New Zealand
Full Rating Report

Hamilton City Council

Ratings

Local Currency	
Long-Term Rating	AA-
Short-Term Rating	F1+

Outlook

Long-Term Local-Currency Rating	Stable

Financial Data

Hamilton City Council

	30 Jun 10	30 Jun 09
Operating revenue (NZDm)	162.9	159.5
Debt (NZDm)	310.9	236.8
Operating balance/ operating revenue (%)	28.12	27.59
Debt service/ current revenue (%)	17.91	14.83
Debt/current balance (yrs)	10.54	8.11
Operating balance/ interest paid (%)	2.69	2.91
Capital expenditure/ total expenditure (%)	42.70	37.49
Surplus (deficit) before debt variation/total rev. (exc. new debt) (%)	-35.49	-25.87
Current balance/ capital expenditure (%)	27.04	34.97

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Related Research

Applicable Criteria

Tax-Supported Rating Criteria (August 2010)

International Local and Regional Governments Rating Criteria (April 2011)

Other Research

Institutional Framework For New Zealand Subnationals (April 2010)

Rating Rationale

- Hamilton City Council's (Hamilton) ratings reflect the strong institutional framework under which all councils operate in New Zealand, as well as Hamilton's healthy operating margin and solid socio-economic profile – although somewhat weakened since 2008. The ratings also take into consideration the strong increase in capex which led to a significant rise in debt.
- In September 2010, Hamilton elected a new mayor, and a new CEO was appointed in March 2011. The strategic target of the mayor is to improve the financial sustainability of the council. Like all councils, Hamilton has to publish an annual plan and a long-term council community plan (LTCCP) that outlines its financial and strategic development for 10 years, providing investors with clear guidance on its strategic development plans. The next LTCCP is due to be effective from July 2012.
- In the fiscal year ended 30 June 2010 (FY10), Hamilton's budgetary performance weakened as a result of large capex – which led in turn to a deficit before debt variation of NZD63.8m compared with a negative NZD44m in FY09. However, its operating balance remained fairly stable, and continued to report a healthy operating margin despite weaker revenue. Fitch Ratings believes that an increase in rates by 8%, together with additional cost savings, should help to improve the operating margin in FY12 – and offset lower fee income and grants from the central government.
- Hamilton's capex remained significant relative to its current balance. Its current LTCCP suggests continuing capex growth, but the agency expects Hamilton to review the need of certain projects – especially in light of the long-term goal to reduce debt. Capex is financed mainly by the council's current balance, asset sales and existing reserves. As these income sources are forecast to be less than the sum of capex, the council expects to raise additional debt. Although the latest LTCCP suggests outstanding debt to almost double by 2013, Fitch takes some comfort as these projections are being reconsidered in the current annual planning and new LTCCP.
- On-balance sheet liquidity has improved. At the same time, Fitch notes that the proportion of debt maturities of less than 12 months has increased, thereby exerting additional pressure on liquidity.

Key Rating Drivers

- Negative rating pressure could arise from a structural change in Hamilton's fiscal results leading to a debt payback ratio (debt/current balance) beyond 15 years in the long-term, as well as a substantial increase in short-term debt. Positive rating action would be limited due to the large capex and borrowing needs in the next four years. However, the agency could still consider an upgrade if Hamilton's operating balance proves sufficient to fully fund capex, and should debt levels stabilise.

Profile

Hamilton has a population of around 143,000. The council's main responsibilities include water distribution, wastewater treatment, solid waste management and public safety.

- Hamilton is the fourth-largest urban area in New Zealand
- Tax base supported by healthy population growth
- Local economy dominated by agriculture and agriculture-related manufacturing and services industries
- Newly elected mayor and appointed CEO are focusing on financial sustainability

Political Context and Administration

Hamilton is located in the region of Waikato in New Zealand's North Island, about 130km south of Auckland. As a council, Hamilton operates under a strict institutional framework (see *"Institutional Framework For New Zealand Subnationals"* under *Related Research* on the first page). The council is a territorial local authority governed by the Local Government Act 2002.

Elected officials include a mayor and 12 city councillors, all of whom are "independent" members without any party affiliation. The most recent local election was held in September 2010, which resulted in a change of mayor. The main strategy of the new mayor is to boost Hamilton's attractiveness for businesses and private households, and also to focus on financial sustainability and enhanced governance structure.

Key administrative officials include the CEO and five general managers; the latter manage standard municipal service areas. The mayor appoints the CEO, who has a contract for five years, acts as a principal advisor, and employs the five general managers.

Socio-Economic Profile

Hamilton has a population of around 143,000 inhabitants, which is far smaller than New Zealand's largest city, Auckland, with around 1.5 million. Hamilton is closer in size to Wellington, the country's political capital, with 198,000 inhabitants. The city accounted for about 3% of New Zealand's population and generated about 3% of New Zealand's GDP in 2010. Although overseas immigration has fallen sharply since early 2010, Hamilton has experienced — and expects — steady population growth, which will be supported partly by relocating families from the Christchurch area following the recent earthquakes.

Hamilton will require additional infrastructure development over the next few years. However, previously planned projects are clearly being revaluated in the light of the goal of both mayor and CEO to improve the council's financial position.

The city serves as a service centre for the region, and its industries have been fairly diversified. Agricultural — in particular, dairy farming — and related manufacturing and service industries dominate Hamilton's economic profile. Hamilton also hosts a large university, thereby attracting a younger population.

Due to Hamilton's commercial focus, the city is less of a tourist destination — and is therefore less exposed to the cyclical element of tourism. Since the onset of the financial crisis, New Zealand has experienced a decline in tourist numbers mainly as a result of a combination of a weaker economic climate in other countries and a strong New Zealand dollar. At the same time, occupancy rates in Hamilton have improved over the last three years, which is in contrast to the rest of New Zealand — and reflecting business rather than tourist visits.

The city's property base (capital value) per capita is below the median for New Zealand's local governments. This can be explained partly by the concentration of more expensive properties in the Auckland and Wellington areas, which together host around half of the population.

Property values are the basis for defining rates paid to the council, and they are re-valued every three years. Although property values had increased strongly up until 2007, the financial crisis and sluggish economic environment had a significant impact. Early signs in 2009 suggested some improvements in the market. However, house prices declined in 2010 due to a generally soft recovery in New Zealand's economy, weak consumer confidence, and still modest affordability regarding property purchases. In April 2011, council officials reported an increase in building approvals and property transactions — which, if sustainable, could lead to improved property prices. The next revaluation of properties will take place in 2012.

Figure 1

Hamilton's Economic Factors

	2006	2007	2008	2009	2010
Population	134,400	136,600	138,500	140,700	143,000
Regional GDP (NZDm)[a]	4,450	4,500	4,500	4,400	4,400
Capital value (NZDm)	13,013	21,049	21,170	23,068	23,948
Average home sales price (NZD; March each year)	289,000	319,500	332,000	320,000	330,000

n.a. - Not available
[a] At end-December
Source: Hamilton City Council

Regional employment and sales activities are dominated by retail and wholesale trade, dairy farming, education and manufacturing. At end-2010, one-fifth of New Zealand's exports were produced in the region around Hamilton. Employment had been growing up until end-2008, especially in the city's major industries, supporting its economic growth. However, employment has decreased across all sectors due to the recession, with some sectors hit particularly hard — such as construction. By December 2010, Hamilton's unemployment rate had increased to 11% — significantly higher than the national unemployment rate of 6.7% — reflecting a growing population and with job-seekers remaining within the region.

Hamilton's airport serves both domestic and international flights. The council holds a stake in the airport (see *Contingent Liabilities* below).

Governance

Hamilton has a finance and audit committee, which reviews the council's financial overview (funding summary), funding facilities and liquidity report, as well as the investment report and counterparty credit report, and is headed by one of the councillors. The committee also monitors the council's endowment fund properties, which are mainly commercial and should provide additional income. There is no debt outstanding to finance these properties. Hamilton has clear policies on investment and liability management, which form part of the LTCCP. Any changes to these policies must be published and approved by the community.

With the arrival of the new mayor, the finance and audit committee will be reviewing the council's financial position more frequently than the current quarterly arrangement. The new mayor has also suggested establishing two additional committees which should define the council's strategy and policies, but also monitors the performance of the council's services and potential risks that the council may face. The mayor is confident that these committees will be established before end-December 2011.

Presentation of Accounts

Hamilton's fiscal year ends on 30 June, and the most recent audited data available refer to end-June 2010. Fitch has used audited figures for the FY10 accounts and the forecast presented in the most recent LTCCP, which was published in 2009.

For the purposes of Fitch's financial presentation in *Appendix A*, the agency has used Hamilton's cash flow statements. However, there is no marked difference between accruals and cash flows. The report includes financial ratios which are calculated under Fitch's methodology to ensure comparability with local councils in New Zealand and other jurisdictions.

Budgetary Performance and Prospects

- Operating revenue dominated by modifiable tax revenue
- Healthy operating margins supported by operating cost savings and rate increases
- Financial pressure arises from capex growth

Hamilton's budgetary performance was affected in FY10 by the operating environment. New Zealand almost fell back into recession — property prices remained below the levels of FY07, unemployment increased significantly, and consumer sentiment remained weak. On the positive side, New Zealand's export sector — especially in agriculture products — outperformed the market, benefiting from strong commodity prices.

Hamilton, as a dairy farming area, benefited only partly from these positive developments, as a larger proportion of its inhabitants are employed by more cyclical and discretionary industries — which performed modestly. As a result, operating revenue remained almost flat, while the operating margin improved slightly — thanks to cost savings. However, Hamilton recorded a deficit of NZD64m in FY10 as a result of increased capex.

The operating environment has not improved in FY11. However, management has noticed that structural changes are necessary to sustain financial health. As a result, spending patterns were reviewed and an increase in rates is proposed. Fitch welcomes these steps, but does not expect to see significant results before the FY12 budget.

Operating Revenue

Hamilton's operating revenue increased by a marginal 2% in FY10, although tax revenue rose by almost 11%. Tax-related revenue accounted for two-thirds of operating revenue, while central government transfers remained stable at NZD14.2m (9% of operating revenues). Compared with most of its international peers, Hamilton generates a significantly greater proportion of revenue through modifiable taxes (around 66% of operating revenue was related to municipal rates), reflecting the council's rate-setting power and its ability to react quickly to changes in other income streams — in order to absorb any kind of negative impact from unexpected events.

However, an increase in unemployment, subdued consumer confidence, and a property market which remained soft, led to lower fee income and capital contributions from development charges compared with the previous year. These charges are not legally pledged nor restricted to the payment of debt-service expenditures or capex. Due to the slow recovery of the property market, Fitch expects Hamilton to revise these charges downward in its current annual plan and FY12's new LTCCP.

In its current LTTCP, Hamilton expects growth in operating revenue to be achieved mainly by population growth, higher property values, and adjustments in rates. Due to the changed operating environment since early 2008, the council is unlikely to achieve these targets — and has accordingly announced an 8% rise in rates by FY12. Although this is a significant increase, it needs to be viewed in the light of very limited changes in rates over the past 15 years.

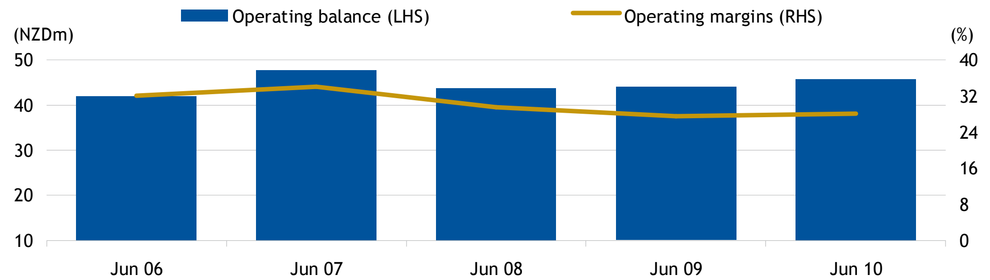
Operating Expenditure

Operating expenditure, which includes staff expenses and payments for supplies and services, remained almost flat in FY10 — reflecting some cost-saving initiatives. As operating expenditure growth remained in line with operating revenue growth,

Figure 2

Hamilton's Budgetary Performance Since

At end-June



Source: Hamilton's annual reports, Fitch analysis

Hamilton's operating margin improved slightly to 28.1% from 27.6% in FY09, which is still slightly lower than the five-year average of 31%.

Slower growth in expenditure was achieved by a small reduction in payments for suppliers and services, but also lower staff expenses following some redundancies. Growth in staff expenditure does remain a long-term concern, especially in comparison with other councils which sub-contract some of the services that Hamilton conducts "in-house". Staff costs absorb a third of operating revenue, a lower proportion than for local governments in other countries.

A combination of higher rates and ongoing cost-savings could improve Hamilton's operating margin further, and bring it back into line with its historical five-year average.

Yet Fitch still regards Hamilton's operating margin as healthy — especially versus some of its European peers. It is important to note that Hamilton also has limited resource-hungry responsibilities than some of its European peers, such as health and education expenditure.

The largest consumer of costs is interest expenses, although still accounting for a fairly small proportion of the operating balance. Although interest spreads narrowed over the last 12 months, interest expense growth relates mainly to Hamilton's larger debt burden. In FY10, Hamilton's operating balance was only 2.7x larger than its interest expenses (FY06: 4.9x).

Capital Expenditure

Hamilton's capex has grown strongly since FY07, reflecting ambitious infrastructure projects and improvements in the community. In FY10, capex was funded by Hamilton's current balance which covered about 27% of capex, capital revenue and additional debt.

The current LTTCP indicates continuing capex growth. However, the council has indicated that it is reviewing this capex in its annual plan. The agency has been informed that re-prioritising and potential prolongation of some projects should lead to a lower requirement than previously anticipated — mainly to slow down the debt growth and boost financial strength. However, as the population grows, certain community upgrades will need to be financed — which is expected to be considered in the new LTCCP.

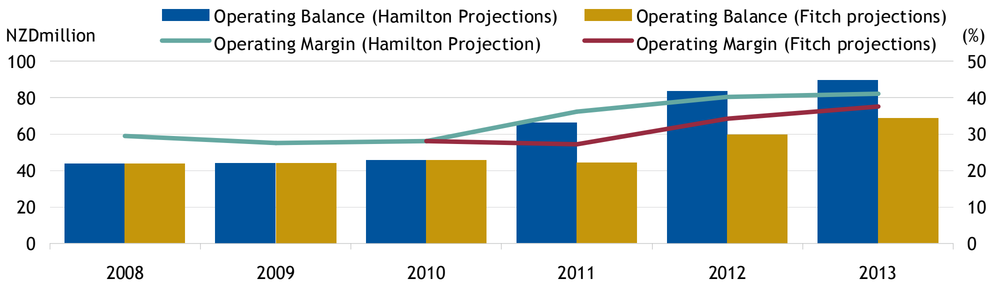
Budgetary Performance Projections

A combination of economic recovery proving slower than previously expected, and the change in mayor and CEO, are likely to have a revised impact on the council's profile compared with the latest LTCCP. Fitch believes that Hamilton's 8% rate increase should help to offset the modest fee income growth, as unemployment remains high and consumer sentiment continues to be subdued.

Figure 3

Budgetary Performance Projections

at end-June



Source: Hamilton's LTCCP July 2009-June 2019, Fitch Analysis

The agency also views development contributions as a less important contributor to fee income as long as property markets remain soft. Fitch believes the council could return to a healthier and sustainable financial position — its operating margin could improve should management be able to achieve structural changes — which include the reduction of operating expenditure such as recurrent costs; by maintaining these levels; and generating higher revenues — to be achieved mainly by an increase in rates. The changes in governance and transparency could support the council's willingness to achieve its new targets.

However, success in returning to a surplus before debt variation will depend on capex spending. Should Hamilton delay certain projects, capex is likely to decrease significantly — which would also reduce the debt demand, helping to reinforce the overall financial viability. It remains to be seen to what extent capex could potentially be reduced, as Hamilton's population is likely to grow — which is likely to contribute in turn to additional infrastructure needs.

- Hamilton's focus on slower debt growth will depend on capex
- All debt is secured on rates through an indenture
- Liquidity is held in bank deposits and supported by bank facilities
- Potential participation in LGFA could reduce funding costs
- Limited contingent liabilities arising from Hamilton's stakes in local companies

Debt, Liquidity and Contingent Liabilities

Debt

Hamilton's total direct debt (as defined in *Appendix A*) has grown fairly rapidly over the past three years, and should continue to increase based on the last LTCCP. At FYE10, debt represented 190% of current revenue, compared with 148% at FYE09, and Fitch forecasts this to increase to 252% by FYE13. As the council has become more indebted, its payback ratio (measured by direct debt/current balance) has also lengthened. This rose to almost 11 years in FY10 — up from eight in FY09.

Hamilton's current LTCCP reflects the council's assumption of stronger population growth, but also its increasing importance as an economic centre in the North Island. As a result, significant infrastructure investments would be required. This had originally been planned to be financed by the council's current balance and cash reserves, but also via debt issuance which were projected to increase fairly steeply according to the latest LTCCP. However, the new mayor and CEO are focusing on limiting debt growth, partly by improving the operating balance growth and reprioritising infrastructure projects to limit capex.

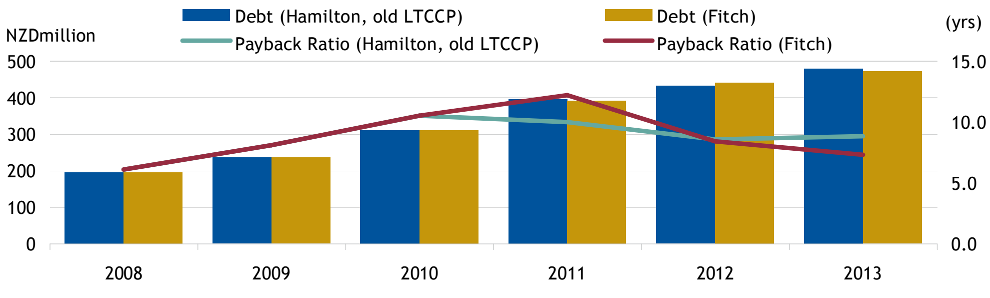
At end-March 2011, Hamilton's outstanding debt totalled NZD363.2m, reflecting an annual increase of 29%. The debt consisted of fixed-rate bonds (11% of total direct debt), floating-rate notes (FRNs, 65%) and drawn bank facilities (2%). Almost one-third of Hamilton's outstanding debt will mature in the 12 months from end-March 2011, which reflects some deterioration in the maturity profile compared with the previous year — when 16% was due to mature within 12 months.

Hamilton has also borrowed NZD29m from its own reserves, which in return receive interest income which is slightly less than market rates — and therefore reduces

Figure 4

Hamilton's Debt Projections

at end-June



Source: Hamilton's LTCCP July 2009-June 2019, Fitch Analysis borrowing costs. However, neither the debt nor the interest paid to its internal borrowing is included in Fitch's *Appendix A*.

Hamilton had NZD1.6m of current and non-current lease liabilities at FYE10 which Fitch has classified as *'Other Fitch classified debt'* in Fitch's *Appendix A*. These liabilities are considered in the council's direct risk position.

Hamilton has two bank facilities, with two of the major New Zealand banks. Some of these facilities are drawn, but Fitch believes the council has sufficient headroom — especially in light of a FRN issue in early May 2011 which was used to reduce the usage of the bank facilities and which Hamilton aims to use for back-up purposes.

Hamilton has signalled its intent to participate in New Zealand's Local Government Funding Agency (LGFA), which would enable participating councils to benefit from reduced funding costs. Hamilton is expected to be an establishment shareholder of the LGFA. This institution is in the process of being set up, but bond issuance is not expected to take place in 2011.

Hamilton is able to issue "secured" debt through a master indenture, creating a lien on municipal revenue and accounts. Key provisions include a continuing covenant to pay according to the terms of the debt, a trustee role for the life of the debt, and investor/lender recourse, as long as it does not prevent the provision of services. By end-May 2011, the council had only issued debt supported by a continuing charge on rate revenue (property tax levy). All debentures are secured pari passu.

Hamilton had previously operated a sinking fund through which it prepared for repayment of outstanding maturing debt. However, the council decided not to proceed with a sinking fund for new borrowing following a change in legislation and in line with other councils in New Zealand. The previous fund matured in FY09.

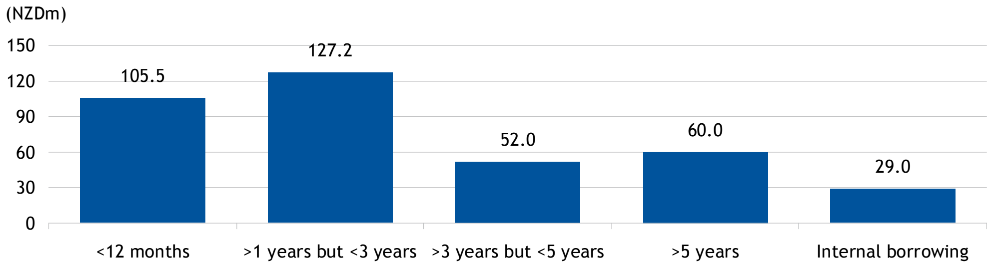
Fitch views the use of sinking funds as positive, as they reduce refinancing risk for the issuer. The agency believes that such a fund would be a conservative measure in light of the council's significant maturing debt in the coming years. Fitch takes some comfort from the council's liability management policy, which sets clear limits on the proportion of debt that can mature within certain periods and from the committed bank funding available. These policies include the overall debt level as a percentage of assets (maximum 25%) and total income (including development contributions, maximum 300%), and the cost of debt as a percentage of total revenue (maximum 20%).

Fitch sees these policy limits as prudent. In conjunction with the annual planning, Hamilton will also review its funding policies which currently do not include pre-funding requirements.

Figure 5

Hamilton's Debt Maturity Profile

At end-March 2011



Source: Hamilton City Council

Hamilton also has some outstanding variable-rate issuance which is hedged back into fixed rate. As the council can only issue local currency debt, foreign exchange risk is very small and arises from goods purchased in foreign currency. Fitch considers Hamilton's foreign exchange risk management policies to be conservative; interest-rate and foreign exchange-rate risks have been mitigated by the use of derivatives. Hamilton uses derivatives only for hedging purposes, and its counterparties are highly-rated financial institutions in New Zealand.

Liquidity

Fitch noticed improvements in the council's liquidity management, as Hamilton increased its cash holdings which are generally placed in term-deposits with up to 90 days maturity with one of the major New Zealand banks. Hamilton also uses internal borrowing to offset its working-capital and debt-funding requirements.

The agency takes comfort from the strong institutional framework in New Zealand, which prevents councils from acting outside the set annual plan and LTCCP.

Contingent Liabilities

The council has equity stakes in three companies located in its region (see Figure 6). These investments were undertaken to support the city's infrastructure.

In FY10, Hamilton received no dividend payments from its current investments, although the Hamilton Riverview Hotel generated a small profit which was retained in the company to strengthen the capital position. Waikato Regional Airport Ltd and Hamilton Fibre Network Ltd each generated a small loss.

Hamilton has representatives on the boards of all three companies. Should the council decide to exit these investments, the raised cash must be used to repay outstanding debt. At end-March 2011, loans to the companies totalled NZD1.03m.

In the LTCCP, Hamilton indicated that it intended to reduce its stakes in the hotel and the airport, which would further limit its contingent liabilities. Hamilton had a commitment regarding uncalled share capital in the airport of NZD4.8m.

The council also has some minority stakes in various other companies, which it owns together with other New Zealand councils. The investments are small but some require funding, which is at an acceptable level. Potential loss absorption is small.

Figure 6

Hamilton's Major Investments

	Stake	Revenues		Capital injections/ subsidies		Surplus (deficit)		Liabilities	
(NZD 000)	(%)	FY10	FY09	FY10	FY09	FY10	FY09	FY10	FY09
Hamilton Riverview Hotel Ltd	41.38	14,054	14,946	-	-	473	485	26,139	22,758
Waikato Regional Airport Ltd	50.00	6,654	5,848	-	12,000	-5,608	-479	20,148	23,231
Hamilton Fibre Network Ltd	34.67	87	84	1,187	-	-414	-380	2,498	4,182

Source: Hamilton City Council annual report 2009/10

Appendix A

Figure 7
Hamilton City Council

(NZDm)	June 2006	June 2007	June 2008	June 2009	June 2010
Taxes	78.1	85.3	91.5	97.4	102.1
Transfers received	13.5	18.4	15.1	14.3	14.2
Fees, fines and other operating revenue	39.4	36.6	41.4	47.8	46.6
Operating revenue	**131**	**140.3**	**148**	**159.5**	**162.9**
Operating expenditure	-89	-92.5	-104.2	-115.5	-117.1
Operating balance	**42**	**47.8**	**43.8**	**44.0**	**45.8**
Financial revenue	0.8	0.4	0.2	0.3	0.7
Interest paid	-8.5	-9.8	-12.5	-15.1	-17.0
Current balance	**34.3**	**38.4**	**31.5**	**29.2**	**29.5**
Capital revenue	4.2	13.7	10.4	10.3	15.9
Capital expenditure	-68.9	-58.5	-88.7	-83.5	-109.1
Capital balance	**-64.7**	**-44.8**	**-78.3**	**-73.2**	**-93.2**
Surplus (deficit) before debt variation	**-30.4**	**-6.4**	**-46.8**	**-44**	**-63.7**
New borrowing	39.7	19.1	57.6	51.8	84.5
Debt repayment	-9.2	-12.4	-10	-8.6	-12.3
Net debt movement	**30.5**	**6.7**	**47.6**	**43.2**	**72.2**
Overall results	**0.1**	**0.3**	**0.8**	**-0.8**	**8.5**
Debt					
Short-term	34	18.5	54.5	99.2	82.2
Long-term	103.4	127.1	138.9	137.6	228.7
Direct debt	**137.4**	**145.6**	**193.4**	**236.8**	**310.9**
+ Other Fitch classified debt - pre-financing	2.1	2.1	2	2.2	1.6
Direct risk	**139.5**	**147.7**	**195.4**	**239**	**312.5**
- Cash, liquid deposits, sinking fund	6.7	2.3	2.9	0.5	8.9
Net direct risk	**132.8**	**145.4**	**192.5**	**238.5**	**303.6**
Guarantees and other contingent liabilities	-	-	-	-	-
Net indirect debt (public sector entities exc. gteed amount)	-	-	-	-	-
Net overall risk	**132.8**	**145.4**	**192.5**	**238.5**	**303.6**
Memo for direct debt (%)					
In foreign currency	0	0	0	0	0
Issued debt	N/A	N/A	N/A	N/A	N/A
Fixed interest rate debt	13.18	6.99	4.27	2.26	14.70

Source: Fitch

Appendix B

Figure 8

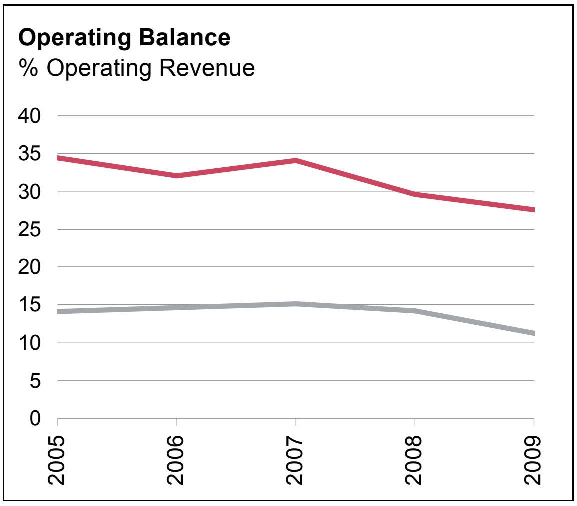
Hamilton City Council

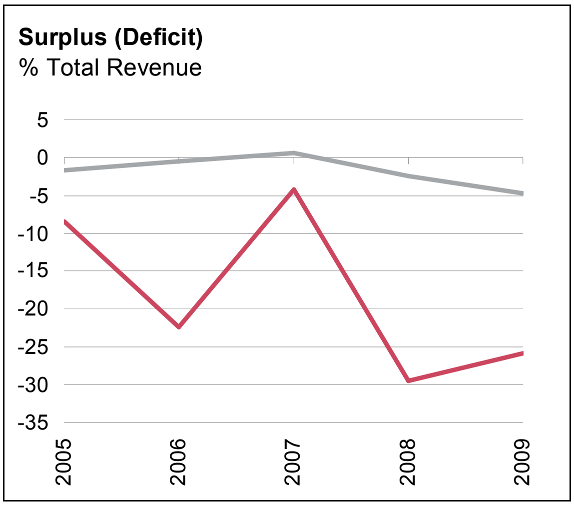
	June 2006	June 2007	June 2008	June 2009	June 2010
Fiscal performance ratios					
Operating balance/operating revenue (%)	32.06	34.07	29.59	27.59	28.12
Current balance/current revenue[a] (%)	26.02	27.29	21.26	18.27	18.03
Surplus (deficit) before debt variation/ total revenue[b] (%)	-22.35	-4.15	-29.51	-25.87	-35.49
Overall results/total revenue (%)	0.07	0.19	0.5	-0.47	4.74
Operating revenue growth (annual % change)	10.83	7.1	5.49	7.77	2.13
Operating expenditure growth (annual % change)	14.69	3.93	12.65	10.84	1.39
Current balance growth (annual % change)	0.59	11.95	-17.97	-7.3	1.03
Debt ratios					
Direct debt growth (annual % change)	28.77	5.97	32.83	22.44	31.29
Interest paid/operating revenue (%)	6.49	6.99	8.45	9.47	10.44
Operating balance/interest paid (x)	4.94	4.88	3.5	2.91	2.69
Direct debt servicing/current revenue (%)	13.43	15.78	15.18	14.83	17.91
Direct debt servicing/ operating balance (%)	42.14	46.44	51.37	53.86	63.97
Direct debt/current revenue (%)	104.25	103.48	130.5	148.19	190.04
Direct risk/current revenue (%)	105.84	104.98	131.85	149.56	191.01
Direct debt/current balance (yrs)	4.01	3.79	6.14	8.11	10.54
Net overall risk/current revenue (%)	100.76	103.34	129.89	149.25	185.57
Direct risk/current balance (yrs)	4.07	3.85	6.2	8.18	10.59
Direct debt/GDP (%)	-	-	-	-	-
Direct debt per capita (local currency)	1,057	1,063	1,391	1,691	2,189
Revenue ratios					
Operating revenue/ budget operating revenue (%)	n.a.	n.a.	n.a.	n.a.	n.a.
Tax revenue/operating revenue (%)	59.62	60.8	61.82	61.07	62.68
Modifiable tax revenue/ total tax revenue (%)	100	100	100	100	100
Current transfers received/ operating revenue (%)	10.31	13.11	10.2	8.97	8.72
Operating revenue/total revenue[b] (%)	96.32	90.87	93.32	93.77	90.75
Total revenue[b] per capita (local currency)	1,046	1,127	1,141	1,215	1,264
Expenditure ratios					
Operating expenditure/ budget operating expenditure (%)	n.a.	n.a.	n.a.	n.a.	n.a.
Staff expenditure/ operating expenditure (%)	42.36	46.05	46.16	44.59	45.52
Current transfer made/ operating expenditure (%)	-	1.95	-	-	-
Capital expenditure/ budget capital expenditure (%)	n.a.	n.a.	n.a.	n.a.	n.a.
Capital expenditure/total expenditure (%)	39.24	33.78	41.18	37.49	42.7
Capital expenditure/local GDP (%)	-	-	-	-	-
Total expenditure per capita (local currency)	1,351	1,264	1,550	1,591	1,799
Capital expenditure financing					
Current balance/capital expenditure (%)	49.78	65.64	35.51	34.97	27.04
Capital revenue/capital expenditure (%)	6.1	23.42	11.72	12.34	14.57
Net debt movement/ capital expenditure (%)	44.27	11.45	53.66	51.74	66.18

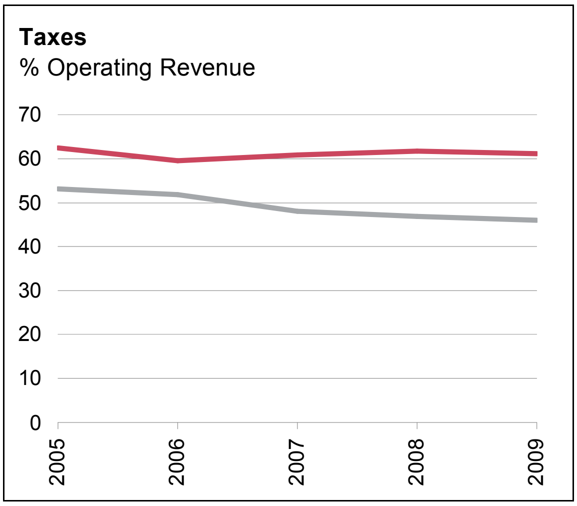
[a] Includes financial revenue
[b] Excluding new borrowing
Source: Fitch

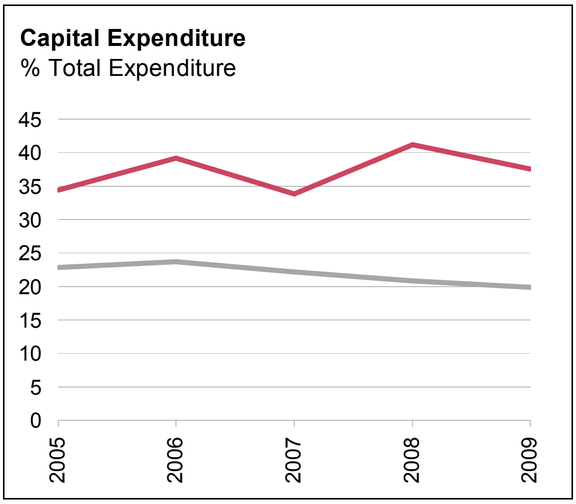
Appendix C

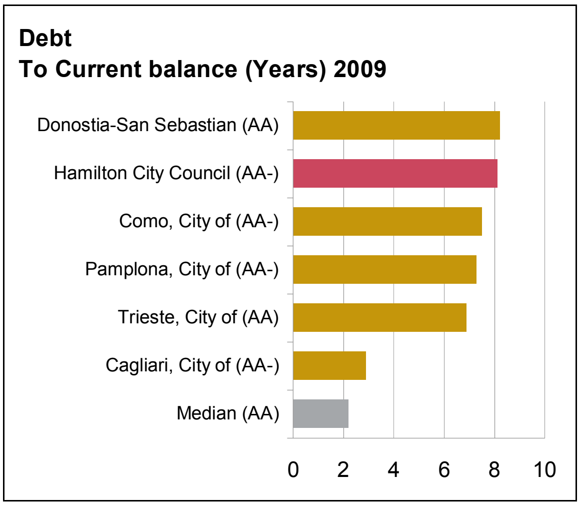
Peer Comparison

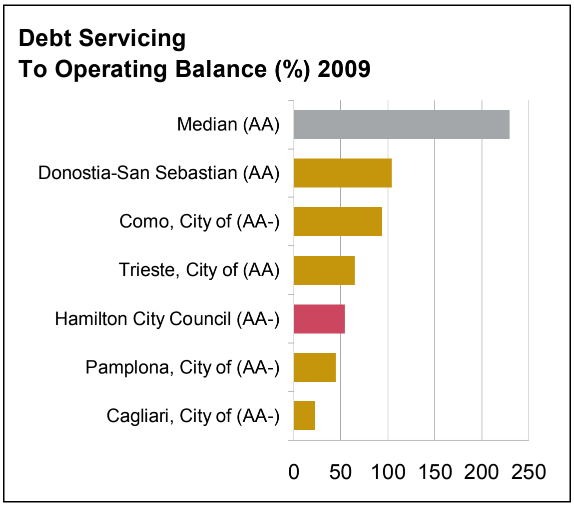












Hamilton City Council

AA- peer group median

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