Commercial	Commercial	1	122,000	275,000	2,476	724	63	<b>3,264</b>	165	1,772	1,568	12	<b>3,517</b>	253	7.8%
Commercial	Commercial	1	240,000	500,000	4,871	1,317	105	<b>6,294</b>	165	3,486	2,851	12	<b>6,514</b>	220	3.5%
Commercial	Commercial	1	630,000	1,400,000	12,787	3,688	274	<b>16,749</b>	165	9,151	7,983	12	<b>17,311</b>	562	3.4%
Commercial	Commercial	8	1,730,000	4,230,000	35,114	11,143	886	<b>47,142</b>	1,320	25,130	24,120	92	<b>50,662</b>	3,520	7.5%
BID Commercial	BID Commercial	1	111,000	510,000	2,140	1,276	466	<b>3,883</b>	165	1,532	2,763	386	<b>4,846</b>	963	24.8%
BID Commercial	BID Commercial	1	270,000	1,070,000	5,206	2,678	590	<b>8,473</b>	165	3,726	5,796	396	<b>10,083</b>	1,610	19.0%
BID Commercial	BID Commercial	3	720,000	2,070,000	13,883	5,180	1,517	<b>20,580</b>	495	9,936	11,213	1,168	<b>22,812</b>	2,232	10.8%

## PROSPECTIVE WHOLE OF COUNCIL FUNDING IMPACT STATEMENT

FORECAST FOR YEAR ENDED 30 JUNE 2018-2028	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	41,781	90,582	139,996	192,794	205,073	217,960	231,545	245,867	260,959	276,856	293,627
Targeted rates	118,984	89,131	51,082	10,499	10,814	11,144	11,486	11,843	12,222	12,609	13,018
Subsidies and grants for operating purposes	5,692	7,120	6,870	6,991	7,277	7,697	7,957	8,370	9,396	9,239	10,184
Fees and charges	37,997	39,303	40,818	42,784	44,742	46,264	47,775	49,061	50,232	51,440	52,700
Interest and dividends from investments	2,100	2,579	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754	1,754
Local authorities fuel tax, fines, infringement fees and other receipts	2,482	2,502	2,434	2,458	2,482	2,510	2,536	2,566	2,595	2,630	2,662
<b>Total operating funding</b>	<b>209,036</b>	<b>231,217</b>	<b>242,954</b>	<b>257,280</b>	<b>272,142</b>	<b>287,329</b>	<b>303,053</b>	<b>319,461</b>	<b>337,158</b>	<b>354,528</b>	<b>373,945</b>
<b>Application of operating funding</b>											
Payments to staff and suppliers	141,190	161,550	166,738	179,924	174,471	179,358	181,090	188,449	196,433	202,618	214,991
Finance costs	21,819	21,813	25,560	29,762	32,028	32,818	32,753	31,414	31,004	31,215	31,513
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding</b>	<b>163,009</b>	<b>183,363</b>	<b>192,298</b>	<b>209,686</b>	<b>206,499</b>	<b>212,176</b>	<b>213,843</b>	<b>219,863</b>	<b>227,437</b>	<b>233,833</b>	<b>246,504</b>
<b>Surplus/(deficit) of operating funding</b>	<b>46,027</b>	<b>47,854</b>	<b>50,656</b>	<b>47,594</b>	<b>65,643</b>	<b>75,153</b>	<b>89,210</b>	<b>99,598</b>	<b>109,721</b>	<b>120,695</b>	<b>127,441</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	4,905	44,840	65,029	41,541	51,464	50,552	34,923	27,507	34,378	36,353	28,353
Development and financial contributions	11,141	17,518	25,104	29,909	32,270	32,754	32,563	34,568	36,397	36,497	35,392
Increase/(decrease) in debt	15,782	99,149	144,293	108,736	62,616	39,773	(5,939)	(14,600)	(2,929)	13,272	(750)
Gross proceeds from sale of assets	-	20,925	2,125	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	1,797	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding</b>	<b>33,625</b>	<b>182,432</b>	<b>236,551</b>	<b>180,186</b>	<b>146,350</b>	<b>123,079</b>	<b>61,547</b>	<b>47,475</b>	<b>67,846</b>	<b>86,122</b>	<b>62,995</b>
<b>Applications of capital funding</b>											
Capital expenditure:											
- to meet additional demand	42,344	140,504	208,632	146,888	132,548	107,585	66,561	69,146	104,263	127,091	102,221
- to improve the level of service	10,622	26,819	28,953	29,493	26,692	31,817	26,285	20,141	14,161	20,387	23,868
- to replace existing assets	36,918	55,441	50,973	52,531	54,211	61,302	61,566	58,855	59,879	60,705	67,356
Increase/(decrease) in reserves	(232)	(7,438)	(1,351)	(1,132)	(1,458)	(2,472)	(3,655)	(1,069)	(736)	(1,366)	(3,009)
Increase/(decrease) in investments	(10,000)	14,960	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding</b>	<b>79,652</b>	<b>230,286</b>	<b>287,207</b>	<b>227,780</b>	<b>211,993</b>	<b>198,232</b>	<b>150,757</b>	<b>147,073</b>	<b>177,567</b>	<b>206,817</b>	<b>190,436</b>
<b>Surplus/(deficit) of capital funding</b>	<b>(46,027)</b>	<b>(47,854)</b>	<b>(50,656)</b>	<b>(47,594)</b>	<b>(65,643)</b>	<b>(75,153)</b>	<b>(89,210)</b>	<b>(99,598)</b>	<b>(109,721)</b>	<b>(120,695)</b>	<b>(127,441)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>								





# COUNCIL CONTROLLED ORGANISATIONS

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We are involved with and represented in a number of organisations to support the realisation of our vision for Hamilton City. Council Controlled Organisations (CCOs) are any organisation in which one or more local authorities control 50% or more of the voting rights or appoint 50% or more of the directors.

We have an interest in these CCOs:

- Waikato Local Authority Shared Services Ltd
- New Zealand Local Government Funding Agency Ltd
- Waikato Regional Airport Limited
- Civic Financial Services Ltd
- Vibrant Hamilton Trust
- Waikato Innovation Group Ltd and its subsidiary New Zealand Food Innovation (Waikato) Ltd.

The tables in this section explain what these organisations do, our objectives in regard to ownership, nature and scope of activities, key performance targets and outcomes. We also have interests in other Council Organisations details of which are available on our website.

We manage and monitor our investment in CCOs by reviewing statement of intents, six monthly and annual reports at our Finance Committee.

<b>ORGANISATION</b>	<b>WAIKATO LOCAL AUTHORITY SHARED SERVICES LIMITED (WLASS)</b>														
<b>OWNERSHIP</b>	13.72% SVDS shares, 37.5% WRTM Service shares and 17.8% WRAPS shares equating to 19.6% of the total weighted value of issues shares. The balance of shares is owned by other local authorities in the Waikato Region. Council has only one voting right out the 12 voting local authorities.														
<b>REPRESENTATION (TOTAL MEMBERS)</b>	1(12) - WLASS has 12 directors, with each director representing a shareholder council.														
<b>SIGNIFICANT POLICIES AND OBJECTIVES</b>	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.														
<b>NATURE AND SCOPE OF ACTIVITIES</b>	<p>The company has 12 major initiatives under the WLASS umbrella, plus a support role for the collaborative work streams of the Waikato Mayoral Forum.</p> <ul style="list-style-type: none"> <li>• Shared Valuation Data Service (SVDS)</li> <li>• Road Asset Technical Accord (RATA)</li> <li>• Waikato Regional Transportation Model (WRTM)</li> <li>• Waikato Building Consent Group (WBCG)</li> <li>• Future Proof</li> <li>• Energy management</li> <li>• Joint procurement initiatives</li> <li>• Historic aerial photos</li> <li>• Waikato Regional Aerial Photography Service (WRAPS)</li> <li>• Aligned Resource Consent planning</li> <li>• Regional Infrastructure Technical Specifications (RITS)</li> <li>• Local Government Contractor Health &amp; Safety Pre-qualification Scheme</li> </ul>														
<b>KEY PERFORMANCE TARGETS</b>	<p>Financial forecasts and performance targets are specified annually in the Statement of Intent.</p> <ul style="list-style-type: none"> <li>• Joint procurement initiatives for goods and services are investigated and implemented</li> <li>• Collaborative projects are identified and business cases are developed for the highest priority projects and the projects implemented</li> <li>• Existing contracts are managed and renegotiated as required</li> <li>• Positive cash flow will be maintained</li> <li>• Administration expenditure shall be managed and monitored</li> <li>• Expenditure shall not exceed that budgeted by more than 5% unless prior approval is obtained from the directors</li> <li>• Six monthly reports provided to Shareholders</li> <li>• The company shall provide administrative support to the Mayoral Forum work streams and to the Mayoral Forum</li> <li>• The SVDS is reliable, well maintained and available to all users</li> <li>• Achieve the relevant KPIs in Appendix 4 of the insurance brokerage contract with Aon</li> <li>• Deliver better data for decision making across the Waikato Region, enabling more consistent best practice. Lead engagement and increase capability within the sector</li> </ul>	<ul style="list-style-type: none"> <li>• The Waikato Regional Transport Model (WRTM) is reliable, well managed and available to all users</li> <li>• Provide strategic direction and actively pursue improvements in building control across the Waikato Region</li> <li>• Planning for growth in the sub-region is co-ordinated and collaborative. The Future Proof budget is well managed and monitored. Future Proof influences and inputs into District Plan, Regional Plan, growth strategy and any other planning processes which manage growth within the sub-region and neighbouring regions</li> <li>• Shareholders are satisfied with the performance of WLASS</li> <li>• Shareholders are informed on the benefits being provided to shareholding councils by WLASS</li> <li>• Financial forecasts to be achieved:</li> </ul>	<table border="1"> <thead> <tr> <th>Financial Forecasts</th> <th>2018/19</th> <th>2019/20</th> <th>2020/21</th> </tr> </thead> <tbody> <tr> <td>EBITDA</td> <td>(\$0.785M)</td> <td>(\$0.013M)</td> <td>\$0.088M</td> </tr> <tr> <td>Net surplus /(deficit) before tax</td> <td>(\$0.949M)</td> <td>(\$0.013M)</td> <td>\$0.088M</td> </tr> </tbody> </table>	Financial Forecasts	2018/19	2019/20	2020/21	EBITDA	(\$0.785M)	(\$0.013M)	\$0.088M	Net surplus /(deficit) before tax	(\$0.949M)	(\$0.013M)	\$0.088M
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<b>ORGANISATION</b>	<b>NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY LIMITED (LGFA)</b>			
<b>OWNERSHIP</b>	8.3%			
<b>REPRESENTATION (TOTAL MEMBERS)</b>	1(31) - There are currently 31 shareholders comprising of the New Zealand Government at 20% and 30 local councils at 80%			
<b>SIGNIFICANT POLICIES AND OBJECTIVES</b>	Our main objective for ownership in LGFA is to access shared funding at better rates and for more flexible terms.			
<b>NATURE AND SCOPE OF ACTIVITIES</b>	<ul style="list-style-type: none"> <li>LGFA will raise debt funding either domestically and/or offshore in either NZ dollars or foreign currency and provide debt funding to New Zealand local authorities, and may undertake any other activities considered by the Board to be reasonably related or incidental to, or in connection with, that business</li> <li>The LGFA will only lend to local authorities entering into all the relevant arrangements with it (Participating Local Authorities) and comply with the LGFA's lending policies. In lending to local authorities LGFA will ensure its products and services are delivered in a cost-effective manner.</li> </ul>			
<b>KEY PERFORMANCE TARGETS</b>	Financial forecasts and performance targets are specified annually in the Statement of Intent.			
	<ul style="list-style-type: none"> <li>Financial forecasts to be achieved as follows:</li> </ul>			
	<b>Financial Forecasts</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>Comprehensive income</b>			
	Net interest revenue	\$18.6m	\$17.0m	\$21.2m
	Issuance and operating expenses	\$7.7m	\$7.4m	\$7.5m
	Surplus	\$10.9m	\$9.6m	\$13.7m
	Dividend	\$1.4m	\$1.5m	\$1.5m
	<b>Financial Position</b>			
	Total assets	\$8,346m	\$8,617m	\$8,606m
Total LG loans	\$7,724m	\$8,096m	\$7,861m	
Total Equity	\$74.2m	\$82.5m	\$94.7m	
Shareholders Funds + borrower notes /Total assets	2.4%	2.5%	2.6%	
	<p><b>Performance targets to be met or exceeded as follows:</b></p> <p>The average margin above LGFA's cost of funds charged to the highest rated Participating Local Authorities for the period to:</p> <ul style="list-style-type: none"> <li>30 June 2019 will be no more than 0.10%</li> <li>30 June 2020 will be no more than 0.10%</li> <li>30 June 2021 will be no more than 0.10%</li> </ul> <p>The above indicators include both LGFA bills and bonds and short dated and long dated lending to councils.</p> <p>LGFA's annual issuance and operating expenses (excluding AIL) for the period to:</p> <ul style="list-style-type: none"> <li>30 June 2019 will be no more than \$5.67m</li> <li>30 June 2020 will be no more than \$5.8M</li> <li>30 June 2021 will be no more than \$5.94M</li> </ul> <p>Total lending to participating local authorities at:</p> <ul style="list-style-type: none"> <li>30 June 2019 will be at least \$8,105M</li> <li>30 June 2020 will be at least \$8,477M</li> <li>30 June 2021 will be at least \$8,242M</li> </ul> <p>Savings on borrowing costs for council borrowers:</p> <ul style="list-style-type: none"> <li>LGFA will demonstrate the savings to council borrowers on a relative basis to other sources of financing. This will be measured by maintaining or improving the prevailing secondary market spread between LGFA bonds and those bonds of a similar maturity issued by (i) registered banks and (ii) Auckland Council and Dunedin City Council as a proxy for single name issuance of council financing.</li> </ul>			

<b>ORGANISATION</b>	<b>WAIKATO REGIONAL AIRPORT LIMITED (WRAL) AND ITS SUBSIDIARIES, HAMILTON &amp; WAIKATO TOURISM LTD AND TITANIUM PARK LTD</b>																																														
<b>OWNERSHIP</b>	50%																																														
<b>REPRESENTATION (TOTAL MEMBERS)</b>	0 (4)																																														
<b>SIGNIFICANT POLICIES AND OBJECTIVES</b>	Our main objective in the ownership of WRAL (and its subsidiaries) is to support and provide economic growth to our community which can benefit from the opportunities WRAL provides.																																														
<b>NATURE AND SCOPE OF ACTIVITIES</b>	<ul style="list-style-type: none"> <li>Operate an efficient and compliant airport</li> <li>Enhance the traveller experience</li> <li>Maintain a viable aero nautical business</li> <li>Maximise revenue diversification through non-aeronautical business opportunities</li> <li>Ensure appropriate internal and external resource to enable a commercially driven and high performing organisation.</li> </ul>																																														
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<b>ORGANISATION</b>	<b>VIBRANT HAMILTON TRUST (VHT)</b>																		
<b>OWNERSHIP</b>	Incorporated Society and Charitable Trust																		
<b>REPRESENTATION (TOTAL MEMBERS)</b>	2 (5)																		
<b>SIGNIFICANT POLICIES AND OBJECTIVES</b>	Our main objective in ownership of VHT is for the distribution of the fund to our social, economic, environmental and cultural projects to which the ratepayer can benefit.																		
<b>NATURE AND SCOPE OF ACTIVITIES</b>	<p>The VHT is a Charitable Trust. It 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.</p> <p>The objectives of VHT are:</p> <ul style="list-style-type: none"> <li>• Promote the social, economic, environmental and cultural wellbeing of Hamilton and its communities</li> <li>• Relieve poverty through sustainable policies and practices</li> <li>• Advance education in the Hamilton, particularly to promote and advance economic standards for the benefit of the public</li> <li>• Deliver on strategic aspirations of the Hamilton as identified by the community from time to time and endorsed by the Hamilton City Council.</li> </ul>																		
<b>KEY PERFORMANCE TARGETS</b>	<p>Financial forecasts and performance targets are specified annually in the Statement of Intent.</p> <ul style="list-style-type: none"> <li>• Ensure trust membership obligations are fulfilled in accordance with section 5 of the Trust Deed</li> <li>• Monitor the performance of investments by receiving and considering financial information, on at least a quarterly basis</li> <li>• Monitor investment mandate to ensure the investment portfolio reflects the risk tolerance, investment time zone and drawing requirement of the Trust</li> <li>• Review the performance of the portfolio manager</li> <li>• A process is undertaken that distributes the annual fund to eligible recipients who meet the fund criteria, and any distributions are determined by the Trustees in their sole discretion in accordance with the Trust Deed and the law</li> <li>• As a minimum, six-monthly reports are received from all successful applicants within the required timeframe</li> <li>• Financial forecast targets to be achieved:</li> </ul> <table border="1" data-bbox="398 997 1227 1166"> <thead> <tr> <th>Financial Forecasts</th> <th>2018/19</th> <th>2019/20</th> <th>2020/21</th> </tr> </thead> <tbody> <tr> <td>Surplus before grants made</td> <td>\$0.432M</td> <td>\$0.441M</td> <td>\$0.451M</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>\$6.165M</td> <td>\$6.306M</td> <td>\$6.457M</td> </tr> </tbody> </table>			Financial Forecasts	2018/19	2019/20	2020/21	Surplus before grants made	\$0.432M	\$0.441M	\$0.451M	Grants made	\$0.300M	\$0.300M	\$0.300M	Portfolio investment balance	\$6.165M	\$6.306M	\$6.457M
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<b>ORGANISATION</b>	<b>CIVIC FINANCIAL SERVICES LIMITED</b>																		
<b>OWNERSHIP</b>	1.8%																		
<b>REPRESENTATION (TOTAL MEMBERS)</b>	0 (6) - Six directors of which at least two are to be appointed from outside the local authority sector.																		
<b>SIGNIFICANT POLICIES AND OBJECTIVES</b>	Our main objective in ownership of Civic is to have access to shared insurance.																		
<b>NATURE AND SCOPE OF ACTIVITIES</b>	<ul style="list-style-type: none"> <li>• Administers superannuation services for local government and local government staff via SuperEasy and the SuperEasy KiwiSaver Superannuation Scheme</li> <li>• Provides administration, reinsurance, accounting, and a range of other services to LAPP, Riskpool, CLP (Civic Liability Pool) and CPP (Civic Property Pool)</li> <li>• Investigates and facilitates as appropriate such new risk-financing and superannuation services and/or markets that it believes will prove beneficial to its shareholders and the local government sector</li> <li>• To provide in a modest and selective way sponsorship for a range of local government activities at regional and national level.</li> </ul>																		
<b>KEY PERFORMANCE TARGETS</b>	<ul style="list-style-type: none"> <li>• To report half-yearly and annually to shareholders</li> <li>• To provide superannuation services to at least 90% of local authorities</li> <li>• Financial forecast targets to be achieved:</li> </ul> <table border="1"> <thead> <tr> <th>Financial Forecasts (Year ending 31 December )</th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>\$2.571M</td> <td>\$2.420M</td> <td>\$2.363M</td> </tr> <tr> <td>Expenses</td> <td>(\$2.123M)</td> <td>(\$2.081M)</td> <td>(\$2.108M)</td> </tr> <tr> <td>Surplus before tax</td> <td>\$0.448M</td> <td>\$0.339M</td> <td>\$0.255M</td> </tr> </tbody> </table>			Financial Forecasts (Year ending 31 December )	2018	2019	2020	Revenue	\$2.571M	\$2.420M	\$2.363M	Expenses	(\$2.123M)	(\$2.081M)	(\$2.108M)	Surplus before tax	\$0.448M	\$0.339M	\$0.255M
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<b>ORGANISATION</b>	<b>WAIKATO INNOVATION GROWTH LIMITED (WIGL) AND ITS SUBSIDIARY, NEW ZEALAND FOOD INNOVATION (WAIKATO) LIMITED (NZFIW)</b>																						
<b>OWNERSHIP</b>	Council has 100% shareholding in WIGL and holds a 70% shareholding in NZFIW (its subsidiary).																						
<b>REPRESENTATION (TOTAL MEMBERS)</b>	0 (5) - There are two boards. WIGL and NZFIW. The WIGL board consists of all NZFIW board members except one.																						
<b>SIGNIFICANT POLICIES AND OBJECTIVES</b>	Our ownership in WIGL & NZFIW is to promote and provide support to business development and innovation in our community.																						
<b>NATURE AND SCOPE OF ACTIVITIES</b>	<p><b>WIGL</b></p> <ul style="list-style-type: none"> <li>To provide business and innovation advisory services for customers such as small and medium-sized enterprises (SMEs) and High Value Manufacturing and Services (HVMS) business in the Waikato Region.</li> </ul> <p><b>NZFIW</b></p> <ul style="list-style-type: none"> <li>To provide facilities on an open access basis in which food processing companies and those entering new markets can develop new or improved food ingredient products</li> <li>To provide open access basis a small-scale production plant capable of producing samples for market development which is to be self-sustaining in the medium to long term</li> <li>To participate in and promote a national network of similarly focussed food innovation organisations as a shareholder in a food innovation network</li> <li>To provide an independent and secure facility to ensure that the intellectual property and know-how of the Company and its customers are protected</li> <li>To provide a centre of learning for food technology, catering primarily to the pastoral product value chain, in cooperation with tertiary education intuitions</li> <li>To provide one of several tangible centres and organisations throughout New Zealand around which networks of food processors and exporters, food equipment manufacturers and other partners can develop.</li> </ul>																						
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WIGL and NZFIW information is based on their Draft SOI, as we had not received the final SOI at the time of preparation of this report.

# REVENUE AND FINANCING POLICY

## PURPOSE AND SCOPE

This policy outlines the choices we have made in deciding the appropriate sources of funding for operating and capital expenditure from those sources listed in the Local Government Act 2002 (LGA). The policy also shows how we have complied with section 101(3) which sets out a number of factors we must consider in making these decisions. A comprehensive analysis of how we have complied with this section of the LGA is included in the Funding Needs Analysis.

Deciding the best way to fund our activities is complex. Complying with this legislation takes account of many factors including, but not limited to:

- legal
- social
- competition
- affordability
- impact of change
- efficiency
- equity
- cost
- intergenerational equity
- transparency
- accountability
- business
- strategic alignment
- benefit

## PRINCIPLES

The following guiding principles have been applied when considering our use of funding sources:

### GROWTH

- Growth cells will be completed to an approved level of service
- Growth will pay for growth.

### LEVELS OF SERVICE

- Asset sale proceeds will be used to pay down debt
- We will fund maintenance and renewals as per approved Asset Management Plans
- We should explore external funding options for new discretionary projects whenever possible.

### FINANCIAL STRATEGY

- The everyday costs of running the city will be met from everyday revenues.
- The main source of everyday revenue will be general rates.
- Targeted rates could be used to fund our portion of new projects where the costs of these activities can be easily identified.
- When a private benefit can be identified and it is efficient to collect the revenue, user charges will be considered.

- Rates certainty will be a key consideration.
- Affordability of rates will be considered.
- We will adopt a prudent Financial Strategy which supports its current credit rating.

Complying with these principles can be challenging at times. We must use our judgment in assessing many options in the development of budgets or acquisition of assets and the choice of funding sources to enact these.

## POLICY

### FUNDING SOURCES FOR OPERATING COSTS

Operating costs are the everyday spending on services we provide. This includes contributions to the wear and tear on assets used (depreciation), interest charged on borrowing for capital projects and overheads.

We must consider the funding of each activity individually. Some activities may be best funded by user charges, such as swimming pool admission fees, others with targeted rates, such as a Business Improvement District Rate, and others from the general rate, such as road maintenance.

The funding sources for operating costs are described in the following sections

### USER CHARGES

User charges are applied to services where it is identified there is a benefit to an individual or group. User charges are a broad group of fees charged directly to an individual or entity and includes:

- entry fees
- service charges
- hire
- rent, lease, licences for land and buildings
- permits
- regulatory charges
- fines and penalties
- connection fees
- disposal fees
- deposits
- private works
- memberships
- planning and consent fees
- statutory charges
- retail sales.

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 on encouraging/discouraging 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 collecting the user charge
- the impact of affordability on users
- statutory limits
- other matters as determined by the Council.

Our ability to charge user charges is limited by various 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) fees may be set at greater than the cost of providing the service. We consider it appropriate to incorporate overhead charges when determining the cost of providing a service.

Where goods or services are sold commercially, and taking into consideration legislative limitations, our preference is to charge a market price. This includes leases, rents and licences for land and buildings.

Fees and charges may be set at any time and

are reviewed annually. A list of current fees and charges is maintained on our website.

Revenue from user charges 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 types of income are regular and predictable and therefore can be budgeted for. Some other types 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 claims).

We expect to continue to receive substantial subsidies from central government or its agents for road maintenance.

### **INVESTMENT INCOME**

Our approach to investments is documented in our Investment and Liability Management 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**

Generally, we do not collect revenue from these funding sources to fund operating costs. Development Contributions revenue funds the interest cost on debt for growth related capital projects.

### **RESERVE FUNDS**

We maintain a small number of cash-funded reserve funds. Some of these reserve funds may be used to meet operating costs (e.g. cemetery maintenance). Generally, reserve funds are used for the purposes that they were created for.

### **BORROWING**

Borrowing is generally undertaken at a whole of Council level subject to constraints on rates increases and debt levels set by the Financial Strategy.

We generally plan to fund all cash operating costs from sources other than borrowing. However, in specific circumstances, where we decide it is prudent to do so, we may fund some operating costs from borrowing.

### **RATES**

Having appropriately exhausted all other funding sources, we fund all remaining operating expenses from rates. For many

activities this is the main funding source.

The above matters were considered when determining the funding required from general rates or targeted rates for each activity in the Funding Needs Analysis, as required by section 101(3)(a).

We may choose to establish targeted rates to fund operating costs.

Further information on rates can be found further on in this policy.

### **SUMMARY OF SOURCES OF FUNDING FOR OPERATING COSTS BY ACTIVITY**

We have applied the funding source preferences noted above to each activity in its Funding Needs Analysis. Table 1 shows the degree to which (expressed as a range) each funding source is used to fund operating costs following the s101(3)(a) assessment.

This s101(3)(a) assessment may be modified by the s101(3)(b) assessment. The latter assessment requires us to consider the overall impact of any allocation of liability for revenue needs on the community. Our consideration of s101(3)(b) is included later in this policy.

The ranges in Table 1 are expressed as a percentage of the revenue required to fund each activity and are indicative only. They may change over time because of changes in expenditure requirements. It is possible that actual funding sources may differ from budgeted funding sources.

**TABLE 1: SUMMARY OF FUNDING SOURCES BY ACTIVITY S.101(3)(A) ONLY**

<table border="1"> <thead> <tr> <th>Range name</th> <th>Range</th> <th>Key</th> </tr> </thead> <tbody> <tr> <td>Unlikely</td> <td>0%</td> <td>x</td> </tr> <tr> <td>Minimal</td> <td>0% - 20%</td> <td>✓</td> </tr> <tr> <td>Low</td> <td>20% - 40%</td> <td>✓</td> </tr> <tr> <td>Moderate</td> <td>40% - 60%</td> <td>✓</td> </tr> <tr> <td>High</td> <td>60% - 80%</td> <td>✓</td> </tr> <tr> <td>Most</td> <td>80% - 100%</td> <td>✓</td> </tr> <tr> <td>All</td> <td>100%</td> <td>✓</td> </tr> </tbody> </table>			Range name	Range	Key	Unlikely	0%	x	Minimal	0% - 20%	✓	Low	20% - 40%	✓	Moderate	40% - 60%	✓	High	60% - 80%	✓	Most	80% - 100%	✓	All	100%	✓	Activity	User Charges	Grants, subsidies and other	Investment income	Financial Contributions	Development Contribution	Reserve Funds	Borrowing	General Rates	Targeted Rates
Range name	Range	Key																																		
Unlikely	0%	x																																		
Minimal	0% - 20%	✓																																		
Low	20% - 40%	✓																																		
Moderate	40% - 60%	✓																																		
High	60% - 80%	✓																																		
Most	80% - 100%	✓																																		
All	100%	✓																																		
	Community Development	x	x	✓	x	x	x	✓	✓	✓																										
	Libraries	✓	✓	x	x	x	x	✓	✓	✓																										
	Theatre	x	x	x	x	x	x	✓	✓	✓																										
	City Planning	✓	x	x	x	x	x	✓	✓	✓																										
	Planning Guidance	✓	x	x	x	x	x	✓	✓	✓																										
	Building Control	✓	x	x	x	x	x	x	x	x																										
	Claudlands	✓	x	✓	x	x	x	✓	✓	✓																										
	FMG Stadium Waikato	✓	x	✓	x	x	x	✓	✓	✓																										
	Seddon Park	✓	x	✓	x	x	x	✓	✓	✓																										
	i-SITE	✓	x	x	x	x	x	✓	✓	✓																										
	Tourism and Events Funding	x	x	x	x	x	x	✓	✓	✓																										
	Hamilton Gardens	✓	x	x	x	x	x	✓	✓	✓																										
	Waikato Museum	✓	✓	x	x	x	x	✓	✓	✓																										
	Hamilton Zoo	✓	✓	✓	x	x	x	✓	✓	✓																										
	Animal Education and Control	✓	x	x	x	x	x	✓	✓	✓																										
	Environmental Health	✓	x	x	x	x	x	✓	✓	✓																										
	Alcohol Licensing	✓	x	x	x	x	x	x	x	x																										
	Public Safety	✓	x	x	x	x	x	✓	✓	✓																										
	Civil Defence	x	x	x	x	x	x	✓	✓	✓																										
	Governance and Public Affairs	✓	x	x	x	x	x	✓	✓	✓																										
	Partnership with Maaori	x	x	x	x	x	x	✓	✓	✓																										
	Community Parks	x	x	✓	x	x	x	✓	✓	✓																										
	Natural Areas	x	✓	x	x	x	x	✓	✓	✓																										
	Streetscapes	x	x	x	x	x	x	✓	✓	✓																										
	Sports Parks	✓	x	✓	x	x	x	✓	✓	✓																										
	Cemeteries and Crematorium	✓	✓	x	x	x	✓	✓	✓	✓																										
	Pools	✓	x	✓	x	x	x	✓	✓	✓																										
	Indoor Recreation	x	x	✓	x	x	x	✓	✓	✓																										
	Landfill Site Management	x	x	x	x	x	x	✓	✓	✓																										
	Refuse Collection	✓	x	✓	x	x	x	✓	✓	✓																										
	Waste Minimisation	x	✓	x	x	x	x	✓	✓	✓																										
	Stormwater Network	✓	x	x	x	x	x	✓	✓	✓																										
	Transport Network	✓	✓	✓	x	x	✓	✓	✓	✓																										
	Parking Management	✓	x	x	x	x	x	✓	✓	✓																										
	Wastewater Treatment and Disposal	✓	x	x	x	x	x	✓	✓	✓																										
	Wastewater Collection	✓	x	x	x	x	x	✓	✓	✓																										
	Water Treatment and Storage	x	x	x	x	x	x	✓	✓	✓																										
	Water Distribution	✓	x	x	x	x	x	✓	✓	✓																										

## **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 are described in the sections that follow.

### **USER CHARGES**

User charges are not often used 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 collecting user contributions for capital costs.

We 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**

We rely on significant subsidies for capital works relating to our transport activity. Grants and subsidies may be available for other activities 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 claims, and legal settlements.

Grants, subsidies and other income are used wherever they are available.

### **DEVELOPMENT CONTRIBUTIONS**

We collect Development Contributions (DCs) to fund capital costs necessary to service growth, in accordance with our Development Contributions Policy (DC Policy).

DCs are applied on an activity and catchment basis as identified by the DC Policy. Projects identified in the DC Policy may be either completed projects (with debt yet to be repaid from future development contributions) or future projects planned in the period for which DCs may be collected.

Most contributions receipted are used to repay development contributions debt and interest on that debt. A portion may pay for capital expenditure in the year it is receipted, depending on projects.

It is important to note that, in addition to the requirements of sections 103 and 101(3), the DC Policy describes funding matters in more detail as required by section 106(2)(c).

### **FINANCIAL CONTRIBUTIONS**

We collect financial contributions under the Resource Management Act 1991 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 Plan. We receive most contributions as revenue by the vesting of assets although some may be paid directly to us.

### **PROCEEDS FROM THE SALE OF ASSETS**

From time to time assets are disposed of. Usually these are low value items and the revenue is received by the activity that owns the assets.

We hold some higher value assets for investment purposes which, although not budgeted for, could be sold. Unrestricted proceeds from the sale of these assets would be used to repay debt, unless resolved otherwise by us. Restricted revenues would 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**

We maintain some reserve funds for capital projects and will approve the use of the funds when a project meets the specific criteria for accessing the reserve.

## **BORROWING**

We must borrow to fund our asset programme. The amount of borrowing available is restricted by the Financial Strategy debt limits.

Borrowed funds, both the principal and interest components, are generally repaid by future rates.

Borrowing spreads the cost of the project over a longer period of time, smoothing changes in rates and ensuring that future ratepayers who will enjoy the benefit of long-lived assets contribute to their costs.

We have budgeted to borrow from the Housing Infrastructure Fund (HIF) in this 10-Year Plan to fund some capital expenditure on growth related infrastructure. This loan is treated the same as other borrowing except that it is interest free.

### **LUMP SUM CONTRIBUTIONS**

When undertaking a major project, we have the option to seek lump sum contributions to the capital cost of the project from those who are identified in the projects "capital project funding plan". Lump sum contributions are provided for in the Local Government (Rating) Act 2002 and have restrictions placed on how they are used. Where a lump sum payment option is proposed ratepayers may choose to pay the lump sum or not. If not, the rating unit

will be liable to pay any targeted rate set to recover the loan costs.

At the time of reviewing this policy, we do not plan to seek lump sum contributions.

## RATES

Rates are mostly used to fund everyday expenses including depreciation and interest costs related to borrowing.

Each year, we calculate our operating cash surplus which determines the amount of rates funding available to fund capital projects or debt repayment. The greatest portion of this rates funding is allocated to pay for depreciation (which is a non-cash operating cost). These funds are used to fund capital replacement and/or renewal projects.

A portion of rates funds the capital (principal) repayments of debt.

We may establish targeted rates to fund specific capital projects. Targeted rates are more likely to be considered where a benefit can be linked to an identifiable individual or group, either arising from the use of the asset or as a consequence of a decision. For clarity, this may include the growth portion of any project or groups of projects that are unable to be funded from a DC Policy.

## SUMMARY OF SOURCES OF FUNDING FOR CAPITAL COSTS BY ACTIVITY

As described in the Financial Strategy, we have a challenge to manage growth, affordable rates increases and debt. To achieve the appropriate balance between these variables we have taken the following approach:

We set the annual rate increase:

- the existing rating base plus an estimate for growth determines the rates income
- activity operating revenue and expenditure budgets are determined, within the rate income constraint
- an amount is budgeted for development contributions payments, which is set aside to fund growth projects or growth debt and interest, as determined by the DC Policy
- the net cash operating costs is determined (net of cash revenue budgets)
- this leaves the funded portion of operating costs. A small amount may be held in a cash funded reserve; otherwise the funds are available for capital costs. This amount largely represents rate funded depreciation but may include operating surpluses from some activities and accounting provisions not held in reserve funds. This funding is not held by specific activities and is available to fund any capital costs
- we then set the limit on debt, which determines the maximum debt funding available for capital costs.

This process results in the following funding sources being available to fund capital costs:

- cash from general rates, for use on all activities
- cash from targeted rates, for example for use on Hamilton Gardens' development
- cash from development and financial contributions, for growth projects and related interest costs
- cash from grants and subsidies, targeted to capital projects
- cash from borrowing.

We use 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 related projects for network infrastructure to meet increased demand are funded from DCs, as allowed for under the DC Policy
- reserve funds for other purposes are considered. We have a small number of cash funded reserves available for capital costs projects
- targeted rating options may be considered
- projects that have exhausted previous funding sources are funded from general rates and/or debt.

A single project may have a mix of each of the above funding options.

Whenever we resolve to fund a separate project, we will consider the sources of

funds above, the Revenue and Financing Policy and section 101(3) of the LGA to determine an appropriate funding policy for that project. Generally, we will resolve the funding in setting the budget for the project at the time it is proposed in an Annual Plan or 10-Year Plan.

## OVERALL FUNDING CONSIDERATION

We are required by section 101(3)(b) to consider the overall impact of the allocation of liability for revenue needs on the community. This section allows that as a final measure, we may modify the overall mix of funding that would otherwise apply after the s101(3)(a) analysis.

The following adjustments have been made:

- We have altered the allocation of the rates liability between sectors of the rating base by using differentials on the general rate. The allocations in this 10-Year Plan are linked to those in place through the transition from land to capital value adjusted for growth within sectors.
- The Financial Strategy has the guiding financial principle that growth will pay for growth. Growth drives both operating and capital costs. We will use all available funding sources to ensure that those who benefit from or create growth contribute an appropriate share towards the costs of providing infrastructure to meet the demands of that growth. This includes financial contributions, development contributions, user charges and general and targeted rates.

- We consider the benefits of services associated with the development of land that are realised from the time the development is started. Rate categories will be changed from the start of the next rating year to reflect these benefits.
- We may waive or discount fees and charges where it is considered appropriate to do so. Some matters we may consider in deciding whether it is appropriate to waive fees are for social reasons, the promotion of events and facilities, commercial reasons, due to poor service or to minimise risk.
- We may remit rates where it considered appropriate to do so and as allowed for in the Rates Remissions and Postponements 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).
- We may use accounting provisions and reserve funds to spread the costs of activities over multiple years to smooth the cost to users and ratepayers.
- We may modify the allocation of liability for growth related network infrastructure projects when considering the matters required by s106 in the DC Policy.

## RATES

Our final consideration of funding by rates comes:

- after considering how other funding sources will be used to fund operating and capital costs
- after that has been applied to activities in the Funding Needs Analysis
- 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 with 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 all rateable properties based on the capital value of the property. A Uniform Annual General Charge (UAGC) will be set on each separately used or inhabited part (SUIP) of all rating units.

The Council has determined in its Funding Needs Analysis that all or part of the following activities should be funded from the general rate and the UAGC:

- Community development
- Libraries
- Theatre
- City planning
- Planning guidance
- Building control
- Claudelands
- FMG Stadium Waikato
- Seddon Park
- i-SITE
- Tourism and events funding
- Hamilton Gardens

- Waikato Museum
- Hamilton Zoo
- Animal education and control
- Environmental health
- Alcohol licensing
- Public safety
- Civil Defence
- Governance and public affairs
- Partnership with maaori
- Community parks
- Natural areas
- Streetscapes
- Sports parks
- Cemeteries and crematorium
- Pools
- Indoor recreation
- Landfill site management
- Refuse collection
- Waste minimisation
- Stormwater network
- Transport network
- Parking management
- Wastewater treatment and disposal
- Wastewater collection
- Water treatment and storage
- Water distribution.

We have chosen to differentiate the general rate into four differential rating categories based on the use and location of rating units. The categories are:

- Residential
- Commercial
- BID Commercial
- Other.

The full definition of these categories is contained within the Funding Impact Statement.

The general rate differential factors will be calculated as shown in the Funding Impact Statement.

In setting the differential categories, and the differential factors, we considered the requirements of the LGA and a number of other considerations, including:

- the activities funded by the general rate and the s101(3) considerations for the activities
- 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.

In 2018, we removed the "rural" rating category and created a new "other" rating category. We decided that in a high

forecast growth environment it is no longer appropriate to rate properties for their rural use, recognising that all land in the city was zoned for future city and that there is no land zoned exclusively for rural uses. We are making a large annual investment in planning for land in the “other” category to become developable in the future city.

We identified that rates growth was being lost by strict adherence to the historic relationship between differential groups. From 2018 rates collected from each differential category will be increased in accordance with the growth in that rating category. This means the portion of total rates paid by a category will change, depending on where growth occurs.

The UAGC was implemented in 2018. We determine the amount of the UAGC based on our assessment of the overall impact of rates. Other changes proposed in 2018 meant that higher value properties were paying higher rates than comparable properties in other places and lower value properties were paying lower rates when compared with others. The value of the UAGC was determined with regard to this. There is no direct allocation of any activity nor is there a calculation methodology for determining the UAGC amount.

## TARGETED RATES

The following targeted rates indicate our intentions. We finalise our targeted rating when adopting the Funding Impact Statement in the 10-Year Plan or Annual Plan.

## TRANSITIONAL RATE

In 2014 we decided to move from a land value based general rate to a capital value based general rate. At the time, having considered the overall impact of the change on ratepayers, it was decided that the impact of the change should be transitioned over ten years. We now face new challenges that were not foreseen four years ago. As a result, we have decided that the transition needs to be quicker to maximise the benefit we receive from our highest ever forecast sustained growth. We have resolved therefore to transition over six years instead of the original ten.

We will continue to set a transitional rate that is similar in effect to the prior land value general rate. The aggregate of the amounts raised by general rates and the land value transitional rate will equal the amount we would otherwise have raised from general rates if the transition were not occurring.

The transitional rate is a land value rate, differentiated by seven differential rating categories (Residential, Commercial, BID Commercial, Multi Unit Residential, Rural Residential, Rural Small and Rural Large).

The full definition of these differential categories is contained within each years Funding Impact Statement. 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 our 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 value for the general rate. We have determined in the 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):

- Community development
- Libraries
- Theatre
- City planning
- Planning guidance
- Building control
- Claudelands
- FMG Stadium Waikato
- Seddon Park
- i-SITE
- Tourism And Events Funding
- Hamilton Gardens
- Waikato Museum
- Hamilton Zoo
- Animal Education And Control
- Environmental Health

- Alcohol Licensing
- Public Safety
- Civil Defence
- Governance and public affairs
- Partnership with maaori
- Community parks
- Natural areas
- Streetscapes
- Sports parks
- Cemeteries and crematorium
- Pools
- Indoor recreation
- Landfill site management
- Refuse collection
- Waste minimisation
- Stormwater network
- Transport network
- Parking management
- Wastewater treatment and disposal
- Wastewater collection
- Water treatment and storage
- Water distribution.

The transitional rate differential factors will be calculated as shown in our Rating Policy.

## TRANSITION FROM LAND VALUE TO CAPITAL VALUE GENERAL RATES

For the remaining three years of the six year transition to a capital value rating system, the ratio of land value to capital value that will be used to set the amount to be funded between the land value transitional rate and general rates is as shown below in Table 3.

**TABLE 3: TRANSITION PROCESS**

YEAR	LAND VALUE TRANSITION RATE	CAPITAL VALUE GENERAL RATE
2018/19	47%	53%
2019/20	23%	77%
2020/21	0%	100%

The total rates requirement for 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

We collect other targeted rates either to fund activities as identified in the Funding Needs Analysis or because of our overall funding considerations.

**TABLE 4: OTHER TARGETED RATE TYPES**

NAME	ACTIVITIES FUNDED	BASIS FOR RATE
<b>CENTRAL CITY</b>	Access Hamilton Strategy projects and finance costs.	Fixed amount per SUIP.
<b>BUSINESS IMPROVEMENT DISTRICT (BID)</b>	BID projects.	Fixed amount per SUIP and a rate per dollar of capital value for all properties in the BID area .
<b>HAMILTON GARDENS</b>	Gardens development projects in the Visitor Attractions activity.	Fixed amount per SUIP across the whole city.
<b>METERED WATER SUPPLY</b>	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.
<b>COMMERCIAL AND OTHER CATEGORY NON-METERED WATER SUPPLY</b>	Water Distribution and Water Treatment and Storage activities.	Fixed amount per rating unit with water supplied or available.
<b>SERVICE USE - WATER</b>	Water Distribution and Water Treatment and Storage activities.	Fixed amount per SUIP for connected land used for certain purposes as defined in the Funding Impact Statement.
<b>SERVICE USE - REFUSE</b>	Refuse Collection Activity.	Fixed amount per SUIP for connected land used for certain purposes as defined in the Funding Impact Statement.
<b>SERVICE USE - SEWERAGE</b>	Wastewater Collection and Wastewater Treatment and Disposal activity.	A rate per dollar of land value and a rate per dollar of capital value for connected land used for certain purposes as defined in the Funding Impact Statement.

We may introduce new targeted rates when setting rates in any year as documented in the repetitive years funding impact statement and rates resolution.

## REFERENCES

- Funding Needs Analysis, section 101(3), provides the background and analysis to explain the funding decisions we have made. It is guided by the funding principles and choices of funding sources documented in the Revenue and Financing Policy.
- Our DC Policy provides further analysis, as required by section 106(2)(c). This explains why we have chosen to use development contributions to fund the capital costs needed to meet increased demand for infrastructure.
- The Investment and Liability Management Policy places restrictions on the use of the proceeds from asset sales.
- The Rating Policy further clarifies funding requirements by documenting matters not included in the Funding Impact Statement, rates resolutions or this Revenue and Financing Policy. It includes detailed definitions and maps for rating areas.
- The Funding Impact Statement is included in each 10-Year 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 this 10-Year Plan.
- Together the above documents form the necessary components to lawfully charge under the LGA for our revenue requirements. We must also comply with other legislation regarding the setting of some fees and charges and the Local Government (Rating) Act 2002 for the setting of rates.

# SUMMARY OF OUR SIGNIFICANCE AND ENGAGEMENT POLICY

HE WHAKARAAPOTOTANGA  
O TE TAKE WHAKAHAERE O  
TE TOMO ME TE TAAPUA

## WHAT IS A SIGNIFICANCE AND ENGAGEMENT POLICY?

The Local Government Act 2002 (LGA 2002) requires us to have a Significance and Engagement Policy (the policy).

This policy provides clear guidance for the community about:

- how we decide if a decision or proposal is significant
- when, and to what degree, the community can expect to be engaged on a decision or proposal.

\* The full policy can be found on our website under **Policies, Bylaws and legislation**.

## WHEN AND HOW DOES THIS POLICY APPLY?

Every formal decision we make will take this policy into account. The policy is applied in a two-step process:

1. identify the level of significance
2. decide the level of engagement and approach to be taken (if any).

## HOW IS SIGNIFICANCE ASSESSED?

The level of significance of a proposal or decision is identified by assessing the impact of the decision against seven key considerations (right).

After assessing the proposal or decision against the key considerations, we decide if the level of significance is low, medium or high as follows:

- If it triggers four or more of the key considerations under the highly significant column, the level of significance will be classified as high.
- If it triggers five or more of the key considerations under the low significance column, the level of significance will be low.
- If the level of significance is not classified high or low as above then the level of significance will be considered moderate.

# SUMMARY OF OUR SIGNIFICANCE AND ENGAGEMENT POLICY

KEY CONSIDERATION <i>Does the proposal or decision mean...</i>	HIGHLY SIGNIFICANT	MODERATELY SIGNIFICANT	LOW SIGNIFICANCE
A service which is part of the Council's significant activities will...	Start or stop.	Change significantly.	Change in a minor way or not at all.
There will be a transfer of ownership or control of strategic assets to or from the Council?	If so, then the transfer is major.	If so, then the transfer is minor or insignificant.	No transfer.
There will be financial consequences in the financial year of the proposal/ decision that are unbudgeted operating cost or capital costs in the 10-Year Plan that are ...	Greater than 10% of total expenses and/or greater than 1% of total assets.	Greater than 5% but less than 10% of total expenses and/or greater than 0.5% but less than 1% of total assets.	Less than 5% of total expenses and/or less than 0.5% of total assets.
The ability to reverse the decision will be ...	Highly difficult.	Moderately difficult.	Easy.
The decision in regard to prior decisions is ...	Significantly inconsistent.	Consistent but with some differences.	Consistent.
The public will have a ...	High level of interest.	Moderate levels of interest.	Low levels of interest.
There will be...	A large proportion of the community impacted.	A subgroup or groups within the community impacted.	An individual household or person impacted.
The degree of impact on the people affected by the decision will be ....	High.	Moderate.	Low.

## HOW DO WE DECIDE THE LEVEL OF ENGAGEMENT TO BE CARRIED OUT?

The level of engagement on a proposal or decision is guided by the level of significance:

- A high level of significance will mean a high level of engagement and we will develop an appropriate engagement approach to reflect the high significance.
- A medium level of significance will mean a medium level of engagement. In these cases we will decide whether, and to what extent it is appropriate to engage with the community.
- If the level of significance is low we are not required to engage.

At any time, we may choose to engage at a higher level than required by the policy but not at a lower level.

We will apply the Principles of Consultation (s82 of the LGA 2002) and consider the communities preferences when deciding the engagement approach.

## CAN WE MAKE A DECISION THAT IS INCONSISTENT WITH THIS POLICY?

If we choose to make a decision significantly inconsistent with the policy we are obligated by section 80 of the Local Government Act 2002 to:

- make the inconsistency clear
- explain the reasons for the inconsistency
- explain how we plan to address the discrepancy.

A photograph of a blue arch bridge spanning a river. The bridge has three distinct arches supported by two main piers. The water is calm, reflecting the bridge and the surrounding greenery. The sky is a clear, bright blue. The foreground is dominated by the dark blue water, which reflects the bridge and the sky. The background shows a line of trees and a small white building on the left bank.

# AUDIT OPINION

HE WHAKAARO TAATARI KAUTE

# AUDIT OPINION

## TO THE READER:

### INDEPENDENT AUDITOR'S REPORT ON HAMILTON CITY COUNCIL'S 2018-28 10-YEAR 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). Section 259C of the Act requires a report on disclosures made under certain regulations. We have carried out this work using the staff and resources of Audit New Zealand. We completed our report on 28 June 2018.

## OPINION

### IN MY OPINION:

- the plan provides a reasonable basis for:
  - long term, integrated decision making and co ordination 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 110 to 113 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

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 the accuracy of the information in the plan.

### EMPHASIS OF MATTER - ASSUMPTIONS RELATING TO EFFICIENCY SAVINGS

Without modifying our opinion we draw your attention to the disclosures on pages 74 -75, which outline the assumptions made in relation to planned efficiency savings and the forecast financial impacts of these savings. The Council has forecast to achieve \$94.498 million (inflation adjusted) of savings over the ten year plan period. Council expects the savings to be made through changes in current procurement and service delivery models. However, there is uncertainty as to whether savings will amount to the levels estimated and in the years expected. If the savings are not realised the Council has stated that it would need to increase rates or reduce the capital programme to stay within its debt-to-revenue limits. If the savings are not realised, and no changes are made to rates or the capital programme the Council would breach its debt-to-revenue limits.

### BASIS OF OPINION

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we took into account particular elements of the Auditor General's Auditing Standards and the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information that were consistent with those requirements.

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 procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our 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 during the next 30 years;
- the information in the plan is based on materially complete and reliable information;
- the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;
- the assumptions set out in 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 in 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 the plan and the disclosures required by the Regulations, 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.

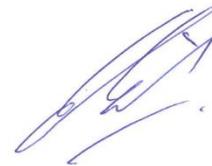
## **INDEPENDENCE**

In carrying out our work, we complied with the Auditor General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised); and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended).

In addition to our audit, we have carried out engagements in the areas of the debenture trust deed reporting certificate, assurance work over aspects of decision-making related to the Victoria on the River Precinct, and assurance work over the procurement of professional services consultants for the Housing Infrastructure Fund project in the Peacocke area. The work which we have carried out on these engagements is compatible with those independence requirements.

Other than these engagements we have no relationship with or interests in the Council.



Leon Pieterse, Audit New Zealand

On behalf of the Auditor General,  
Auckland, New Zealand

