

UPPER HUTT CITY

Annual Report 2018 – 2019

1 JULY 2018 – 30 JUNE 2019



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Foreword

FROM HIS WORSHIP THE MAYOR AND THE CHIEF EXECUTIVE

Thanks for taking the time to look at Upper Hutt City Council's Annual Report for 2018 – 2019.

The remedial work and upgrade of Upper Hutt Central Library was a standout achievement this year. While our library staff made considerable effort to continue service to the community, the building itself was a hallmark moment for resilience for our city. We took the opportunity to make a building that was not up to code, not only meet, but exceed the current requirements for resilience. This will enable use of the building for post disaster recovery service should it be required following a civil defence emergency.

Communities around New Zealand were shocked by the attacks that took place on March 15 in Christchurch. While the incidents themselves were localised in Christchurch, our New Zealand family felt the pain from the top of the North to the bottom of the South, as very few New Zealanders are not connected to each other in some way shape or form throughout the country. This presented us with the opportunity to respond meaningfully and sincerely, to comfort those who mourned, and to bring support and solidarity to those who may have been left feeling vulnerable or isolated. Council was able to hold a vigil on the 'green space' opposite H₂O Xtream aquatic centre which was well attended by a broad spectrum of community members. Our Muslim community, who'd been the target of the attacks, felt supported and strengthened as we made sure they knew that this isolated incident was not a part of the broader New Zealand culture.

With some big projects coming online through the Long Term Plan, it's been important for us to continue to gauge what the community is looking for in terms of value. Our redevelopment of Maidstone Max adventure playground is one such example. In order to engage with a wide spectrum of ages we hosted a 'Park Day' with multiple interactive activities that were aimed at teasing out ideas for what new and engaging things we'd include. Maidstone is one of three 'destination' parks in Upper Hutt so we wanted to make sure we'd be creating something of regional significance, that not only provides great activities for people of all ages but that creates a halo effect for the surrounding businesses and city centre as visitors enjoy the new facility. Feedback we gathered from Park Day was unprecedented for our project team and provided a new benchmark for us to aspire to as we engage with the community on other Council matters. As a result, we're confident that the designs we're now working toward will provide for the needs of our community. These are expected to be made public soon.

Business in Upper Hutt is continuing to gain momentum; the last financial year has seen a continuation of net gain for businesses either starting up or moving to Upper Hutt. We've continued to offer incentives through our Economic Development Stimulus Policy and are seeing several developments come to fruition as a result.

Residential growth is also continuing. We've had year-on-year growth of 2% since 2013.

This is reflected in housing developments around the city—most notably Wallaceville Estate. It all points to Upper Hutt increasingly becoming a destination of choice for housing and lifestyle.



Wayne Guppy
Wayne Guppy | MAYOR

Peter Kelly | CHIEF EXECUTIVE

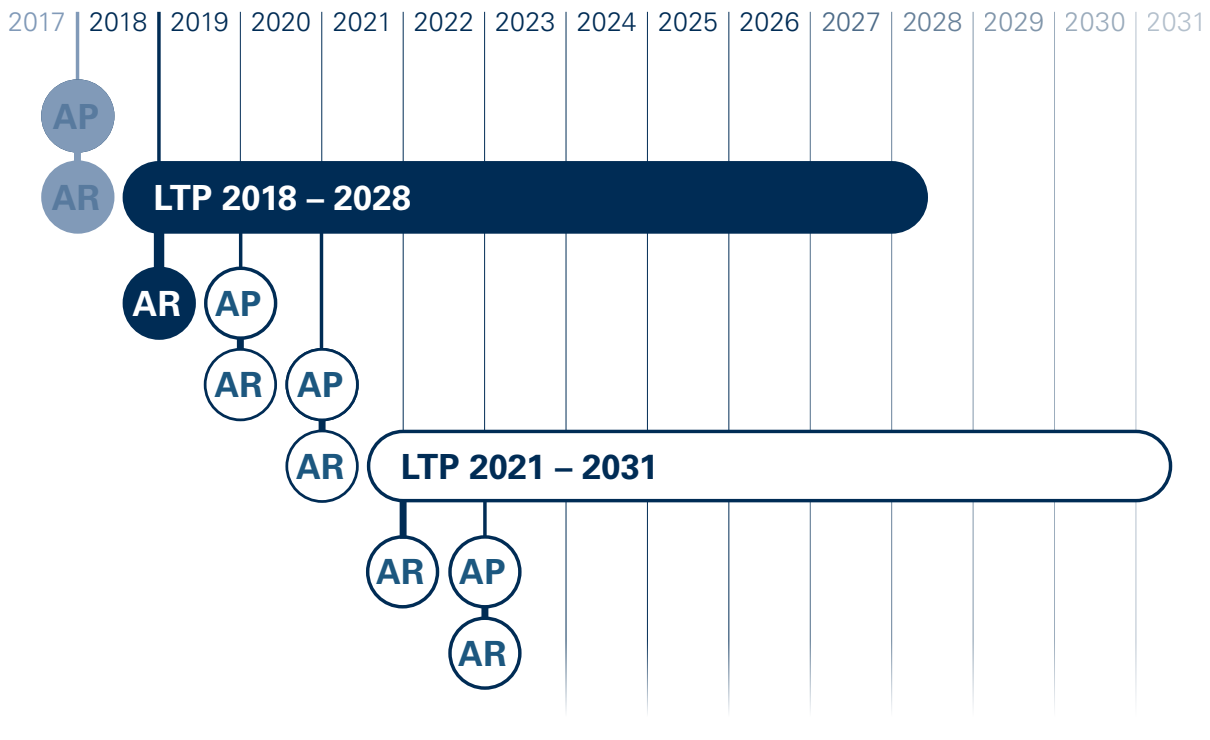


About the Annual Report

Every year Upper Hutt City Council produces an Annual Report. It is a document that outlines Council's achievements and accountability to the community for decisions made throughout the year.

This summary chapter provides a snapshot of the performance of Upper Hutt City Council for the period 1 July 2018 to 30 June 2019.

The diagram below demonstrates the relationship between the Annual Reports and the Long Term Plan and Annual Plans. The Long Term Plan (LTP) is a forward-looking plan for activities and financial management for Council over a ten-year period. It includes the Annual Plan (AP) for 'Year 1' and is redeveloped every three years. Between LTP developments, Council produces Annual Plans for Years 2 and 3 of the LTP. An AP will detail any changes made to the corresponding LTP year along with any financial updates. The Annual Report (AR) tells the story of what Council actually did, comparing this actual performance against what was planned in the LTP and AP.



Our vision

LIFE. LEISURE. *LIVE IT!*

Mouri tū. *Mouri ora!*

PRIORITY AREAS FOR OUR CITY



MEASURING OUR VISION/OUTCOMES

Our vision statements articulate five strategic priority areas. They are focused on goals and aspirations to provide direction for the development of the Long Term Plan. The vision is embodied through the services, initiatives, and projects in Council's nine major activity areas (see pages 16 – 59). Key projects and initiatives that Council carried out in 2018 – 2019 are featured under each of the strategic priority areas within this summary.

A snapshot of the year

COMMUNITY | Hapori

Vigil for Christchurch

We cannot reflect on the year without remembering the lives lost in the Christchurch terrorist attack in March. Vigils were held across the nation, and around 500 people stood together in Upper Hutt City against hate, prejudice, and discrimination. Throughout the gathering were speeches and prayers from Laiq Ali from the Upper Hutt Muslim Community, The Honourable Chris Hipkins—MP for Remutaka, Pancha Narayanan—President of Multicultural New Zealand, and Dean Olsen on behalf of the Upper Hutt Christian Ministers.

Library re-opening

Our beloved City Library reopened its doors following a 13 month closure to carry out building resilience work. With a new Heritage space and display cabinets, community feedback has been overwhelmingly positive. A summary of the strengthening works was put together in a display to tell the story of what had been achieved while the building was closed. While staff maintained its services to the community through the Pop Up Library, the new space sets the scene for an exciting year ahead.



Maidstone Max Park Day

At one of our most exciting engagement events, Council gathered input from the community on the redevelopment of the Maidstone Max playground facility. Illustrators drew young people's concepts and ideas, a vote was taken regarding the future of the flying fox and just under 200 people submitted their ideas. Not only was a fun day had by all, but the input from our community, especially our young people, has played a vital part in what will be a regional asset, here in Upper Hutt.

Deep Café

Deep Café, run by young people for young people, is supported by Capital Training. They provide youth with on-the-job training in a supportive environment as well as great food and coffee to the community. The aims are to develop, educate, and provide experience. Deep Café provides references for trainees to move into further work, with at least five young people requesting references this year—all of whom are now in full-time employment.



ENVIRONMENT | Taiao

Predator free Upper Hutt

Council has entered into a Memorandum of Understanding with the Upper Hutt branch of Forest and Bird to provide support as part of the Department of Conservation's Predator Free 2050 programme. An initial grant of \$20,000 has been provided to support Forest and Bird over the last year. The purpose of the project is to engage and educate the local community about the importance of eradicating predators that destroy our native flora and fauna. Trapping is carried out by organised groups of local volunteers coordinated by Forest and Bird. Since October 2018, 955 pests have been caught.

Cupcycling campaign

Council supported a business-led initiative with seed-funding which reinforces the messages of reducing and reusing. Cupcycling involves a one-off bond to purchase use of a reusable cup. Once people are in the scheme, they can return their cup for cleaning and are given another one to take away. With ten cafés currently involved in the campaign, our community can easily save up to 10,000 disposable cups from going to landfill each week.



Community and Council collaboration

Council endeavours to support community-led initiatives to keep our eco-systems thriving, and this one was a joy. Children from Premium Preschool in Heretaunga asked for signage indicating that ducks should not be fed bread as it makes them ill. Not only that, but rotting bread in water sources causes surface algae, which kills fish and makes the water smell. Upper Hutt can look forward to cleaner waterways and healthier wildlife thanks to the three signs inspired by the children acting as kaitiaki for Papatuanuku.

Spearhead Leaders programme

The Spearhead Leader's group met with the Mayor, Councillors, and key Council staff to discuss opportunities for increasing youth engagement and to talk about issues affecting young people in the Upper Hutt community. They also organised a sports day for youth and delivered a presentation to Bachelor of Youth Development students at the Wellington Institute of Technology.



Recycling Station

So much work has been done to bring the Park Street Recycling Station from its humble beginnings, to its current user-friendly state. Upgrades included increased accessibility, increased capacity to separate recyclables, and instructional signage to keep people informed of what is currently being collected and best practice for recycling. Now open 24 hours a day, 7 days a week, this station is well utilised by the conscientious residents of Upper Hutt.



CITY CENTRE | Te Manawa

Development of businesses in Upper Hutt

Council offers support to existing businesses and attracts new business to the city in a variety of ways. Support for the business community is offered via the Council website, our Economic Development Manager, and Retail and Business Liaison Officer. This may be via telephone, email or meeting in person with a business owner, landlord or property developer.

Council demonstrates a commitment to the development of small businesses in Upper Hutt. We encourage continual learning through external providers, Council workshops, city centre activities, and one-on-one support for those with a business idea. We do this for both new and established businesses in Upper Hutt.

Business redevelopment

In March 2019, the redevelopment of 226 Main Street was underway, partly funded by the Economic Development Stimulus Policy (EDSP). One of Upper Hutt's proactive landlords undertook earthquake strengthening and a major upgrade to both the interior and exterior of the premises. The building is now home to Tigerlily Giftstore, Main Street Espresso, and Vibe community group on the ground floor, with additional office space upstairs.



Farmers refurbishment

Due to the refurbishment of the Farmers store within The Mall, Farmers have opened a temporary store on Main Street. This is located in the block on Main Street predominantly owned by The Mall between Centre Walk and Logan Street. With a glass frontage on Main Street and Ashford Lane, the shop has a light and contemporary feel.



ECONOMY | Ōhanga

Economic Development Stimulus Policy (EDSP)

Now in its fifth year, the policy has contributed to the attraction, retention, and expansion of several businesses, and has had a positive effect by creating many jobs in our city. Business groups who think the EDSP has made a positive difference has increased from 85% in 2018 to 93% in 2019.

The EDSP, which is promoted online, in print, and in one-on-one meetings with the business community, is a key example of how Council can support existing, and attract new businesses to Upper Hutt.

Upskilling opportunities for retailers

Twenty five retailers enjoyed the Council-funded, informative talk from Simon Dickson of Spaceworks. The presentation focused on store design and understanding customer behaviour; two essential elements for a successful retail store.



INFRASTRUCTURE | Tūāpapa

Water reliability

The new regional service delivery alliance between Wellington Water and Fulton Hogan has begun, with the aim of delivering better outcomes for customers. A new contract between Wellington Water Limited (WWL) and Veolia has been signed to progressively bring wastewater treatment under a single regional approach to improve value and services.

This year an issue has been identified with the calculation of water loss. Work being done developing the Sustainable Water Strategy will help us address this.

Flooding

WWL will not achieve as much service goal lift as committed to within the 2018 – 2021 LTP cycle, as Pinehaven Road and Montgomery Crescent projects have been deferred to develop a catchment model and approach. However, the outcomes will be delivered over the 10-year period.

Resource usage

This year saw work on a sustainable water supply plan that will include addressing increasing water usage. Old water meters are being upgraded, and pilot studies undertaken of new technology to better understand water usage.

Public health

With recent changes to the programme WWL have identified a shortfall of projects in the future. Work is being done to close the gaps by progressing more projects from investigations to maintain a supply of work ready for delivery across the outcomes.

Resilience

The Plateau Reservoir seismic strengthening project has been completed.



Non-financial performance

Here we summarise our non-financial performance results, as described in the Long Term Plan 2018 – 2028. Overall results for the 2018 – 2019 financial year have remained fairly consistent with the previous financial year. In total we have 69 non-financial performance measures, of which 19 are new. Ten of these new measures did not have an ‘aim’ (or target)—relying on the 2018 – 2019 (LTP Year 1) results to set the benchmark going forward. Of the remaining 59 measures, 39 have been achieved. The data below was obtained from the Community Survey. For full performance measure results please refer to the Measuring performance section on page 60.

OVERALL PERFORMANCE



3.5 out of 5 people were satisfied with Council’s overall performance.

SERVICES AND FACILITIES



4 out of 5 people were satisfied with services and facilities provided by Council.

VALUE FOR MONEY



Over 3 out of 5 residents were satisfied they receive good value for money spent on rates and other fees.

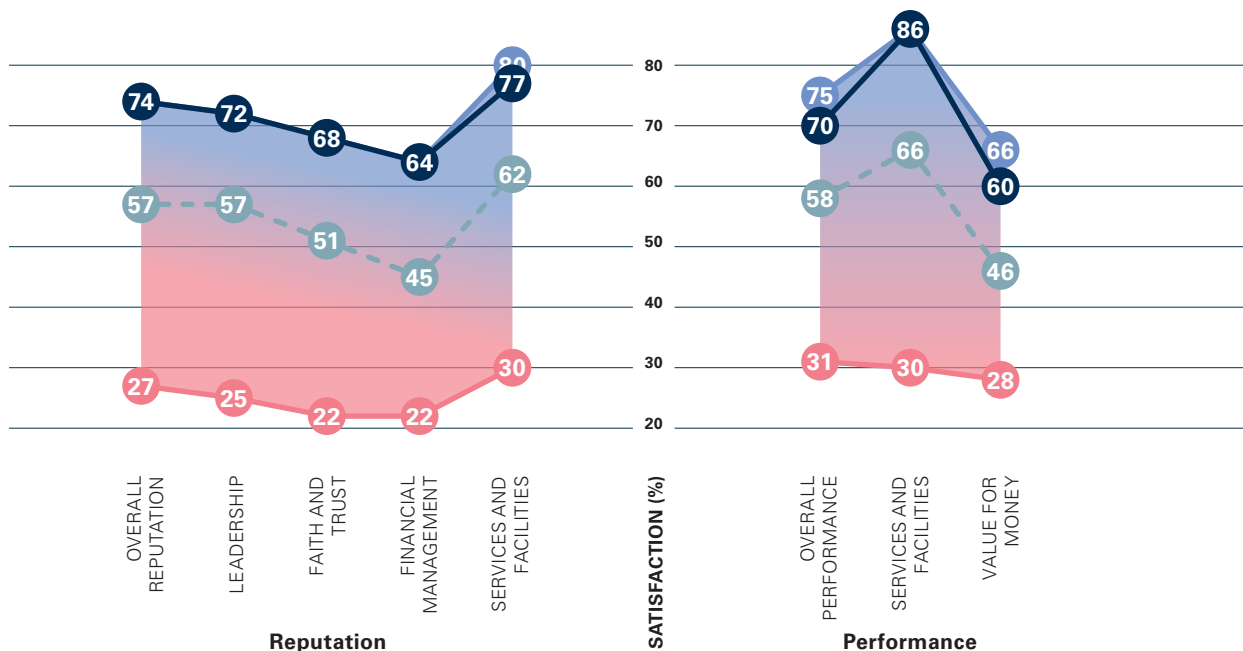
OVERALL REPUTATION



Over 3.5 out of 5 residents deemed Council to have a good overall reputation.

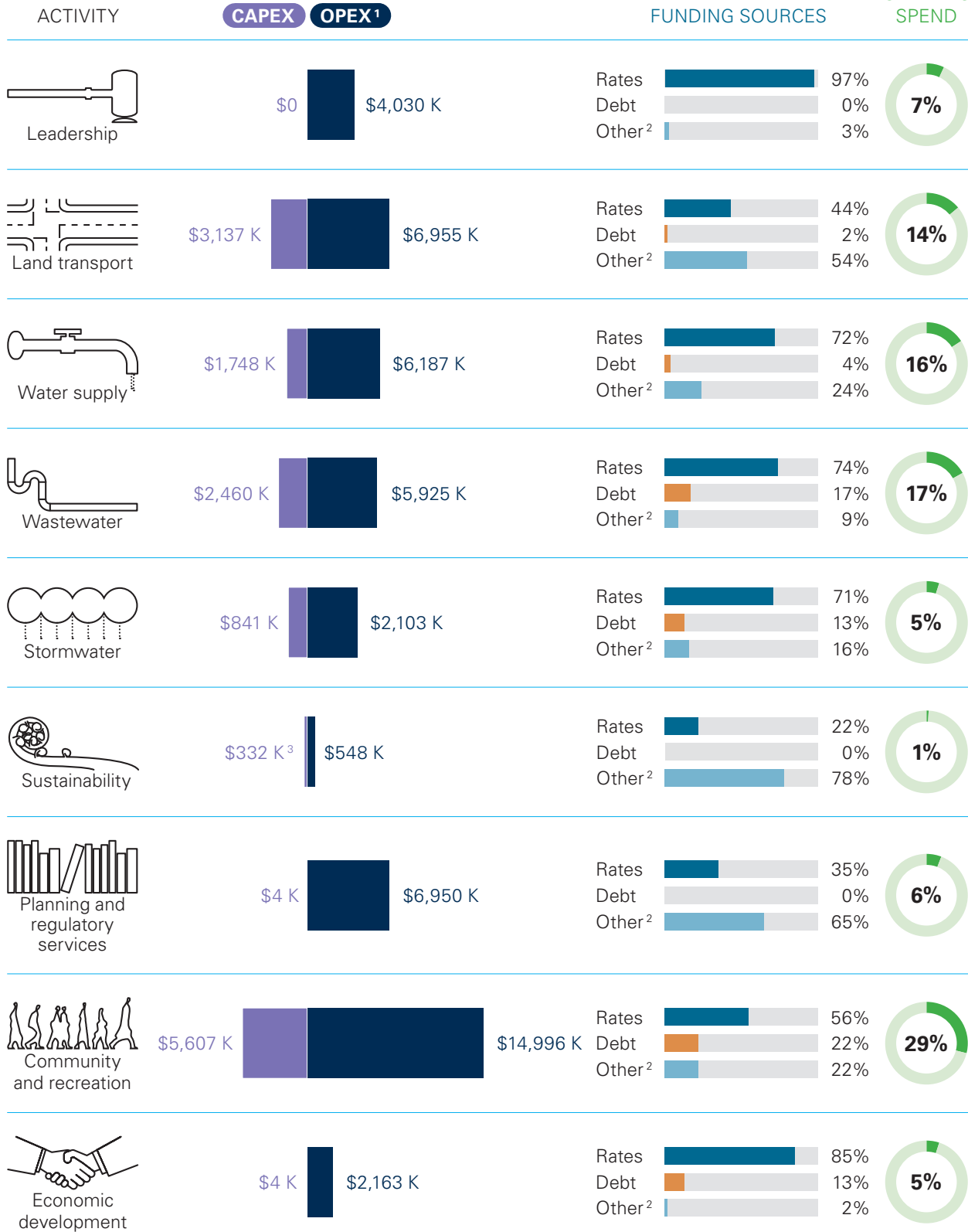
2019 Council Reputation Benchmarking

Min █ Max █ | 18 Council Average █ | Upper Hutt CC 2018 - 2019 █



One year of investment

PORTRION
OF RATES
SPEND



1. Operating expenditure excludes depreciation and includes loan repayments and transfer of funds.
2. Includes fees and charges, subsidies and grants, development and financial contributions, and funding from other agencies such as New Zealand Transport Agency (NZTA) and Greater Wellington Regional Council (GWRC).
3. Excludes sustainability initiatives funded under other activities such as Community and recreation (Council property).

Statement of compliance and responsibility

Compliance

Council and management of Upper Hutt City Council confirm that all the statutory requirements of Sections 98 and 99, and Part 3 of Schedule 10 of the Local Government Act 2002, have been complied with.

Responsibility

Council and management of Upper Hutt City Council accept responsibility for the preparation of the annual financial statements and the judgements used in them.

Council and management of Upper Hutt City Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of Council and management of Upper Hutt City Council, the annual financial statements for the year ended 30 June 2019 fairly reflect the financial position and operations of Upper Hutt City Council (as at 30 October 2019).



W N Guppy

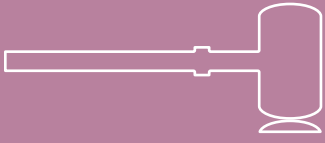
MAYOR

P Kelly

CHIEF EXECUTIVE

J Fink

CHIEF FINANCIAL OFFICER



Leadership



This activity contributes to our community outcomes through the following strategic priority areas:



COMMUNITY
Hapori



ENVIRONMENT
Taiao



CITY CENTRE
Te Manawa



ECONOMY
Ohanga



INFRASTRUCTURE
Tūāpapa

WHAT WE DO

The Leadership activity covers the role and functions of the Mayor and elected members of Council, who are responsible for community leadership and setting the policy direction for Upper Hutt City Council. Examples of activities undertaken to fulfil this role include long and short term planning, monitoring and performance reporting.

THIS INCLUDES

- Democracy and governance
- Community engagement and consultation
- Long Term Plan and Annual Plan
- Council policies and strategies
- Performance reporting
- Liaison and advocacy

WHAT WE DID IN 2018 – 2019

His Worship the Mayor out in the community

The Mayor had a very full schedule during the course of the year. He attended public functions, ceremonies, graduations, school prize-givings, business group meetings, advocacy groups, unveilings, and numerous inter-agency meetings. In addition, the Mayor met with many members of the public in his office each month.

The Mayor continued his regular monthly 'hot seat' at the library. The hot seat provides an informal setting for anyone to speak with the Mayor. The time and date of when these occur can be found on Upper Hutt City Libraries website under the 'Library programmes' section.

Partnership, participation, and protection of Māori contributions to decision making

Council acknowledges the status of Māori as tangata whenua, and aims to partner with the wider Māori community to ensure their views are appropriately represented in Council's decision-making process, spirit, and values. At 30 June 2019 we have made an appointment to a new role in Council, our Kaitakawaenga Kaupapa Māori, with the specific aim of providing cultural and strategic advice to councillors and senior management on tikanga Māori. Beginning in August 2019, this role also enables and promotes in-house training on te ao Māori, Te Reo, and Te Tiriti o Waitangi, to enable Council to build a capable workforce that engages appropriately with all Māori. Council looks forward to building relationships with local organisations representing iwi and mana whenua, through appropriate tikanga and kaupapa.

Council is represented on the Board of Trustees of Ōrongomai Marae, by His Worship the Mayor. Ōrongomai is a community marae and as such does not represent tangata whenua for Upper Hutt. For this reason, Council also consults with Taranaki Whanui ki Te Upoko o Te Ika a Maui, Te Rūnanga O Toa Rangatira and other mandated representatives of mana whenua regarding issues relating to land, water or air.

Citizenship ceremonies

Five citizenship ceremonies were held at Expressions Whirinaki Arts and Entertainment Centre in July, September, November 2018, and March and June 2019. Upper Hutt has been enriched by residents from 34 different countries gaining New Zealand citizenship. A total of 371 people became New Zealand citizens. This included people from America, Australia, Brazil, Britain, Cambodia, Canada, China, Czechoslovakia, Denmark, Fiji, Germany, Hungary, India, Ireland, Macedonia, Malaysia, Nepal, Pakistan, Papua New Guinea, Philippines, Russia, Samoa, Seychelles, South Africa, Spain, Sri Lanka, Thailand, Tonga, Turkey, United States of America, Venezuela, Vietnam, Zambia, and Zimbabwe.

Wellington Region Climate Change Working Group

Work continues with the Wellington Region Climate Change Working Group. The group was set up to enable a collaborative regional response to climate change issues. It includes members of all nine councils in the region, and three representatives from Ara Tahi—a leadership forum of Greater Wellington Regional Council and its six mana whenua partners.

The 2018 – 2019 year saw the development of the greenhouse gas emissions calculator which allows the user to model different scenarios in the Wellington region, and forecast future emissions. The calculator can be viewed online at upperhutt.2050.calculator.nz

Policy and Bylaws

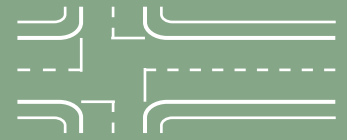
- Control of Temporary Signs Bylaw adopted October 2018
- Prevention of Nuisance from Fires and Smoke Bylaw adopted May 2019
- Child Protection Policy adopted June 2019

WHAT ELSE HAPPENED IN 2018 – 2019

This section details the projects that were completed in the 2018 – 2019 year. This includes projects scheduled for 2018 – 2019 in the Long Term Plan (LTP) 2018 – 2028, and any other projects that had been rescheduled to occur in 2018 – 2019.

Works programme	Budget (\$000)	Actual (\$000)	Achievements at 30 June 2019
Regional Amenities Fund	106	106	All councils in the Wellington region contribute to a Regional Amenities Fund each year. 106 reflects Upper Hutt City Council's contributions. This is intended as a 'top-up' funding mechanism for entities that provide regional benefits primarily in the arts, culture and environmental attractions and events sectors.
Community Grants	130	135	59 applications for funding were approved.
Total	236	241	

Land transport



This activity contributes to our community outcomes through the following strategic priority areas:



COMMUNITY
Hapori



ENVIRONMENT
Taiao



CITY CENTRE
Te Manawa



ECONOMY
Ohanga



INFRASTRUCTURE
Tūāpapa

WHAT WE DO

This activity is responsible for a well-maintained roading network that ensures residents and visitors to Upper Hutt can move freely, efficiently and safely throughout the city.

Our local transport network is an extremely valuable community asset, having a total replacement value of \$618 million (including land). Maintaining this asset requires significant and ongoing expenditure.

We also undertake future planning and advocacy, working with regional partners and government agencies on current and future transport matters that impact our city.

THIS INCLUDES

- 247.7 km of roads
- 48 road bridges and 7 pedestrian/cycle bridges
- Cycleways, footpaths and pedestrian crossings
- Public carparks and street furniture in the city centre
- Street cleaning and vegetation control
- Road safety initiatives
- Signs, road markings, street lights and traffic signals
- Road improvements, renewals and maintenance

WHAT WE DID IN 2018 – 2019

Sealing/widening of the Hutt River Trail cycle/walkway

The second section of the link between Akatarawa Road and Harcourt Park was completed to provide an additional 500 metres of cycleway.

Additional car parks in the city centre

The Queen Street/Andrews Lane carpark between Logan Street and King Street was increased by 10% with the construction of an additional 23 carparks on the section of land left vacant by the removal of the earthquake prone community houses.

City centre footpath renewals

A section of footpath on the corner of Main Street and King Street was upgraded. This work enhanced the northern entrance to the city and complemented the work carried out by business owners to upgrade their premises.

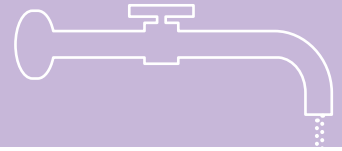
WHAT ELSE HAPPENED IN 2018 – 2019

Works programme	Budget (\$000)	Actual (\$000)	Achievements at 30 June 2019
Street drainage	345	174	Completed as per the asset plans. Revised asset plan based on priorities.
Resealing	1,131	1,468	Completed as per the asset plans.
Minor safety programme	1,261	43	The minor improvements programme includes the replacement of the road culvert at Sunbrae Drive, which is being carried out in conjunction with the Pinehaven Stream upgrade. Work has been delayed due to resource consent issues but is expected to be completed in October/ November 2019.
Footpaths	591	220	Some work was delayed due to contractor availability.
Carparks and bus shelters	20	20	Completed as per the asset plans.
Litter bin replacement	5	2	Completed as per the asset plans.
Structures component replacement	27	1	Completed as per the asset plans. The work identified through inspections was less than budgeted.
Traffic services renewals	396	311	Completed as per the asset plans.
Fergusson/Main/Gibbons Street intersection upgrade	269	0	This work is still awaiting funding approval from New Zealand Transport Agency for their share.
Rural road high-priority safety projects (minor improvements)	659	113	This work was delayed by lack of resources to carry out the design and tendering. A contract was awarded in May and work is expected to be completed in the first half of 2019 – 2020.
Revitalisation of Upper Hutt's city centre	1,000	192	The work is still in the scoping and design phase. Construction will begin once a design has been finalised.
Parking demand study	100	0	The work is still in the scoping and design phase.
Total	5,804	2,544	

Approved carryover projects from previous year's budget

Works programme	Budget (\$000)	Actual (\$000)	Funded by
Sealing/widening Hutt River Trail cycle/ walkway (Urban Cycling Fund UCF 100%)	1,218	253	NZTA/UCF/Loans
Eastern Hutt rail drainage improvements	205	0	Loans
Rural roads upgrades Whitemans Valley	298	0	Loans
Cycleways rail corridor	5,882	7	NZTA/UCF/Loans
LED street lighting	0	15	NZTA/Rates
Cycleways St Patrick's College–Silverstream Bridge	248	3	NZTA/UCF/Loans
Cycleways subway under SH2	725	0	NZTA/UCF/Loans
Ashford Lane city centre	1,300	0	Loans
Fergusson/Ward/Whakatiki intersection upgrade	62	0	NZTA/Rates
City gateway signage	252	0	Loans
Rural road upgrades Akatarawa	155	42	Loans
Footpath renewals	273	273	Rates
Footbridge replacement Beechwood Lane	99	0	Loans
New footpaths	27	0	Rates
Total	10,744	593	

Water supply



This activity contributes to our community outcomes through the following strategic priority areas:



COMMUNITY
Hapori



ENVIRONMENT
Taiao



ECONOMY
Ohanga



INFRASTRUCTURE
Tūāpapa

WHAT WE DO

Provision of our water supply and management of the network is contracted to Wellington Water Ltd (WWL).

This activity provides a high-quality, reliable and resilient water supply service that ensures the health and safety of the community, and supports economic growth and development.

Our water supply assets have a total replacement value of \$159 million.

Bulk water is purchased from Greater Wellington Regional Council (GWRC) and stored in Council's reservoirs prior to distribution to households and businesses in the supply area.

THIS INCLUDES

- 16 reservoirs
- 9 pump stations (including the Seddon Street bore)
- 12,517 service connections, 1,600 hydrants and 3,592 valves
- 285 km of water mains
- Water conservation
- Detection and mitigation of leaks and structural failure

WHAT WE DID IN 2018 – 2019

Plateau Road reservoir seismic strengthening

Work was completed on a seismic upgrade of the reservoir located on Plateau Road. This means that the reservoir will perform to seismic performance Class A rating, reducing the risk of damage to the structure or loss of water supply to local residents in the event of an earthquake.

Water demand management

Water meters were installed in the network in the Akatarawa Road district and in Fergusson Drive. These meters will help with understanding where water is used in the network and assist with the detection and management of leaks and wastage.

The technology for monitoring and controlling water flow has been undergoing an update from analogue to a new digital platform, improving reliability and resilience.

Water asset renewals

Water mains in Barton Road have been renewed; this will improve the reliability of service to customers and reduce water leakage. WWL are working on the Aniseed Grove and Pempsey Street water main renewal projects, and on the Maymorn pump station renewal, as well as ongoing work on monitoring the condition of the network to inform future renewal.

Work is being done on the Akatarawa Road bridge to increase the seismic resilience of the water supply as part of a joint project with the waste water network.

Community Infrastructure Resilience

Community water stations, which form the foundation of our above ground emergency water supply network, have been built and installed. Emergency water distribution equipment has been moved into the area. The community water stations will operate from day eight following an event disrupting the water supply, so for the first seven days people will be relying on their own water storage. Everyone should have 20 litres of stored water for every person, every day, for at least seven days. We are working on the handover of these new assets from WWL to become part of our normal operations, and informing people about how the stations will support community resilience and the need to ensure individuals have sufficient water storage. This has included attending a community emergency hub exercise at Upper Hutt Primary School in April to demonstrate equipment and answer questions.

Growth

WWL is modelling the water supply system so we can understand how the system will respond to future demands as the population grows. This modelling is based upon assessing how the pipes and reservoirs will perform as flow rates within the system increase. The modelling can be verified by measuring how the system performs under current conditions. This modelling is in the process of being updated and calibrated. It supports development in Upper Hutt by ensuring the correct infrastructure is selected and designed to meet the City's current and future needs.

WHAT ELSE HAPPENED IN 2018 – 2019

Works programme	Budget (\$000)	Actual (\$000)	Achievements at 30 June 2019
Pipeline renewal	821	794	Barton Road completed and a number of projects underway.
Reservoir upgrade	460	309	Plateau Road seismic strengthening.
Miscellaneous works	396	183	Pump station and reactive renewals.
Bridges seismic strengthening	200	13	Project underway to strengthen pipework on Akatarawa Road bridge.
Pressure management	86	54	Water network meters installed in Akatarawa Road and Fergusson Drive.
Total	1,963	1,353	

Approved carryover projects from previous year's budget

Works programme	Budget (\$000)	Actual (\$000)	Funded by
Community infrastructure resilience	206	360	Rates
Plateau Reservoir seismic strengthening	34	35	Loans
Total	240	395	



Wastewater



This activity contributes to our community outcomes through the following strategic priority areas:



COMMUNITY
Hapori



ENVIRONMENT
Taiao



ECONOMY
Ohanga



INFRASTRUCTURE
Tūāpapa

WHAT WE DO

This activity, contracted to Wellington Water Ltd (WWL), provides a secure, efficient and resilient wastewater service that protects the health of the community and our waterways from the harmful effects of wastewater, and supports economic growth and development.

THIS INCLUDES

- 218 km of sewer mains
- 14 pump stations
- 4,747 wastewater manholes
- One overflow chamber
- One pipe bridge

WHAT WE DID IN 2018 – 2019

Pipeline renewal

The renewal of the wastewater network in Dowling Grove was completed as were minor items of work responding to issues in the network. We are continuing with the renewal of the wastewater network on and around the Akatarawa Road bridge (in conjunction with work on the water mains). We are preparing for projects in Merton Street, Field Street, and Dunn Street, and are continuing with investigation work to identify problems and develop solutions.

Asset upgrades

Control and communication systems that help us manage the wastewater network have been upgraded to improve reliability.

Preparing for growth

There has been significant work being carried out in Gibbons Street on upgrading the wastewater trunk mains to enable future development identified in Upper Hutt. This is part of the joint venture with Hutt City Council (HCC), managed by HCC with Upper Hutt City Council funding its share.

Other significant work in the joint venture includes the seismic strengthening of the Seaview Waste Water Treatment Plant. A new contract has been signed that will change the management of the joint venture; the trunk mains will now be managed by WWL through the alliance with Fulton Hogan, as are all the other wastewater pipes in Upper Hutt. The management of the treatment plant will transition from the current provider, Hutt Valley Water Services, to Veolia, who will run all the wastewater treatment plants in the region.

WHAT ELSE HAPPENED IN 2018 – 2019

Works programme	Budget (\$000)	Actual (\$000)	Achievements at 30 June 2019
Pipeline renewal upgrade	1,460	786	Dowling Grove completed and a number of projects underway.
Miscellaneous work	71	173	Control systems upgraded and a number of projects underway.
Wastewater project capital ⁴	2,120	1,501	See footnote 4 below.
Total	3,651	2,460	

4. This is a joint project with Hutt City Council for the treatment of wastewater from the Hutt Valley. Hutt City Council has the administrative responsibility for this project.

The Wastewater project represents an increase to the level of service as it includes new capital works that, if not provided, may hinder services currently provided to the customer. A performance measure in respect of this project is not provided because it is a joint project with Hutt City Council, it is not located within Upper Hutt, nor owned by Upper Hutt City Council, and hence it is not totally within Upper Hutt City Council's control.

The Wastewater project capital will cover the renewal of assets, including pipelines, pump stations, the Seaview treatment plant, and the maintenance of the protection to the pipeline. The pipelines run from Upper Hutt to the treatment plant, and then from the treatment plant to the outfall at Pencarrow.

Stormwater



This activity contributes to our community outcomes through the following strategic priority areas:



COMMUNITY
Hapori



ENVIRONMENT
Taiao



ECONOMY
Ohanga



INFRASTRUCTURE
Tūāpapa

WHAT WE DO

This activity, contracted to Wellington Water Ltd (WWL), includes the provision of a stormwater service which efficiently manages and controls flows. Effective stormwater management protects the public and property from the effects of flooding, and minimises the impact of runoff on the environment. The city's stormwater assets have a total replacement value of \$181 million.

The network comprises a combination of reticulated pipes, pumps, soak pits, open drains, secondary overland flowpaths, ponding areas (often on roadways) and retention systems; prior to entering major watercourses such as the Hutt River.

THIS INCLUDES

- 151 km of stormwater mains
- 6 pump stations
- 3,329 stormwater manholes
- Two retention dams
- 11.4 km of open drains

WHAT WE DID IN 2018 – 2019

Understanding the catchments

We are working on developing hydraulic models to better understand how stormwater affects catchments and support investigations work; this is to ensure that issues are properly identified and appropriate solutions are implemented.

Pinehaven Stream

We are working on providing solutions for Pinehaven Stream. The Pinehaven Stream has a long history of flooding events, typically occurring every one-to-two years. While some upgrades to the Stream were completed after the 1976 storm event, residential dwellings remain at risk of internal flooding unless further improvements are made.

The Pinehaven Stream Improvements project implements the Pinehaven Stream Floodplain Management Plan (FMP). The joint project, on behalf of Greater Wellington Regional Council (GWRC) and Upper Hutt City Council, involves a range of structural and non-structural measures designed to reduce the flood risk to the community and the catchment.

This project is challenging to construct due to constraints on site. However, a contractor was selected early to assist with property consultation and enable the design process to scope and develop construction methods. This will assist project delivery timing and minimise construction costs. We're working with 48 directly affected property owners. By engaging early, we can incorporate the views of owners in the detailed design. We expect the physical works to begin in early 2020, after the consenting process is completed.

Other work

We are carrying out an upgrade at Stream Grove and have carried out reactive works to address unplanned issues.

The technology to help us monitor stormwater has been undergoing an update from analogue to a new digital platform, improving reliability and resilience.

WHAT ELSE HAPPENED IN 2018 – 2019

Works programme	Budget (\$000)	Actual (\$000)	Achievements at 30 June 2019
Pipeline renewal	500	60	Hydraulic modelling progressed, Stream Grove consents obtained and other projects underway.
Pump station renewal	96	2	Monitoring carried out to assess condition and plan future renewals.
Pinehaven Stream capacity upgrade (joint with GWRC)	400	765	Detailed design completed and consent documentation prepared.
Telemetry upgrade	15	15	Control systems upgraded.
Total	1,011	842	



Sustainability



This activity contributes to our community outcomes through the following strategic priority areas:



COMMUNITY
Hapori



ENVIRONMENT
Taiao



CITY CENTRE
Te Manawa



ECONOMY
Ohanga



INFRASTRUCTURE
Tūāpapa

WHAT WE DO

This activity provides the management of the city's solid waste. A range of refuse and recycling services are available to households and city centre businesses. Silverstream Landfill (within Hutt City) is the primary disposal site used by the community and by waste contractors operating in the city.

The activity also identifies actions through the Wellington Region Waste Management and Minimisation Plan 2017 – 2023.

THIS INCLUDES

- Recycling drop-off facility
- Rubbish bag collection
- Waste minimisation education and projects

WHAT WE DID IN 2018 – 2019

Wellington Region Waste Management and Minimisation Plan 2017 – 2023 (WMMP)

The WMMP was adopted by Council in August 2017 and sets a vision of "Waste Free, Together." The primary target of the plan is a reduction in the total quantity of waste sent to Class 1 landfills from 600 kg per person per annum, to 400 kg per person per annum by 2026.

The primary target is supported by a number of other regional targets for different sources and types of waste. There are regional and local actions in the plan that each council has committed to.

Waste minimisation in Upper Hutt is also supported by actions outlined in Council's Sustainability Strategy 2012 – 2022.

Waste minimisation

Waste minimisation is becoming increasingly important to residents supporting the global trend of concern over the creation of waste and its disposal. This year Upper Hutt City Council undertook various waste minimisation projects including the following:

- Producing regional documents to aid event organisers and food vendors to reduce waste at events
- Waste and recycling collection at major events, such as March Madness
- Support for the SeatSmart child car seat recycling programme
- Awarded grants to eight projects through the Zero Waste and Community Environment Fund

- Subsidised the cupcycling scheme into local businesses
- Provided eco mailbox stickers free to residents
- Continued financial support of Para Kore programme which supports local marae to minimise waste
- Supporting local businesses to conduct waste audits and aid with waste minimisation
- The hazardous waste collection day was not provided in 2018 – 2019, due to the Strategic Waste Review being carried out by Hutt City and Upper Hutt City Councils. The collection is now programmed for November 2019 and will be a joint operation between the two Councils.

Sustainability Strategy

Work continues on the review of the Sustainability Strategy 2012 – 2022, with consultation scheduled to take place within the Annual Plan 2020 - 2021 process

- Council writes a monthly sustainability community column in the Upper Hutt Leader, celebrating local business initiatives, and encouraging behaviour change and awareness through simple actions the community can undertake.
- 25 in-home assessments were made by the EcoDesign Advisor through District Health Board referrals. Run by Hutt City Council, we have funded this service to be extended to Upper Hutt residents and landlords as well. The assessments were aimed at people suffering from respiratory illnesses that could be improved through healthier homes and living conditions.
- The annual Community Calendar ran a 12 month long campaign to encourage people to think sustainably and make small changes to reduce their carbon footprint.
- Enviroschools program is running in 10 primary schools and eight early childhood centres in Upper Hutt. This Council-funded program aims to drive behaviour change, provide professional development opportunities for teachers, and assist schools to undertake sustainability actions.
- The internal Council worm farm has been extended, with purpose-built worm farms installed to process (council building) food waste.

Waste education

Significant achievements have been made around community education and awareness over the last year:

- Three schools in Upper Hutt participated in World of Waste tours. Facilitated by Enviroschools, these tours take participants through the landfill, Flight Plastics, E-waste services, and scrap metal facilities, to educate about waste minimisation and the life cycle of various products used in daily life.
- Plastic Free July – online promotion of campaign.
- Kate Meads delivered two workshops: Waste Free Living and a Food Lovers Masterclass.

Recycling drop off station

The Park Street Community recycling drop off station upgrade was completed in April 2019. The upgrade includes 24/7 access, improved accessibility, and more than double the former capacity of the station. The station now accepts only plastics 1 and 2, aligning with the current plastics recycling market. The appearance of Park Street has improved overall with a mural in place and the new design of the station encapsulating excess recycling.

- Total tonnage of material collected at Park Street Community drop off station: 584.63 tonnes for the 2018 – 2019 financial year, which is a 62% increase in tonnage collected compared to the previous year.
- 48% of the city's residents have used the recycling drop off station over the past 12 months, as evidenced by the results of the community survey.

WHAT ELSE HAPPENED IN 2018 – 2019

Works programme	Budget (\$000)	Actual (\$000)	Achievements at 30 June 2019
Sustainability Strategy programmes	114	81	See key projects referred to under Sustainability Strategy.
Waste Management and Minimisation Plan – regional projects	4	0	Investigations are continuing on the development of a regional bylaw, implementing the National Waste Data Framework, developing a regional resource recovery network and addressing construction and demolition waste.
Waste Management and Minimisation Plan – Upper Hutt projects	57	59	A summary of key projects are described under Waste Minimisation.
Drop off recycling bins	115	310	The spend is a reflection on actual costs.
Drop off recycling cost	120	107	The new station was successfully constructed in April 2018 – an additional \$70,000 funded the new station from 2017 – 2018 surplus.
Total	410	557	

Approved carryover projects from previous years budgets

Works programme	Budget (\$000)	Actual (\$000)	Funded
Recycling drop off bins	21	21	Rates
Sustainability Strategy	15	14	Rates
Total	36	35	



Planning and regulatory services



This activity contributes to our community outcomes through the following strategic priority areas:



COMMUNITY
Hapori



ENVIRONMENT
Taiao



ECONOMY
Ohanga



INFRASTRUCTURE
Tūāpapa

WHAT WE DO

The Planning and regulatory services function is responsible for a group of activities that range from regulatory, monitoring and enforcement, through to district planning responsibilities for the benefit of the community as a whole.

Council has a statutory obligation to be involved in these activities to ensure public safety, health and wellbeing, and much of the work undertaken is specified by national legislation or regulations.

THIS INCLUDES

- City planning, resource consents and monitoring
- Building control, consents and inspections
- Environmental health
- Liquor licensing
- Animal control
- Parking enforcement

City planning

The Planning team is responsible for promoting the sustainable management of the city’s physical and natural resources in a manner that is consistent with the Resource Management Act 1991, and other relevant policy statements and plans. This includes reviewing the District Plan, and processing of resource consents.

Building control

As a building consent authority, Council performs the following main functions: issuing building consents; inspecting building work; issuing notices to fix; issuing compliance schedules; and issuing code compliance certificates.

As a territorial authority, Council performs the following main functions: issuing Project Information Memorandums; issuing Certificates of Acceptance; maintaining records of Building Warrants of Fitness; and issuing Amendments to (existing) Compliance Schedules.

Environmental health

This activity promotes public health within the community. Upper Hutt City Council contracts Hutt City Council to provide its environmental health services. A wide range of bylaws and regulations are enforced including food premise standards and noise control.

Animal control

The animal control activity manages dog nuisances and wandering stock within the city to maintain public safety.

Parking enforcement

The Parking Enforcement team is responsible for the management of parking within the central business district and suburban shopping areas.

Liquor licencing

As a liquor licencing authority, Council issues liquor licences and monitors premises for compliance with the Sale and Supply of Alcohol Act 2012.

WHAT WE DID IN 2018 – 2019

City planning

PLAN CHANGES

Plan Change 45 – ‘Signs’ was notified and a hearing was held on submissions to the plan change. The plan change forms part of Council’s rolling review of the District Plan, and seeks to update and consolidate the methods which manage signs in the district.

PLANNING FOR FUTURE GROWTH

Council continued developing the Housing and Business Development Capacity Assessment (HBA), a requirement of the National Policy Statement for Urban Development Capacity. The HBA reports on the demand for, and supply of, residential and business capacity over 30 years from 2017 – 2047. The report is being prepared jointly with Wellington, Hutt, Porirua, and Kāpiti Coast councils. It is expected to be published later in 2019.

A review of the residential and rural zones chapters of the District Plan is underway, which will be informed by the results of the HBA (as above) and the strategic direction set by the Land Use Strategy. Background research and the commissioning of external reporting has begun.

Council is working with Greater Wellington Regional Council (GWRC) to support Whaitua te Whanganui-a-Tara Committee. The committee is a group of local people from Hutt Valley and Wellington assigned with developing a programme to improve the quality of our streams, rivers, and harbour.

RESOURCE CONSENTS

A total of 208 resource consents were granted over the reporting year. Notable consents included additional stages in Wallaceville Area B, which also comprises a large scale multi-unit development offering a variety of housing choice at this locality. It is recognised that comprehensive residential developments have increased (attributed to the new Residential Stimulus Policy) with the extent of traditional infill development remaining consistent with previous years.

Building control

BUILDING CONSENTS

A total of 603 building consents were issued in the reporting period, including 204 new dwellings. As a comparison the number of new dwellings is down slightly, as 227 were consented in the preceding year. However, it is worth noting that the number of new dwellings this year is the second highest that we have experienced over the last decade.

Compliance services

An additional part-time Parking Officer was appointed during the year to respond to suburban parking complaints, abandoned vehicles, and bylaw enforcement.

All food premises have now transitioned to comply with the new Food Act 2014.

Land Information Memoranda (LIM)

Between 1 July 2018 and 30 June 2019 officers processed 305 LIM applications, a decrease from the previous year. The uptake of electronic application and delivery of LIM has been successful with most LIM now lodged and issued in this form.

WHAT ELSE HAPPENED IN 2018 – 2019

Works programme	Budget (\$000)	Actual (\$000)	Achievements at 30 June 2019
District Plan Review	398	398	<p>Signs plan change hearing completed.</p> <p>Research continued on landscapes and biodiversity issues.</p> <p>Research and modelling undertaken for National Policy Statement – Urban Development Capacity (NPS-UDC) reporting.</p> <p>The Housing and Business Development Capacity Report (a requirement of the NPS-UDC) was completed to draft report stage, with other councils in the region.</p> <p>Background research for the review of the residential and rural District Plan change (PC 50) began.</p>
Total	398	398	

Approved carryover projects from previous year's budget

Works programme	Budget (\$000)	Actual (\$000)	Funded by
GoGet System	12	11	Rates
Consultants – building enforcement	14	9	Rates
District Plan Scheme Review (consultant time was utilised rather than a salaried staff member)	34	107	Rates
Total	60	127	



Community and recreation



This activity contributes to our community outcomes through the following strategic priority areas:



COMMUNITY
Hapori



ENVIRONMENT
Taiao



CITY CENTRE
Te Manawa



ECONOMY
Ohanga



INFRASTRUCTURE
Tūāpapa

WHAT WE DO

This group of activities provides a number of initiatives and services that support the community; these include facilities and associated programmes, recreation and leisure offerings, and community support.

THIS INCLUDES

- 577 hectares of parks and reserves
- Akatarawa Cemetery
- Community development
- Central, Pinehaven, and Mobile libraries
- Expressions Whirinaki Arts and Entertainment Centre
- Recreation services, including H₂O Xstream and Activation
- Emergency management

Community development

The Community Development team is committed to working with the community to support community participation, connectedness, resilience, health, and community safety.

Parks and reserves

The Parks and Reserves team is responsible for managing the city parks, reserves, Council property, and public gardens, to:

- meet the recreational needs of the public, including sports groups and all other park users;
- provide an attractive open space environment; and
- provide a selected range of top quality attractions for locals and visitors to Upper Hutt.

Akatarawa Cemetery

Council provides land and facilities for burial of the deceased, and a place for remembrance at the Akatarawa Cemetery. It is Council’s aim to provide an attractive, peaceful, and tranquil atmosphere for the benefit of visitors.

Central, Pinehaven, and mobile libraries

Libraries enrich the lives of residents by creating a safe, welcoming environment that encourages lifelong learning and leisure. Upper Hutt City Libraries provides a wide range of easily accessible collections and programmes that inform, inspire, and engage the community. Informational, recreational, and local heritage material is gathered and maintained in both print and digital formats. Special emphasis is placed on providing all members of the community the ability to readily access the programmes and services the libraries provide.

H₂O Xtream

H₂O Xtream is Upper Hutt's premier aquatic facility comprising of a wave pool, rapid-river ride, a separate lane pool, three hydro slides, pool toys and activities, a spa pool, steam room, sauna, café, swim school, and many other aquatic activities. While it has a focus on fun for 8 – 14 year olds, the wide range of activities and programmes cater for all members of the community and visitors to our city.

Expressions Whirinaki Arts and Entertainment Centre

Expressions Whirinaki Arts and Entertainment Centre is a Council Controlled Organisation (CCO) that provides cultural, arts, heritage and leisure opportunities in the city.

Expressions Whirinaki engages, inspires and connects people with art, culture, recreation, and heritage by providing a focal point for Upper Hutt. On offer is a varied programme of art and heritage exhibitions and events, concerts and shows, workshops and education classes for schools, and community activities, which vary throughout the year.

Housed within the centre is a café and the i-SITE Visitor Information Centre where hosts assist with transport, accommodation or leisure activity enquiries from the community and visitors to Upper Hutt. Expressions Whirinaki and the i-SITE also offer free Wi-Fi.

Activation

Activation believes in enhancing the community's wellbeing through play, leisure, and active recreation opportunities. The team focuses on community, developing leaders, partnerships, and nature as opportunities to engage with and achieve their purpose. To achieve these outcomes, the team works with partners, stakeholders, clubs, active recreation providers, community groups, schools, and individuals.

Activation facilitates a wide range of programmes and events for the community, including Parks & Places, the annual Bike the Trail, Youth in Park events, Buggy Walks, Play Pods, and workshops. Activation supports community groups, schools, and clubs to engage the community in active recreation opportunities.

Emergency management

Emergency management provides two vital roles: it builds resilient communities; and it establishes and maintains the structures, systems, and teams that will enable our community to respond and recover from disasters.

Regular workshops are held for members of the public to help them prepare and be able to respond to look after themselves, their neighbours, and wider community.

Depending on the type and scale of emergency, an Emergency Operations Centre may be activated in Upper Hutt. Council employees receive regular training to enable an effective local response to emergencies, if and when required.

WHAT WE DID IN 2018 – 2019

Community development

SPEARHEAD LEADERS PROGRAMME

Spearhead Leaders is a collaborative initiative between Upper Hutt City Council and Upper Hutt Community Youth Trust and is a platform for young people to connect, grow, belong and identify with Upper Hutt and the wider community. The programme is co-designed by young people, for young people, and is designed to give young people supported, real-life opportunities to develop and practice their leadership skills, and to enhance their voice in the Upper Hutt community.

COMMUNITY WORKSHOPS

Conversations with the community identified areas of support and training and several community workshops were delivered. Council supported the delivery of two suicide prevention workshops, a free community workshop offered to Upper Hutt residents, and a one day training workshop for individuals who work with youth. A total of 176 people attended the workshops, learning about suicide and prevention tools to help individuals in distress.

Another local workshop in support of helping groups find funding attracted 86 people. The workshop covered what funding is available, who can apply and how to apply for funding, and six key funding providers presented on the night. This popular workshop will be repeated as funding remains an ongoing issue for many groups and organisations.

YOUTH EMPLOYMENT

A programme emphatically supported by local businesses and community groups, the Keeping it R.E.A.L programme (representing Realistic Employment Aspirations Locally) is a collaborative project with the aim to move young people (aged between 18 and 24) into employment or further education.

Of particular significance, this programme is co-designed with young job seekers to determine how the programme will be delivered. During their eight-week intensive course, participants learned skills and attitudes that employers say are essential for the workplace and were supported in an environment which was safe and addressed individual needs. Council staff, Ōrongomai Marae, local employers, and local youth health services all gave their time generously, in a truly collaborative way to support the programme.

PAINTED ENVIRONMENT MURALS

Two painted environment murals were added to the growing list of community murals. Māoribank School students worked collaboratively to install two school murals between June and October 2018. The school grounds are well used by the community outside of school hours, and celebrate the culture and unique special character of Te Haukaretu Kura/Māoribank School and the wider community, through the eyes, imagination, and experiences of its students.

In Term 3 2018, Fraser Crescent students embarked on a unit of learning which focused on Character and Citizenship and they worked collaboratively with a mural artist, Hutt Valley Police staff, and the public to design and paint a mural for the Upper Hutt Police Station. The mural features elements of nature, Te Awakairangi (Hutt River), playgrounds, sports, culture, history, and vibrancy—all of which were common themes during stakeholder consultation and the presence of tukutuku chevron meeting at the centre of the mural represents the strength formed when Police and communities work together.

HUTT SCIENCE

Hutt Science is an exciting initiative to help engage and enthuse young people about science and technology and in doing so, make a positive difference to educational outcomes and career opportunities.

An Educational Review Office report released in 2012 found 73% of primary schools have ineffective or only partly effective science programmes. Council provided seed funding for the programme to be launched in 2018 and all primary and intermediate schools in Upper Hutt signed up to the initiative. The programme provides a resource library of over 50 easy to use hands-on science kits which are delivered to schools weekly and then collected and restocked by volunteer staff. The programme also provides professional development sessions each term for teachers and provides the opportunity for them to connect with the local science community.

CREATIVE COMMUNITIES ART FUNDING

Creative Communities (CCS) is a funding scheme offering support for community-led arts projects managed by Council. Each year Creative New Zealand provides funds to local councils for distribution within their area. There are two funding rounds in Upper Hutt each year, with approximately \$18,000 to allocate per round.

WELLBEING WORKSHOPS

These workshops aim to provide healthy relationship and wellbeing education to young people in order to create a strong, healthy, informed and resilient future community.

UPPER HUTT START UP

Council and partners hosted the 4th Annual Upper Hutt Start Up event (previously known as Hackathon). Beginning in 2016, the initiative has since grown into an annual, locally-led initiative supporting community-led wellbeing projects for young people. Start Up is a free two-day workshop supporting three projects aiming to make a difference to youth wellbeing. Over the weekend the community work on the projects to help 'kick-start' the project process and get them off the ground. This year saw 52 members of the community attend Start Up and support projects addressing loneliness and isolation, depression and anxiety, and caring for the environment.

NEIGHBOURHOOD SUPPORT

Neighbourhood Support is the hub of a network of local groups, partners and sponsors. Its common purpose is to create safe and caring neighbourhoods and communities, reduce incidences and effects of criminal offending, build community resilience, and strengthen community networks to improve the quality of life and enhance wellbeing.

MESA YOUTH AMBASSADORS

Upper Hutt and Mesa (Arizona, U.S.) are sister cities, and Council worked in collaboration with the Mesa Sister Cities Association to provide an international, cultural exchange for two local young people. Piloted last year and developed in conjunction with last year's youth ambassadors, two young people represented Upper Hutt as youth ambassadors. This programme is an opportunity to not only visit another country and engage with varied and diverse cultural ideas and concepts, but to also represent Upper Hutt (and New Zealand) as international ambassadors.

DISABILITY SUPPORT

Council aims to support a more inclusive community for those living with a disability or impairment. Through supporting local and valley wide initiatives, programmes and steering groups, and by creating our own resources such as the Enhancing Accessibility training guide, we aim to encourage people both in the community and workplace to gain a better understanding of disability.

Council is also a member of the My Life My Way Disability Steering group. The group aims to identify and find solutions for disability issues in the Hutt Valley. The group is made up of disability services, local and regional government representatives, and members of the community living with a disability.

SENIOR SUPPORT

Council supports positive ageing week by running events in the local community and also a series of intergenerational programmes aimed at lowering social isolation, growing resilience across generations, and encouraging community connections.

CHEERS TO VOLUNTEERS

National Volunteer Week is held in June each year. It is New Zealand's largest celebration of volunteering and civic participation, with events held across the country to recognise the contribution made by volunteers in Aotearoa. Cheers to our Volunteers is an initiative which Upper Hutt City Council created to thank the city's many volunteers.

YOUNG ACHIEVERS AWARDS

Young people of Upper Hutt were celebrated at the 13th Annual Young Achievers Youth Civic Awards on Wednesday 5 June. This youth focused event, hosted at Expressions Whirinaki, was an opportunity to acknowledge the achievements and successes of young people in Upper Hutt. This year 38 nominations were received across the six categories. The standard of the nominees was very high with many of the young people volunteering and giving back to the Upper Hutt community, and others representing New Zealand in competitive sports. The event was supported by local youth volunteers who provided the catering, entertainment and front of house service.

WELLINGTON AIRPORT COMMUNITY AWARDS

Each year Wellington Airport and Wellington Community Trust partner with Upper Hutt City Council to recognise the work carried out by local community groups. The focus of the Awards is to reward the valuable contribution made by volunteers. These awards are managed by Council.

49 local organisations were finalists in the Upper Hutt, Wellington International Airport Community Awards. Finalists were invited to the awards ceremony held at Expressions Whirinaki Arts and Entertainment Centre to thank them and honour their contribution to the community. Upper Hutt's supreme winner on the night was Te Ataarangi, whose Te Reo classes have been operating from Ōrongomai Marae for over 30 years and are delivered by a group of dedicated volunteers. Every Body is a Treasure (a body positive and female empowerment movement), took out the regional award in the Health and Wellbeing Category.

Parks and reserves

MCLEOD STREET SIBERIAN ELM TREE REMOVAL

Removing the Siberian Elm trees from along McLeod Street was an essential task to ensure the safety of the residents of Upper Hutt. All the trees adjacent to the high voltage power lines have been removed with the remainder due to be removed later in the year. We are now in the planning stage for the replanting of McLeod Street and community engagement is planned to start mid October 2019.

LIBRARY AND COMMUTER GARDENS UPGRADE

Council gardens around Upper Hutt railway station commuter carparks and the library have been upgraded using the same pallet of plants as the railway station. This will create a visual flow and continuity that can be continued throughout the Civic Precinct after the upcoming renovations.

MAIDSTONE PARK SAND TURF DEVELOPMENT

Mexted Contracting Ltd was engaged in 2018 – 2019 to convert the soil based rugby fields at Maidstone Park to a sand carpet field. Work progressed rapidly in the early stages, but due to unfavourable weather conditions, work came to a halt in the middle of May. The project is now due to be fully completed by October 2019. A water bore has also been established on site as part of the project which will enable the fields to be irrigated during the summer period without being affected by watering restrictions.

TRENTHAM MEMORIAL PARK (TMP) SAFETY SURFACING UPGRADE

The TMP playground upgrade in 2016 – 2017 identified a need for more accessibility. The decision was made to upgrade the loose fill safety surfacing (wood chip) with synthetic safety surfacing to make the equipment more accessible to users with limited mobility. The surfacing was upgraded to Matta Products rubber tiles due to their durability and price. The existing wood chip from the TMP playground was distributed between Harcourt Playground, Tawai Playground, TMP bush area play items and TMP Bartons Bush replanting areas.

OXFORD PARK CYCLE TRACK

Oxford Crescent School made a proposal as part of the Long Term Plan (LTP) process to construct a cycle track at Oxford Park. This was accepted as an LTP project and was funded by Council and Oxford Crescent School. The proposal was for a cycle track around the outside of Oxford Park for the school to use, and also be available for public use at other times. The track was designed by Council to form a street to street link between Kowhai Ave and Oxford Crescent incorporating access to the toilet block, form a sealed loop around the outside of the park for all users (pedestrians, scooters, cyclists, mobility scooters etc.), and also have a cycle skills course incorporated.

HARCOURT PARK PLAYGROUND

Parts of the Harcourt Park playground came to the end of their economic life and as part of the Asset Management Plan, funds were available to replace these items. The items replaced were the senior fort and cube climbing frame, the toddler's fort, springy rocker, and spinner in the junior area. The senior items were replaced with a large climbing net with slide, overhead spinner, single person spinner, interactive games panel, and a large centre pivot swing. The junior area had a toddler's play fort, spinner, springy rocker and two interactive music panels installed.

OTHER WORK IN OUR PARKS DURING 2018 – 2019

- Supported Predator Free Upper Hutt.
- The first stage of the track upgrade below Riverstone Terraces was completed. The construction of a walking bridge over the Whakatiki River to link up with the Hutt River trail to Totara Park is to be completed in the next stage.
- Surface replacement of the artificial cricket pitches and training nets at Trentham Memorial Park was completed.

Upper Hutt City Libraries

CENTRAL LIBRARY RE-OPENING

At 9.30am on 11 March 2019, the doors to the Central Library re-opened to public after being closed for 13 months. In the first hour there were 75 visitors. By the end of the day there had been 963, in comparison to around 500 daily visitors at the Pop-Up Library. The opening day issues were 1,973. Feedback on the library spaces was overwhelmingly positive with comments on how welcoming and refreshed the Library looked. Positive feedback was also received about the new Heritage space in the Rotary Lounge; especially on the display cabinets which drew people into the space. A story-board display was developed to show photos of the extent of the strengthening works undertaken over the past 12 months.

NEW HERITAGE SPACE

With the re-opening of the Central Library building, Heritage was allocated a new dedicated space in the Rotary Lounge. Including display cabinets, a slideshow screen, a public access scanner, and wall space for exhibiting photos, the new space also has several rows of shelving. Previously inaccessible reference material is now available for the public to browse, including selected volumes of Upper Hutt Leaders from decades past. By making the resources more accessible, the Library aims to promote greater interest and knowledge of the local history of the Upper Hutt community. The first exhibition on display in the new space shows a selection of photos, each covering a different decade of our Heritage Collections.

CHILDREN'S PROGRAMMES AND EVENTS

Council celebrated the 125th anniversary of Women's Suffrage with various events for all ages. The events celebrated women and girls throughout literature and history using art, crafts and storytimes. Children and their caregivers enjoyed getting crafty and learning about diverse women and the great things they have accomplished.

Children were engaged in discussion about what the world would be like without any women in power, what they could fight for, what they would change and what being a woman meant to some of them. The storytimes were also a great opportunity to show off the library collection and the "by and about great women" themed displays in the children's and teen's area, received positive feedback from customers.

HERITAGE TEAM

As part of the wider Council celebrations of 125 years of women's suffrage in New Zealand, the Heritage team put together an exhibition which celebrated the women of Upper Hutt. It was displayed in The Mall and received positive feedback from the community. The exhibition was also the site of the opening of the suffrage time capsule, which included a sealed mystery envelope addressed to Natalie Alice Stevens (then aged 4). The Heritage team were able to track down Natalie's mother and the envelope is on its way to Australia where Natalie currently resides. The envelope was put together by Natalie's aunt, who sadly passed away only a few years after the time capsule was made. The contents of the envelope however, still remain a mystery.

Alongside work on the suffrage exhibition, the Heritage team has been busy scanning and returning some important loans from local groups and individuals for uploading to Recollect. These include items from the Silverstream Volunteer Fire Brigade and two photograph albums of Colonel E.G Taylor, which cover his time at Trentham Army camp and overseas postings during WWII.

COMMUNITY CRAFT SWAP AND ART DAY

Encouraging local crafters to share their knowledge and resources, Council hosted a community event for the exchange of unwanted or surplus craft supplies. The event also invited craft enthusiasts to try out working with different materials and techniques through a set-up of have-a-go art stations. These were particularly popular with families and young children who enjoyed making braided friendship bracelets, crepe-paper flowers and beginner-level to advanced origami.

The event engaged 32 participants, with free beeswax food wrap classes being a highlight of the day. The classes were hosted by local art school, The Art Room, and were a great introduction to how homemade natural products can add to sustainable living practices.

FASTBACK COLLECTION

A new collection was added and was made available from the re-opening of the Central Library. The Fastback collection is made up of popular new releases and can only be borrowed for seven days. It appeals to avid readers who read within a short time frame and enjoy the new release collection.

NEW AOTEAROA PEOPLE'S NETWORK KAHAROA (APNK) UPGRADE

The Library took delivery of 20 14" Chromebooks, a self-booking station and online booking software to complete the APNK refresh that began in 2018. The new equipment came all programmed and ready for installation. Pinehaven Library has been allocated two Chromebooks, a booking station, printer and scanner allowing Pinehaven to offer the same service provided at Central Library.

Staff were excited to use the updated booking software and devices, and feedback from customers so far has been largely positive, with many enjoying the larger screens and double-sided printing.

RACE RELATIONS DAY – INTER SCHOOL DEBATE (11 APRIL 2019)

Sponsored and supported by the Upper Hutt Multicultural Council, local students from Heretaunga College and St Patrick's College Silverstream took part in this year's inter school debate to celebrate Race Relation Day held in the Library's Rotary Lounge. This year's topic was Our people, our cultures, our languages — Ō tātou iwi, ō tātou ahurea, ō tātou reo: That learning and understanding tikanga Maori should be compulsory for new migrants to live in New Zealand. St Patrick's College Silverstream was the eventual winner on the night.

H₂O Xtream aquatic centre

CLOSURE

H₂O Xtream had its four yearly closure in between 23 July and 17 September 2018, and extensive maintenance and earthquake strengthening was carried out to the main hall space. The plant room and plant also received a significant upgrade. The programme of works went well, and feedback from the public has been very positive.

UNIFORM CHANGE

H₂O Xtream adopted the national lifeguard colours of red and yellow. This change has been received very positively by customers due to the increased visibility of lifeguards within the facility, assisting customers to quickly identify and seek assistance if needed.

Expressions Whirinaki—Council-controlled organisation (CCO)

Council holds Expressions Whirinaki as a CCO, creating an iconic destination for the arts as it supports the cultural wellbeing of our community. Specific performance objectives for Expressions Whirinaki can be found on page 63. During the 2018 – 2019 year 143,436 people visited Expressions Whirinaki, far exceeding the target of 100,000.

EXHIBITIONS AT EXPRESSIONS WHIRINAKI

Visitors to Expressions Whirinaki (Centre) experienced a wide range of exhibitions ranging from the story of the Permian Monsters to the Māori Alphabet, the craft of Mt Felix Tapestry, to the work of New Zealand ceramists. The highlight of the year was the international blockbuster exhibition Permian Monsters. This exhibition brought back to life the dinosaurs of the past with life-size moving models, and attracted crowds from around the country. In the opening two weeks over 5,000 people visited. Another highlight was 'Where Children Sleep', a truly eye-opening exhibition that struck a note with many visitors, highlighting the different living situations of children from around the world.

In line with the Centre's commitment to children, several exhibitions focused on cross-generational audiences and interactive experiences. 'Brrroom Brrroom' featured hands-on transport-based activities and AEIOU celebrated the Māori alphabet. Expressions Whirinaki also continues its commitment to telling our nation's stories with The Topp Twins exhibition, about the life of Lynda and Jools Topp, two of New Zealand's best-loved entertainers. This exhibition celebrated Upper Hutt's small town New Zealand and that Kiwi "can-do attitude" and spoke about their playful, powerful and political creative work. It was a delight to welcome the Topp Twins as Camp Mother and Camp Leader, the Gingham Sisters, posh socialites Prue and Dilly, and Ken and Ken as part of the sellout Queen's Birthday Music Festival.

In conjunction with the exhibition programme, the Centre's Learning Programme Specialist worked with over 3,000 school students delivering a curriculum-linked programme. This year the Expressions Whirinaki Arts and Entertainment Trust (Trust) was awarded a Ministry of Education Learning Experiences Outside The Classroom (LEOTC) contract which supports the Trust's role as an educator in the Upper Hutt Community. Expressions Whirinaki touring exhibitions reached over 63,112 people around New Zealand.

PERFORMANCES AND EVENTS AT EXPRESSIONS WHIRINAKI

Expressions Whirinaki continued to present and host a range of performing art experiences during the 2018 – 2019 year. The Centre's performing arts programme, as always, had diverse offerings ranging from children shows to

award-winning drama, comedy and dance. Two performing arts events to note were the Melbourne City Ballet and the Swiss Army Band performances. The regular Classical Expressions and theatre@expressions programmes are still popular, and continue to add variety and delight. The Queen's Birthday Music Festival, featuring the Topp Twins was a sell-out success which brought new audiences to the Centre.

The Professionals Recreation Hall hosted several new major national and regional events such as the Wellington Antique and Collectables Show, and Fibre Fest, a celebration of all things wool, yarn and fibre related in July 2018. Fibre Fest, proudly hosted by Capital Fibre Fest and Upper Hutt Spinners and Weavers, attracted over 2,000 people. Two major sports events of note were the New Zealand Bowling Welsh Trophy, which brought teams from around New Zealand, and the Night of Champions 2018, a charity boxing match, which sold out. The Centre was pleased to welcome back the Te Omanga Hospice Vintners Lunch which hosted over 400 diners, the National Federations of Ballroom Dance Teachers, and the Rotary Book Fair which attracted over 9,000 people over a two day period.

THE EXTENSION OF EXPRESSIONS WHIRINAKI

The Trust has continued to fundraise to extend the Centre. This extension includes a commercial kitchen for the Recreation Hall, a multi-use creative workshop space for education groups and arts and craft organisations, a compliant collection store to house the Pumpkin Cottage Collection and artworks in transit, and a heritage focused gallery.

The extension project is now secured at \$7.3 million. The Trust was delighted to announce that Malcolm and Carol Gillies came on board as lifetime naming rights sponsors for the new heritage focused gallery. The new gallery will be called the Gillies Gallery. Malcolm and his family are dedicated to telling the local historical stories of Upper Hutt and see this as an institutional way of giving back the community. The Trust has now raised a total of \$1,582,836 with Council confirming support of \$4.38 million. The last million required for the project has been sought from the Regional Culture and Heritage Fund, which is 'the fund of last resort'. This year Athfield Architects have completed the designs and Building Consent has been lodged.

Activation

PARKS AND PLACES

The Gas Hub's Parks and Places provides the opportunity to engage with community groups, clubs and events in active recreation throughout the summer. The programme runs for 12 weeks, engaging in co-design and partnered organisations to come together in Upper Hutt's community. Activation hosted ten events for the Upper Hutt community over the three month period. During 2018 – 2019, 3,500 people engaged in Parks and Places activities.

PLAY.SPORT

Sport New Zealand has invested in Upper Hutt as one of the two cities in New Zealand to be a pilot for *Play.sport* since 2016. *Play.sport* is a comprehensive approach to physical education and community sport with support for teachers, schools, parents, and community organisations to improve the quality of the experience available for young people. After a very successful three-year project, the *Play.sport* taskforce team will finish at the end of 2019.

PLAY

Activation has continued to be innovative in engaging the community with play opportunities. Activation's Play Pod continued to be part of community events, which encourages child-led play.

Emergency management – Civil Defence

Training of the staff who will be required to man the Emergency Operating Centre (EOC) in an emergency is being undertaken on a monthly basis. The training is structured to provide each member of the EOC with a thorough understanding of their role in an emergency and how it relates to the overall Council response.

WHAT ELSE HAPPENED IN 2018 – 2019

Works programme	Budget (\$000)	Actual (\$000)	Achievements at 30 June 2019
Toilets	94	1	Not achieved—work not required.
Shower and changing room upgrades	15	0	Not achieved—work not required.
Amenities replacement	163	86	Some work was no longer required e.g. Maidstone Max.
New roading seal	15	0	Programmed work was not completed.
Renewal roading resealing	16	0	Programmed work was not completed.
Play equipment	280	146	Achieved—carry over funds used.
Walkway asset replacement/refurbishment	245	110	\$130,000 carry over.
Parks building upgrade	8	0	Achieved via accruals.
Walkway signage	3	3	Achieved.
Sculpture Trail	27	7	Funds carried over.
New walking and cycling links	27	2	Consultancy costs accrued.
City walking and cycling network	300	30	Negotiations for access across private land took place.
New pathways and walkways	70	0	Carried over for two year project.
Regional cycle trails	100	11	Funds carried over.
Maidstone Park Sports Hub Stage 3	2,670	902	Work commenced but delayed due to wet weather, funds carried over.
Large trees in reserves	10	10	Achieved.
Native forest management programme	3	3	Achieved.
Monitoring native bush	6	6	Achieved.
Expressions	200	156	Underspend was allocated towards the purchase of a sound system.
CCTV security cameras (all city cameras)	16	20	Additional replacements were required.
Alterations to building and property	10	0	Not achieved due to planned building upgrade.
Depot extraordinary (Asset Management Plan) renewals capex	11	10	Achieved.

Works programme	Budget (\$000)	Actual (\$000)	Achievements at 30 June 2019
Underground pipe	16	16	Achieved.
Oxford bike track	66	50	Achieved.
Trentham Memorial Park upgrade	345	345	Achieved.
Maidstone Max upgrade	0	34	Project consultancy fees not budgeted.
Sports facilities and turf	12	11	Achieved.
Council building seismic upgrades	3,500	2,368	Achieved.
Civic Centre LED lighting	60	0	Not achieved due to planned building upgrade.
Predator/pest free project	20	20	Achieved.
Civic Centre solar panels	70	0	Not achieved due to planned building upgrade.
Civic Centre extraordinary	0	21	Essential work carried out.
Vehicle and plant	23	0	Replacement of plant not required, funds carried over.
Leases - Library IT Equipment (Radio-Frequency Identification)	22	22	Achieved.
Equipment replacements	45	46	Achieved.
Library resources	230	230	Achieved.
APNK - public internet	15	0	NZ pilot APNK library, no charge 2018 – 2019.
Library vehicles - outreach	85	5	Initial investigation and developing project plan.
Library website redevelopment	2	0	Library relocation into CBD Towers.
Air conditioning	40	40	Achieved.
Closure of pool	814	1,123	Essential work additional to the initial scope of work carried out.
Youth strategy	13	15	Achieved.
Safe and healthy cities	22	19	Achieved.
Activation	355	353	Achieved.
Total	10,044	6,221	

Approved carryover projects from previous year's budget

Works programme	Budget (\$000)	Actual (\$000)	Funded by
Consultants - Finance	27	27	Rates
CBD CCTV upgrade	15	13	Rates
MagiQ sharepoint integration	33	0	Rates
GIS DR setup	15	0	Rates
Toilet replacements	93	0	Special funds
Playground upgrades	105	105	Loans
Sculpture Trail	25	6	Loans
National Cycleway widening Hutt River	48	6	Loans
Cycleway widening	38	34	Loans
Shared pathways	190	2	Loans
Netball courts reseal - Heretaunga	100	64	Rates
Council properties maintenance	24	0	Rates
Strategic property	635	0	Loans
Extraordinary maintenance – Expressions Whirinaki	50	120	Rates
Expressions Whirinaki extension	1,000	588	Grants/Loans
Total	2,398	965	

Economic Development



This activity contributes to our community outcomes through the following strategic priority areas:



COMMUNITY
Hapori



CITY CENTRE
Te Manawa



ECONOMY
Ohanga

WHAT WE DO

This activity delivers initiatives that foster economic growth and promotion of the city, its events and attractions. The economic development function focuses on targeting and attracting new businesses and employers, providing business support and liaison services to encourage future development.

It also covers implementation of our Marketing Strategy. This sets the direction for marketing Upper Hutt's brand and assets and the promotion of the city, including to the visitor industry.

THIS INCLUDES

- Economic Development Stimulus Policy
- City marketing and promotions
- City centre management and promotion
- City events
- Business support, partnerships and liaison

WHAT WE DID IN 2018 – 2019

Economic Development Stimulus Policy

As part of this year's Annual Plan development, Council undertook a comprehensive review of its Economic Development Stimulus Policy (EDSP), looking at how effective it has been in delivering the outcomes it was established to achieve for Upper Hutt. This has involved speaking with businesses and the wider community. As a result, the revised policy has been structured to allow more flexible funding for smaller businesses in an earlier phase of their development, and to support city centre regeneration through earthquake strengthening of at-risk buildings in our commercial hub. We have broadened our definition of economic benefit to look beyond GDP as an indicative measure of success, and are well-placed in the next financial year to establish effective measures of the policy's impact across the four wellbeings outlined in central government policy. Three priority areas remain: new employment generation; increasing investment in quality commercial/industrial building stock; and activating our city centre.

To these ends, 29 grants have been awarded through the year for projects ranging from international freight distribution to distillery operation, with incentives for seismic strengthening, business relocation to our city and new industrial building development. Over 150 jobs have been created through projects funded through the policy. In addition, EDSP applicant data shows these projects have generated more than 19 million dollars of capital investment in Upper Hutt.

Brewtown Upper Hutt

The burgeoning craft beer precinct is now home to five successful craft brewery operations, three quality restaurant offerings and a soon to open boutique distillery. A visitor centre and merchandise store has opened on the site, and two major events have been hosted across the newly developed campus, which has proved itself as an ideal venue

for major public events. Council will continue to support promotions and events at Brewtown as it continues to build a reputation for outstanding gastro-pub and hospitality experiences.

Industrial development

With a shortage of quality industrial land available across the Wellington region, and a changing approach to risk from the commercial insurance sector, Upper Hutt's lower risk profile land and open, industrial-zoned spaces are in high demand. During 2018 – 2019, a number of buildings have gone up in the Alexander Road area, and on Eastern Hutt Road at the city's southern gateway.

The new buildings are a mixture of businesses new to Upper Hutt, and local operators who have outgrown their existing premises and are undertaking purpose-built expansions. Where businesses are moving within Upper Hutt, we work with the commercial real estate sector to support them to fill vacated premises, working to ensure that new development translates to true growth for the city.

Businesses establishing themselves or expanding in Upper Hutt in the last year include logistics firm Fliway International, and sustainable technology provider RemarkIT. With many more blocks of industrial land sold or leased, further development is expected in the coming year.

Supporting retailers and the business community in Upper Hutt

Support offered to retailers and the businesses community over the 2018 – 2019 period included:

- Review and update of information on the Business pages of the new Upper Hutt City Council website.
- Council regularly contributes articles and photographs to Vibrant Hutt Magazine, and the City Centre Facebook page, supporting and promoting new businesses.
- Workshops: Store Design and Customer Behaviour, Direct Marketing, Employment Processes and Legal Obligation, Social Media for Retail.
- Winter Promotion: BUG TRAIL competition and window displays from Expressions Whirinaki to the city centre.
- Providing information on restricted trading days and the phase out of the plastic shopping bag.
- Retail Guide, 'Discover Upper Hutt', update to promote Upper Hutt retail.
- Christmas Gift Wrapping Station, elves and buskers.
- Promotional flyers at events in the area such as KICKBACK Classic Motorcycle Show, Long Range World Champs and Fibre Fest.
- Lost Dinosaurs promotion in collaboration with Permian Monsters exhibition. This was to encourage visitors to the exhibition into the city centre.
- Individual meetings with those with a business idea, new or existing businesses, landlords and potential tenants. Support Council offers can be in the form of marketing support, directing people to support services provided by local organisations (e.g. Xero training), and regular meetings and workshops with the retail and wider business community of Upper Hutt.
- Meeting with Retail Group, Hospitality Accord and attending Retail Summit.
- Economic Development Stimulus Policy enquiries and applications.
- Council informs and responds to business owner, and landlord, general enquiries (e.g. parking changes).

TOWARD A VIBRANT CITY CENTRE

With The Mall reaching capacity this year, there have been a number of vacant premises filled in the city centre. Tracking of business movement in the area indicates that the net impact of business movement and growth has seen more than twenty spaces filled. Council's revision of its economic stimulus incentives has resulted in a wider uptake from building owners. The diversity of businesses established through the year range from eco-friendly home products, to 4x4 custom refits, and includes jewellery, clothing, food, and fitness operators.

Supporting the establishment of new businesses to Upper Hutt

As part of our commitment to the Upper Hutt city centre, Council has supported businesses new to Upper Hutt to establish in the city. Take Me Back vintage & retro traders, BNT Automotive, The Crypt Keeper's Closet, Duo Photography and, Aspen Willow childrenswear and toys, are just some of the businesses which have opened their doors in the city this year.

Refurbishment of empty buildings

After a long period of sitting unused, the iconic corner site at 222 Main Street has been redeveloped to a high standard, including major structural strengthening work and a new exterior façade. Council has supported this work through the EDSP, and views the redevelopment as an example of what can be achieved when building owners and Council collaborate to help create a safer, more activated and more inviting central city environment. This fully refurbished building is now home to a mix of commercial, retail, hospitality and social service providers, highlighting what can be achieved in Upper Hutt.

MARKETING AND PROMOTIONS

Hutt Valley Tourism Action Plan 2018 – 2021

We have partnered with Hutt City Council and WellingtonNZ to create destination success through implementation of the Hutt Valley Tourism Action Plan 2018 – 2021. We work together with businesses, events, and organisations to attract day and short break visitors to the Hutt Valley, particularly from the Wellington region. We do this to help grow our business community, bring more people to our events and attractions, and to showcase everything we have to offer in our valley of villages.

KEY SUCCESSES:

- Signing of Memorandum of Understanding in November 2018 between Hutt City Council and Upper Hutt City Council to collaborate on tourism development and marketing.
- Launch of redeveloped *huttvalleynz.com* in February, attracting over 15,500 visits since launch who spent the equivalent of more than 23 days exploring Hutt Valley content online.
- Launch of Hutt Valley Visitor Guide in January, with over 20,000 copies displayed through VisitorPoint displays in Wellington, Hawkes Bay, Manawatu and Wairarapa, at the inter-island ferries, CentrePort during cruise ship season, i-SITE Visitor Information Centres and throughout Hutt Valley in various businesses, accommodation providers and visitor attractions.
- Reached over 235,000 people on Hutt Valley NZ Facebook page in 12 months to 30 June 2019, with two key campaigns; Unmissable Upper Hutt video campaign in March, featuring a day trip to Upper Hutt from Wellington city, and Wild Hutt Valley video campaign in June, featuring family entertainment, golfing in the Hutt Valley, mountain biking, and day hikes. Collectively, campaign activity reached more than 135,000 people and generated over 7,000 visits to the website, representing 45% of overall site visits.

Website redevelopment

We have redeveloped Council's digital environment to optimise service delivery opportunities and enhance efficiency for administration, maintenance, and on-going development, including a new content and form management system for *upperhuttcity.com*, *h2oxstream.com*, and *upperhuttlibrary.co.nz*. Launched in June, the redeveloped websites feature updated visual branding, search engine optimisation, and use accessible web design for those with accessibility needs.

KEY SUCCESSES:

- In the past 12 months we have served over 180,000 users through Council's websites, resulting in over 331 days of self-service, making it a primary channel for customers to interact with us.
- Our average monthly users in June increased by 14% across all three sites compared to June 2018, with average session duration up and bounce rate down, meaning people are spending longer on our new sites self-serving.

City promotions

Our events have an enormous impact on our city, from building a strong sense of community to attracting visitors to our region. Having a vibrant calendar of events is an important way for Council to support our residents and our city, both through events we organise and those we support through our Event Fund. Council successfully delivered March Madness Fair, Upper Hutt Santa Parade, and the Upper Hutt Anzac Day Dawn Service and Parade in partnership with Upper Hutt Returned and Services Association, seeing more than 34,000 attendees over the three events. In addition, grants were awarded to a total of \$29,500 across 12 community events, taking place from July 2018 to June 2019.

WHAT ELSE HAPPENED IN 2018 – 2019

Works programme	Budget (\$000)	Actual (\$000)	Achievements at 30 June 2019
Vacant property programme	5	5	This programme has focused on investigating empty spaces and addressing the barriers to occupation.
FlagTrax (street poles)	185	4	Tender awarded in June 2019, installation scheduled for completion September 2019. Balance carried over.
Upper Hutt Marketing Strategy	100	51	Hutt Valley NZ and Council website redevelopments completed, including refreshed branding. Council's online and offline promotions have reached an estimated 1.1 million people across digital, print, radio, and outdoor display. Balance carried over for works delayed due to resourcing.
Business and residents opportunity prospectus	10	0	With the recent update of our Economic Development Stimulus Policy and pending updated data from Statistics New Zealand, this project has been rescheduled for the 2019 – 2020 year.

Works programme	Budget (\$000)	Actual (\$000)	Achievements at 30 June 2019
Opportunities profile	20	11	Upper Hutt has been promoted at business expositions and profiled in major regional publications. Additionally, a series of screen presentations focusing on different aspects of doing business in Upper Hutt, from sustainability to city centre retail. These screen-based shorts can promote the city through a range of promotional channels. We were able to streamline production costs and utilise existing video footage which has enabled considerable savings on this project.
City centre management	17	17	The city centre has been promoted through our new retail guide, in magazines and regularly in newspaper supplements. Our city centre social media presence has grown to over 3,500 subscribers. The new huttnvalleynz.com visitor guide and website feature Upper Hutt city centre businesses. Consultation with business owners in the city centre has resulted in changes to our economic development incentives to better support the city's range of new business and address barriers to occupation and development of the precinct.
Regional marketing initiatives	10	11	Design work for redevelopment, and 12 months hosting and support for HUTTVALLEYNZ.COM.
The Great Ride Cycleway	5	5	Brand development work for Remutaka Cycle Trail to enable new interpretation signage or sculpture.
Economic Development Stimulus Policy	500	116	The incentive scheme has been fully subscribed this year, with \$116,000 disbursed to projects completed already and the remainder awaiting completion. Incentive funding for these ongoing projects will be disbursed once grant conditions have been fulfilled.
Residential Stimulus Policy	500	131	Within the financial year \$131,000 has been withdrawn across 10 development applications. Fees are only withdrawn once a work has been completed, which can span across financial years. Variance between actual and budget may be explained by this.
Total	1,352	351	

Approved carryover projects from previous year's budget

Works Programme	Budget (\$000)	Actual (\$000)	Funded by
Upper Hutt Marketing Strategy	53	53	Rates
Economic Stimulus grants	20	20	Loans
Total	73	73	



Measuring performance



PERFORMANCE FRAMEWORK

This section refers to the performance measures that were set in the Long Term Plan. The measures enable Council to monitor and report against our community outcomes through *level of service objectives*. This report covers Year 1 of the Long Term Plan 2018 – 2028. For more information refer to pages 84 – 103 of the Long Term Plan 2018 – 2028.

Alignment with the city vision

Upper Hutt's community outcomes are expressed through the city vision and its five strategic priority areas: Community, Environment, City Centre, Economy, and Infrastructure.

Targets are set so that Council can measure and continually improve services provided to the community. We report on our performance annually and where appropriate, based on data availability, some measures will be reported on more frequently (quarterly or half-yearly).

Mandatory infrastructure measures

Councils across New Zealand are required to report on a set of mandatory measures for aspects of the water supply, wastewater, stormwater, and land transport activities. The aim of these measures is to better inform and enable the community to participate in discussions on levels of service for these activities.

Community survey

Several of the measures are reliant on the results from the Community Survey which was carried out by Key Research on a quarterly basis. The survey is conducted by phone with a sample of 400 residents living in Upper Hutt, with interviewing being conducted to quarterly targets each of 100 residents. Data collection is managed to quota targets by age, suburb and ethnicity. Post data collection, the sample is weighted so it is aligned with known population distributions as contained in the Census 2013. At an aggregate level the sample has an expected 95% confidence interval (margin of error) of $\pm 4.9\%$.

Other surveys

Other surveys carried out on behalf of Council by Public Voice are the Business, Retailers, Community Groups, and Building Consent surveys.

COMMUNITY OUTCOME – COMMUNITY

Our services and facilities are accessible and valued by our residents and visitors

How we measure success	2018 – 2019 Aim	2018 – 2019 Result	2017 – 2018 Result	Data Source
Number of physical visits to library facilities in the 12 months to June	275,000 visits	202,733 visits	215,021 visits	Door counter (5% margin of error)

RATIONALE IF NOT ACHIEVED

Library operated out of small pop-up facilities for 8 months of the 12 month period.

Number of digital connections made to library platforms in the 12 months to June ⁵	640,000 digital connections	1,094,328 digital connections	1,411,633 digital connections ⁶	Internal data analytics tool
User satisfaction with customer service provided by library staff	95% of respondents are satisfied or very satisfied	96% of respondents are satisfied or very satisfied	93% of respondents are satisfied or very satisfied	Community Survey
H2O Xstream: annual attendance figures (represented by paying users)	210,000 people	187,058 people	201,801 people	Internal Point of Sale (POS) system

RATIONALE IF NOT ACHIEVED

Attendance figures down due to H2O Xstream scheduled closure for maintenance between July and September.

NEW H2O Xstream: user satisfaction with the facility	80% of respondents are satisfied or very satisfied	91% of respondents are satisfied or very satisfied	Not applicable	Community survey
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5. Platforms include: www.upperhuttlibrary.co.nz, upperhutt.kotui.org.nz, Heritage site records uhcl.recollect.co.nz, Australia New Zealand Reference Centre, Masterfile complete, Encyclopaedia Britannica, Ancestry, Pressreader, MyHeritage, Facebook, Instagram, Pinterest, Twitter, Generosity GivMe, GivUS funding databases, graffiti.uhcl.recollect.co.nz, newspaperarchives.uhcc.govt.nz/

6. Wording used in 2017 – 2018 was *Level of digital engagement with the library in the 12 months to 30 June*.

How we measure success	2018 – 2019 Aim	2018 – 2019 Result	2017 – 2018 Result	Data Source
NEW H ₂ O Xstream: satisfaction with service provided by staff	90% of respondents are satisfied or very satisfied	87% of respondents are satisfied or very satisfied	Not applicable	Community survey
●				
RATIONALE IF NOT ACHIEVED				
There is little verbatim available through our community survey regarding dissatisfaction with H ₂ O Xstream staff. Two respondents noted concern regarding lifeguards talking to each other while on duty. To address this we have changed our lifeguarding stations to minimise the public perception of lifeguards talking. Council is satisfied with the competency of its lifeguards who won a podium place in the Regional Lifeguard Championships this year.				
Expressions Whirinaki: number of visitors in 12 months to June	100,000 visitors	143,436 visitors	141,769 visitors	Internal record of attendance rates
● ●				
Expressions Whirinaki: community satisfaction with the range and quality of events and exhibitions provided at Expressions Whirinaki	90% of respondents are satisfied or very satisfied	97% of respondents are satisfied or very satisfied	97.1%	Community Survey
● ●				

We have a healthy, and resilient community

How we measure success	2018 – 2019 Aim	2018 – 2019 Result	2017 – 2018 Result	Data Source
NEW Attendance figures at flagship events:	Set benchmark	7,269 attendees *	Not applicable	Internal booking system/ attendance records
A Parks and Places programme				
B Buggy walks				
C Play events				
* Parks and Places programme – 4,000 attendees. 10 out of 12 Buggy Walks completed with a total of 1,169 participants. 2,100 participants at play events, 550 of which attended events delivered outside of Upper Hutt, where the Play Pod was requested to be present.				
NEW Percentage of respondents who know how much water per person should be stored in the case of an emergency event (20 L per person per day for seven days)	Set benchmark	7% stated 20 litres or more of water per person per day	Not applicable	Community Survey

How we measure success	2018 – 2019 Aim	2018 – 2019 Result	2017 – 2018 Result	Data Source
NEW Council emergency preparedness: attendance at Emergency Operations Centre (EOC) trainings	90% attendance	80% attendance 	Not applicable	EOC training attendance record



RATIONALE IF NOT ACHIEVED

The rationale for not having achieved is in part related to the high turn-over of EOC staff which has left us with gaps in the roster, and having a number of staff ill over June and July which saw attendance drop. Several staff have attended two day advanced training so have not attended EOC training that month.


Community group satisfaction: engagement with the Community Development team	90% of respondents are satisfied or very satisfied	96% of respondents are satisfied or very satisfied 	94% of respondents are satisfied or very satisfied 	Annual Community Groups Survey
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COMMUNITY OUTCOME – ENVIRONMENT

Our city is connected to its open spaces

How we measure success	2018 – 2019 Aim	2018 – 2019 Result	2017 – 2018 Result	Data Source
NEW Percentage of households that have visited parks, reserves or gardens in the previous 12 months (includes Trentham Memorial, Maidstone and Harcourt Parks)	Set benchmark	83% of households	Not applicable	Community Survey
Resident satisfaction with parks, reserves and gardens (includes Trentham Memorial, Maidstone, and Harcourt Parks)	95% of respondents are satisfied or very satisfied	93% of respondents are satisfied or very satisfied 	96% of respondents are satisfied or very satisfied ⁷ 	Community Survey
NEW Number of users on the Upper Hutt pathways network, as indicated by a counter at a specific site	Set benchmark	Counter was vandalized, no data available	Not applicable	Counter on network
NEW User satisfaction with the Upper Hutt pathways network	Set benchmark	81% of respondents are satisfied or very satisfied	Not applicable	Community Survey



We are sustainably managing the impact of our activities on the natural environment

How we measure success	2018 – 2019 Aim	2018 – 2019 Result	2017 – 2018 Result	Data Source
NEW Increasing total tonnage of recycling materials being deposited at the drop off station	Set benchmark	584.62 t 	361.13 t (not included in Annual Report)	Quarterly provider data
NEW Percentage of households that have used the drop off point in the previous 12 months	Set benchmark	48% of households	Not applicable	Community Survey

7. Wording used in 2017 – 2018 was *Community satisfaction with the level of provision of open space, amenities, and gardens*.

COMMUNITY OUTCOME – CITY CENTRE

People feel welcome and connected to our city centre

How we measure success	2018 – 2019 Aim	2018 – 2019 Result	2017 – 2018 Result	Data Source
NEW City centre on-street parking occupancy levels	80% - 85% occupancy	90% occupancy 	Not applicable	Years 1 – 2: annual targeted surveys of spaces Years 3 – 10: monitoring via sensors
NEW Resident satisfaction: appearance of the city	75% of respondents are satisfied or very satisfied	61% of respondents are satisfied or very satisfied 	Not applicable	Community Survey

RATIONALE IF NOT ACHIEVED

Respondents predominantly commenting on appearance of some of the vacant retail premises. Council is working to improve vibrancy through the Economic Development Stimulus Policy, and is working with various landlords to improve the presentation of their properties.

NEW Resident satisfaction with safety in the city centre	85% of respondents are satisfied or very satisfied	74% of respondents are satisfied or very satisfied 	Not applicable	Community Survey
NEW Resident satisfaction with safety in their neighbourhood	85% of respondents are satisfied or very satisfied	84% of respondents are satisfied or very satisfied 	Not applicable	Community Survey

RATIONALE IF NOT ACHIEVED





Respondents predominantly asking for increased Police presence and longer Police Station opening hours.

The city centre is a great place for businesses

How we measure success	2018 – 2019 Aim	2018 – 2019 Result	2017 – 2018 Result	Data Source
NEW Ground floor vacancy rate in the city centre	New measure (Year 1 data to set benchmark)	8.2% vacancy	Not applicable	Six monthly physical audit



COMMUNITY OUTCOME – ECONOMY

Our city is a great place to live and do business

How we measure success	2018 – 2019 Aim	2018 – 2019 Result	2017 – 2018 Result	Data Source
Engaged business: satisfaction with the level of Council support in relation to economic development	75% of respondents are satisfied or very satisfied	79% of respondents are satisfied or very satisfied 	93% of respondents are satisfied or very satisfied 	Business Survey
Engaged retailers: satisfaction with the level of support provided by Retail and Business Liaison Officer	85% of respondents are satisfied or very satisfied	100% of respondents are satisfied or very satisfied 	77% of respondents are satisfied or very satisfied 	Retailers Survey
Previously defined as “City centre retailers’ satisfaction with the level of support provided to build vibrancy in our city centre”				

COMMUNITY OUTCOME – INFRASTRUCTURE





Roading: we will provide a safe roading network

How we measure success	2018 – 2019 Aim	2018 – 2019 Result	2017 – 2018 Result	Data Source
Road Safety: the change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	No more than previous year	7 crashes (change +3) 	4 crashes (change -7) 	NZTA

RATIONALE IF NOT ACHIEVED

The number of crashes this year is higher than the previous year, but is within the range of normal variation observed over the past 20 years.







Roading: we will provide a well-lit, clean, convenient and safe roading network in the city centre for parking, pedestrians and cyclists

How we measure success	2018 – 2019 Aim	2018 – 2019 Result	2017 – 2018 Result	Data Source
Road conditions: the average quality of ride on a sealed local road network, measured by smooth travel exposure (STE)	80%	80.7% 	85.1% 	Annual Roughness Survey
Note: There has been a change in national methodology for calculating STE. Using the new method the 2017 – 2018 result would have been 80.9%.				
Road maintenance: the area of the sealed local road network that is resurfaced	95% (89,032m ²) of programmed work in Asset Management Plan delivered	46% (40,563 m ²) 	64% (70,765 m ²) ⁸ 	Internal register and database

RATIONALE IF NOT ACHIEVED

The focus continues to be on resurfacing Fergusson Drive as this carries approximately 40 percent of all local road traffic. High traffic volumes require a treatment with a higher than average cost. As a result, it was necessary to adjust the quantity of work carried out to match the available budget. Going forward, the long term reseal programme in the Asset Management Plan remains consistent with the average seal life being achieved.

8. 2017 – 2018 aim: 110,000 m²

How we measure success	2018 – 2019 Aim	2018 – 2019 Result	2017 – 2018 Result	Data Source
Footpaths: the percentage of footpaths within Upper Hutt that fall within the level of service as set out in the Long Term Plan and Asset Management Plan	95% of footpaths	99.93% of footpaths 	97% of footpaths 	Internal database
Response to service requests: the percentage of customer service requests relating to roads and footpaths to which Council responds within the timeframe specified in the Long Term Plan	≥ 90% of requests are initially responded to within 3 days	94.9% of requests responded to within 3 days 	96% of requests responded to within 3 days 	Internal database
Resident satisfaction with street lighting	85% of respondents are satisfied or very satisfied	79% of respondents are satisfied or very satisfied 	87% of respondents are satisfied or very satisfied ⁹ 	Community Survey

RATIONALE IF NOT ACHIEVED

Council spent \$1.75 million in 2017 – 2018 to complete the upgrade of all existing high pressure sodium lights (yellow light) to energy efficient LED lights (white light). Despite this, satisfaction is down, with no apparent insight through the community survey.







Resident satisfaction with street cleanliness	85% of respondents are satisfied or very satisfied	81% of respondents are satisfied or very satisfied 	89% of respondents are satisfied or very satisfied ⁹ 	Community Survey
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RATIONALE IF NOT ACHIEVED

There is no verbatim connected to this measure in the community survey. Regular performance monitoring shows that street cleanliness is being maintained to a good standard, and that reported faults are being responded to promptly.

9. 2017 – 2018 aim: 90%





Water Supply: We will maintain a high quality water supply with minimal interruptions

How we measure success	2018 – 2019 Aim	2018 – 2019 Result	2017 – 2018 Result	Data Source
Safety of drinking water: the percentage to which Council’s drinking water supply complies with Part 4 of the Drinking-Water standards (bacteria compliance criteria) and Part 5 of the Drinking-Water Standards (protozoal compliance criteria)	Bacterial compliance achieved	Bacterial compliance achieved 	Bacterial compliance achieved 	Wellington Water data
	Protozoal compliance achieved	Protozoal compliance achieved 	Protozoal compliance achieved 	
Maintenance of the reticulation network: the percentage of real water loss from the local authority’s networked reticulation system	Less than 17% water loss	20% water loss 	17.3% water loss 	Wellington Water data

RATIONALE IF NOT ACHIEVED

New methodology for calculating water loss has increased accuracy and confidence in the reported figures. Irrespective of quality and quantity of data, there is an issue with water loss as a region. Further investigation of this issue will be incorporated in next years report.

Fault response times: where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:

A attendance to urgent call-outs from the time that the local authority receives notification to the time that service personnel reach site, and	60 minutes	30 minutes 	20 minutes 	Wellington Water data
B resolution of urgent call-outs from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	4 hours	6.4 hours 	4.9 hours 	Wellington Water data



RATIONALE IF NOT ACHIEVED



An increased number of reported water leaks has meant that the initial response to urgent repairs has been slower. Increased awareness around health and safety requirements and public perception to leak repairs after hours has meant that more planning is now required prior to the works on site.

How we measure success	2018 – 2019 Aim	2018 – 2019 Result	2017 – 2018 Result	Data Source
C attendance for non-urgent call-outs from the time that the local authority receives notification to the time that service personnel reach the site, and	36 hours	52.8 hours 	49 hours 	Wellington Water data

RATIONALE IF NOT ACHIEVED

An increased number of reported water leaks has meant that the initial response to non-urgent repairs has been slower. Increased awareness around health and safety requirements and public perception to leak repairs after hours has meant that more planning is now required prior to the works on site. The operations and maintenance contractor has changed with a new alliance model beginning from July 2019.

D resolution of non-urgent call-outs from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	15 days	4.4 days 	3.8 days 	Wellington Water data
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Customer satisfaction: the total number of complaints received about any of the following (expressed per 1,000 connections):	Less than 30 complaints	7.55 complaints 	5.0 complaints 	Wellington Water data
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A Drinking water clarity

B Drinking water taste

C Drinking water odour



D Drinking water pressure or flow

E Continuity of supply

Demand management: the average consumption of drinking water per day per resident	335 litres	364 litres 	361 litres 	Wellington Water data
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RATIONALE IF NOT ACHIEVED

A mild winter and higher than desirable leakage resulted in high summer water consumption in Upper Hutt. The continued high number of leaks are suspected in part to be a carry-over from the unseasonably dry previous summer which caused ground 'shrinkage' and additional stress on the network. Leaks have been identified through leak detection or reported by the public where they have become visible; with more than expected being found well into the winter months. A region-wide increase in the number of water repairs since last summer has continued; stretching resource, delaying response to less urgent jobs, and prolonging leakage in some cases. Our maintenance contractor resources may also have been impacted by the transition to a new operations and maintenance alliance model with a new provider starting in July 2019. Demand management strategies (e.g. watering restrictions) have been implemented and work is continuing to monitor consumption by zone to locate and fix network leaks throughout the city. We are also conducting a region-wide study into providing sustainable water supply which includes looking at ways to reduce water consumption from all types of demand.

Interruptions to the water supply: the number of unplanned supply cuts per 1,000 connections	less than 4 unplanned supply cuts	2.15 unplanned supply cuts 	1.8 unplanned supply cuts 	Wellington Water data
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Wastewater: our sewerage systems, and the treatment and disposal of sewage is well maintained, safe, and allows for growth

How we measure success	2018 – 2019 Aim	2018 – 2019 Result	2017 – 2018 Result	Data Source
System and adequacy: the number of dry weather sewerage overflows from Council's sewerage system expressed per 1,000 sewerage connections to the sewerage system	Zero dry weather sewerage overflows	0.13 dry weather sewerage overflows	Zero dry weather sewerage overflows	Wellington Water data

RATIONALE IF NOT ACHIEVED









There were two dry weather network overflows reported in Quarter 2, both due to pipe blockages, and both of which have been investigated and fixed. Following a recommendation by Audit NZ, this measure now includes non-notifiable contained overflows which were not previously reported. With Long Term Plan aims having been set well prior to this change, we do not expect to achieve this target in future periods.

Discharge compliance: compliance with the Council's resource consents for discharge from its sewerage system, measured by the number of:









A abatement notices for discharges from wastewater system	Zero abatement notices	Zero abatement notices	Zero abatement notices	Wellington Water data
B infringement notices for discharges from wastewater system	Zero infringement notices	Zero infringement notices	Zero infringement notices	Wellington Water data
C enforcement orders for discharges from wastewater system, and	Zero enforcement orders	Zero enforcement orders	Zero enforcement orders	Wellington Water data
D convictions for discharges from wastewater system received by the Council in relation to the resource consents	Zero convictions	Zero convictions	Zero convictions	Wellington Water data









Fault response times: where the Council contractor attends to sewerage overflows, resulting from blocked or other faults in the sewerage system, the following median response times will be measured:

A attendance time: from the time that notification is received to the time that service personnel reach the site, and	Median attendance time ≤ 60 minutes	43 minutes	31 minutes	Wellington Water Data
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How we measure success	2018 – 2019 Aim	2018 – 2019 Result	2017 – 2018 Result	Data Source
B resolution time: from the time that notification is received to the time that service personnel confirm resolution of the blockage or other fault	Median resolution time ≤ 6 hours	2 hr 48 minutes 	2 hr 33 minutes 	Wellington Water Data
Customer satisfaction: the total number of complaints received about any of the following: <ul style="list-style-type: none">  sewerage odour  sewerage system faults  sewerage system blockages, and  Council's response to the sewerage system issues <p>Expressed per 1000 connections to Council's sewerage system</p>	Less than 30	10.02 complaints 	10.62 complaints 	Wellington Water data















Stormwater: we will effectively manage stormwater to minimise the risk of property damage and preserve public safety and health

How we measure success	2018 – 2019 Aim	2018 – 2019 Result	2017 – 2018 Result	Data Source
System adequacy				
A the number of flooding events that occur in the district	Zero flooding events	Zero flooding events 	Zero flooding events 	Wellington Water data
B for each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to the stormwater system)	Zero floors	Zero floors 	Zero floors 	Wellington Water data
Discharge compliance: compliance with the Council's resource consents for discharge from its stormwater system, measured by the number of:				
A abatement notices	Zero abatement notices	Zero abatement notices 	Zero abatement notices 	Wellington Water data
B infringement notices	Zero infringement notices	Zero infringement notices 	Zero infringement notices 	Wellington Water data

How we measure success	2018 – 2019 Aim	2018 – 2019 Result	2017 – 2018 Result	Data Source
C enforcement orders, and	Zero enforcement orders	Zero enforcement orders 	Zero enforcement orders 	
D convictions received by Council in relation those resource consents	Zero convictions	Zero convictions 	Zero convictions 	
Response times: the median response time to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site	Less than 60 minutes	42 minutes 	36 minutes 	Wellington Water data
Customer satisfaction: the number of complaints received by Council about the performance of its stormwater system, expressed per 1,000 properties connected to the territorial authority's stormwater system	Less than 25 complaints	6.17 complaints 	5.66 complaints 	Wellington Water data

COUNCIL IS FIT FOR PURPOSE AND CAPABLE

Service provision meets all regulatory requirements

How we measure success	2018 – 2019 Aim	2018 – 2019 Result	2017 – 2018 Result	Data Source
Process LIM within statutory timeframes	100% processed within timeframe	97% 	94% 	Internal database
RATIONALE IF NOT ACHIEVED				
During a period where a higher volume of LIM applications were lodged, the LIM team were unable to complete all LIM on time due to staff resource.				
Process resource consents within statutory timeframes	100% processed within timeframe	100% 	100% 	Internal database
Process building consents within statutory timeframes	100% processed within timeframe	100% 	99.5% 	Internal database
User satisfaction with building consenting service	92% of respondents are satisfied or very satisfied	89% of respondents are satisfied or very satisfied 	97% of respondents are satisfied or very satisfied 	Annual Building Consents Survey
RATIONALE IF NOT ACHIEVED				
The most frequently requested improvement suggestion in the annual survey was “digitise the process”, i.e. online applications and emails.				
All food and hairdresser premises inspections conducted on time in accordance with the Act	100% of inspections conducted on time	100% of inspections conducted on time 	100% of inspections conducted on time 	Internal database
Timeliness of response to complaints of excessive noise	Respond within one hour to 90% of excessive noise reports	100% 	100% 	Internal database
Timeliness of initial response to reported dog attacks	100% of reported dog attacks will receive an initial response within two hours of the complaint being received	100% of responses made within two hours 	100% of responses made within two hours 	Internal database

Upper Hutt City Council has a positive reputation

How we measure success	2018 – 2019 Aim	2018 – 2019 Result	2017 – 2018 Result	Data Source
NEW Reputation	Set benchmark	74% of respondents are satisfied or very satisfied	Not applicable	Community Survey
NEW Perceived value for money	Set benchmark	60% of respondents are satisfied or very satisfied	Not applicable	Community Survey
NEW Overall satisfaction with services, infrastructure and facilities	Set benchmark	86% of respondents are satisfied or very satisfied	Not applicable	Community Survey
NEW Satisfaction with the overall performance of Mayor and councillors	85%	69% of respondents are satisfied or very satisfied	Not applicable	Community Survey



RATIONALE IF NOT ACHIEVED

Those who are less satisfied or dissatisfied expressed lack of knowledge regarding who the councillors are and what they do, insufficient communication and transparency, and cite a need for Council to be more proactive, forward thinking, and hear the voice of residents. The Community Survey results are reported to the Mayor, Chief Executive, and councillors, to inform Council work.





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Financials

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Financial statistics

FIVE-YEAR FINANCIAL PERFORMANCE SUMMARY

	Forecast 2018 – 2019 (\$000)	Actual 2018 – 2019 (\$000)	Actual 2017 – 2018 (\$000)	Actual 2016 – 2017 (\$000)	Actual 2015 – 2016 (\$000)	Actual 2014 – 2015 (\$000)
Gross rates	40,022	40,184	37,932	36,285	34,394	33,112
Net surplus/(deficit)	1,890	(1,388)	9,103	470	1,719	(6,920)
Working capital	2,997	3,562	(1,097)	106	(5,211)	(22)
Public debt	53,417	43,000	36,500	34,500	32,456	30,549
Total assets	774,528	779,185	764,902	739,374	716,260	714,220

FIVE-YEAR COUNCIL FINANCIAL STATISTICS

	Forecast 2018 – 2019 (\$000)	Actual 2018 – 2019 (\$000)	Actual 2017 – 2018 (\$000)	Actual 2016 – 2017 (\$000)	Actual 2015 – 2016 (\$000)	Actual 2014 – 2015 (\$000)
Proportion of gross rates to total income	67.25%	70.09%	59.22%	69.01%	63.93%	77.92%
Average rates per rateable property	\$2,411	\$2,307	\$2,214	\$2,135	\$2,045	\$1,985
Total interest expense on net public debt	3.8%	3.6%	4.0%	4.9%	4.7%	4.6%
External net public debt to gross annual rates	133.5%	107%	96.2%	95.1%	94.4%	92.3%
External net public debt per rateable property	\$3,127	\$2,480	\$2,131	\$2,030	\$1,930	\$1,831
External public debt to total equity	7.5%	5.9%	5.1%	5.0%	4.8%	4.5%

Statement of accounting policies

Year ended 30 June 2019

NOTE 1: GENERAL ACCOUNTING POLICIES

Reporting entity

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

Upper Hutt City Council **'Group'** consists of Upper Hutt City Council and Expressions Whirinaki Arts and Entertainment Trust. The **'Parent,'** for the purposes of these financial statements, is Upper Hutt City Council.

Upper Hutt City Council has an interest in the Hutt Valley Wastewater Scheme (refer to Note 9G for details of the accounting treatments followed).

Upper Hutt City Council is a 12.24% shareholder in Wellington Water Limited (WWL). As this is a minority shareholding, the financial results of WWL are not consolidated into the Group's accounts. Instead, the shareholding is held as an investment (included in Note 5). Upper Hutt City Council contracts WWL to carry out the maintenance and development of the Three Waters infrastructure on its behalf.

The primary objective of Upper Hutt City Council and Group provides local infrastructure, local public services, and performs regulatory functions for the community. The Council does not operate to make a financial return. Accordingly, Upper Hutt City Council has designated itself and the Group as public benefit entities (PBE) in Tier 1 entity for the purposes of New Zealand equivalents to International Public Sector Accounting Standards (IPSAS).

The financial statements of Upper Hutt City Council are for the year ended 30 June 2019. The Annual Report was adopted for issue by Council on 30 October 2019.

Basis of preparation

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

Basis of consolidation

The consolidated financial statements (Upper Hutt City Council together with Expressions Whirinaki Arts and Entertainment Trust—the 'Group') are prepared adding together like items of assets, liabilities, equity, income, and expenses on a line-by-line basis. All significant intragroup balances, transactions, revenue, and expenses are eliminated on consolidation.

Subsidiary

Upper Hutt City Council consolidates its subsidiary Expressions Whirinaki Arts and Entertainment Trust in the Group financial statements. Council has the capacity to control the Trust's financing and operating policies so as to obtain benefits from the activities. This power exists where Council controls the majority voting power on the governing

body or where such policies have been irreversibly predetermined by Council or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

The investment in subsidiaries is carried at cost in Council's Parent entity financial statements.

Statement of compliance

The financial statements of Council have been prepared in accordance with the requirements of Local Government Act 2002: Part 6, section 98 and Part 3 of Schedule 10, and the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014.

These financial statements have been prepared in accordance with New Zealand's Generally Accepted Accounting Practice (NZ GAAP). They comply with International Public Sector Accounting Standards (IPSAS), and other applicable Financial Reporting Standards, as appropriate for public benefit entities, in accordance with Tier 1 PBE accounting standards.

Measurement base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, and financial instruments (including derivative instruments).

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand (\$000) apart from the amounts in *Note 3A—Personnel costs and councillor remuneration*, and certain amounts in *Note 17—Related party transactions*. The functional currency of Council is New Zealand Dollars.

Foreign currency transactions

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the surplus or deficit.

Changes in accounting policies

There have been no changes to accounting policies since the previous year.

Standards issued and not yet effective and not early adopted

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to Council and Group are:

INTEREST IN OTHER ENTITIES

In January 2017, the External Reporting Board (XRB) issued new standards for interests in other entities (PBE IPSAS 34 – 38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6 – 8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early application permitted.

The Council plans to apply new standards in preparing the 30 June 2020 financial statements. Council and Group has not yet assessed the effects of these new standards.

FINANCIAL INSTRUMENTS

In January 2017, the XRB issued PBE IFRS 9¹⁰ Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9 are:

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

Council plans to apply this standard in preparing its 30 June 2022 financial statements. Council and Group has not yet assessed the effects of the new standard.

CASH FLOW STATEMENTS

In the 2018 Omnibus amendments to PBE standards, the XRB amended PBE IPSAS 2 Cash Flow Statements to require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities. The changes are effective for annual periods beginning on or after 1 January 2021.

Council plans to apply this standard in preparing its 30 June 2022 financial statements. Council and Group has not yet assessed the effects of the new standard.

SERVICE PERFORMANCE REPORTING

In 2017 the XRB issued PBE FRS 48 Service Performance Reporting. There has previously been no PBE standard dealing solely with service performance reporting. This standard establishes new requirements for PBEs to select and present service performance information. The standard is effective for periods beginning on or after 1 January 2021.

Council plans to apply this standard in preparing its 30 June 2022 financial statements. Council and Group has not yet assessed the effects of the new standard.

SIGNIFICANT ACCOUNTING POLICIES

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

Budget figures

The budget figures are those approved by Council at the beginning of the year after a period of consultation with the public as part of the Annual Plan and Long Term Plan process. The budget figures have been prepared in accordance with NZ GAAP that is consistent with the accounting policies adopted by Council for the preparation of financial statements.

Goods and Services Tax (GST)

The financial statements have been prepared exclusive of GST, with the exception of trade payable and trade receivable, which are stated as GST inclusive. Where GST is not recoverable as an input tax then it is recognised as part of the related asset or expense.

10. IFRS is the International Financial Reporting Standard.

The net amount for GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

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

Commitments are disclosed exclusive of GST. Contingencies are exclusive of GST.

Critical accounting estimates and assumptions

Critical accounting estimates and assumptions are disclosed within the notes they pertain to. These are:

- Estimating valuations of infrastructure assets: *Note 9—Property, plant, and equipment.*
- Estimating retirement and long service leave calculations: *Note 11—Employee entitlements.*

Financial Statements

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

EQUITY	Note	Actual Parent	Actual Parent	Forecast Parent	Actual Group	Actual Group
		30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2019	30 Jun 2018
		(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Accumulated funds	14A	230,696	233,949	235,195	230,964	234,218
Restricted reserves	14B	16,168	13,783	11,861	16,225	13,840
Asset revaluation reserves	14C	476,890	469,705	463,704	476,915	469,730
TOTAL EQUITY		723,754	717,437	710,760	724,104	717,788
CURRENT ASSETS						
Cash and cash equivalents	4	6,063	4,063	695	6,352	4,407
Other financial assets	5	11,000	8,000	11,869	11,038	8,038
Trade and other receivables	7	4,144	4,430	3,223	4,211	4,478
Inventories		19	14	0	40	30
Non-current assets held for sale	8	206	206	0	206	206
Total current assets		21,432	16,713	15,787	21,847	17,159
NON-CURRENT ASSETS						
Other financial assets	5	814	705	156	814	705
Derivative financial instruments	6	0	0	0	0	0
Trade and other receivables	7	30	28	0	30	28
Permanent art collection	9D	0	0	0	53	53
Property, plant, and equipment	9A 9B 9C	99,045	95,519	102,852	99,115	95,585
Aquatic assets	9E	14,800	8,133	9,655	14,800	8,133
Infrastructure assets	9F	643,011	643,804	646,078	643,011	643,804
Intangible assets	9	53	0	0	53	0
Total non-current assets		757,753	748,189	758,741	757,876	748,308
TOTAL ASSETS		779,185	764,902	774,528	779,723	765,467

CURRENT LIABILITIES	Note	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Forecast Parent 30 Jun 2019 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Payables and deferred revenue	10	8,032	8,003	9,353	8,192	8,193
Derivative financial instruments	6	46	20	0	46	20
Employee entitlements	11	787	787	684	815	811
Borrowings and other financial liabilities	12	9,000	9,000	2,753	9,000	9,000
Total current liabilities		17,865	17,810	12,790	18,053	18,024
NON-CURRENT LIABILITIES						
Derivative financial instruments	6	3,221	1,812	0	3,221	1,812
Employee entitlements	11	345	343	314	345	343
Borrowings and other financial liabilities	12	34,000	27,500	50,664	34,000	27,500
Total non-current liabilities		37,566	29,655	50,978	37,566	29,655
TOTAL LIABILITIES		55,431	47,465	63,768	55,619	47,679
NET ASSETS		723,754	717,437	710,760	724,104	717,788

The accompanying accounting policies and notes form part of these financial statements. Explanations of major variances against budget are provided in Note 18.



Wayne Guppy | MAYOR



Peter Kelly | CHIEF EXECUTIVE

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2019

		Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Forecast Parent 30 Jun 2019 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
OPERATING REVENUE	Note					
Rates (net)	2A	40,007	37,811	40,022	40,007	37,811
Fees and charges	2B	11,215	19,168	13,748	11,519	19,569
Reserve fund and development contributions		1,958	1,535	1,518	1,958	1,535
Subsidies and grants	2C	3,739	5,196	3,851	4,108	5,272
Interest and dividends	2D	411	346	374	414	348
Gains		4	0	0	4	0
Total operating revenue		57,334	64,056	59,513	58,010	64,535
OPERATING EXPENDITURE						
Personnel costs and councillor remuneration	3A	12,034	11,128	11,813	12,577	11,649
Depreciation and amortisation expense	3B	14,951	13,776	13,385	14,969	13,791
Finance costs		1,529	1,468	2,044	1,529	1,468
Bulk drainage levy		2,583	2,426	2,849	2,583	2,426
Bulk water levy		3,354	3,018	3,382	3,354	3,018
Other expenses	3C	24,271	23,137	24,150	24,387	23,067
Total operating expenditure		58,722	54,953	57,623	59,399	55,419
SURPLUS/(DEFICIT) BEFORE AND AFTER TAX		(1,388)	9,103	1,890	(1,389)	9,116

OTHER COMPREHENSIVE REVENUE & EXPENSE	Note	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Forecast Parent 30 Jun 2019 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Gains/(losses) on infrastructural property assets revaluations	9F	0	17,231	7,249	0	17,231
Gains/(losses) on asset held for sale		0	(24)	0	0	(24)
Gains/(losses) on operational, restricted property and aquatic assets revaluations	9A 9B 9E	7,705	(1,774)	16	7,705	(1,774)
Total other comprehensive revenue and expense		7,705	15,433	7,265	7,705	15,433
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		6,317	24,536	9,155	6,316	24,549

The accompanying accounting policies and notes form part of these financial statements.

Explanations of major variances against budget are provided in Note 18.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

OPERATING ACTIVITIES	Note	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Forecast Parent 30 Jun 2019 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Cash was provided from:						
Rates		40,298	37,851	40,022	40,298	37,851
Other receipts		13,821	12,707	11,499	14,658	13,177
Interest received		419	324	374	422	326
Dividends received		0	0	0	0	0
Regional Council rates		10,896	10,608	0	10,896	10,608
		65,434	61,490	51,895	66,274	61,962
Cash was applied to:						
Suppliers and employees		(40,393)	(37,951)	(38,269)	(41,223)	(38,389)
Interest paid		(1,586)	(1,603)	(2,044)	(1,586)	(1,603)
Goods and Services Tax (net)		(384)	139	0	(390)	133
Regional Council rates		(10,935)	(10,621)	0	(10,935)	(10,621)
		(53,298)	(50,036)	(40,313)	(54,134)	(50,480)
Net cash inflow (outflow) from operating activities	15	12,136	11,454	11,582	12,140	11,482

INVESTING ACTIVITIES	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Forecast Parent 30 Jun 2019 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Cash was provided from:					
Proceeds from sale of property, plant and equipment	0	0	2,200	0	0
Maturity of investments	0	0	0	0	69
	0	0	2,200	0	69
Cash was applied to:					
Purchase of investments	(3,565)	0	(6,001)	(3,565)	(2)
Purchase of property, plant and equipment	(13,071)	(12,700)	(34,401)	(13,131)	(12,717)
	(16,636)	(12,700)	(40,402)	(16,697)	(12,719)
Net cash inflow (outflow) from investing activities	(16,636)	(12,700)	(38,202)	(16,696)	(12,650)
FINANCING ACTIVITIES					
Cash was provided from:					
Loan raised	6,500	8,000	21,213	6,500	8,000
Cash was applied to:					
Loan repayments	0	(6,000)	(3,317)	0	(6,000)
Net cash inflow (outflow) from financing activities	6,500	2,000	17,896	6,500	2,000
Net increase (decrease) in cash, cash equivalents and bank overdrafts	2,000	754	(8,724)	1,944	832
Cash and cash equivalents as at 01 July	4,063	3,309	9,419	4,408	3,576
Cash and cash equivalents as at 30 June	6,063	4,063	695	6,352	4,408

COMPOSITION OF CASH AND CASH EQUIVALENTS	Note	Actual Parent	Actual Parent	Forecast Parent	Actual Group	Actual Group
		30 Jun 2019 (\$000)	30 Jun 2018 (\$000)	30 Jun 2019 (\$000)	30 Jun 2019 (\$000)	30 Jun 2018 (\$000)
Cash on hand and bank balances	4	1,063	563	395	1,314	818
Call account	4	5,000	3,500	300	5,038	3,590
Short term deposits maturing three months or less	4	0	0	0	0	0
Total		6,063	4,063	695	6,352	4,408

The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes. Operating activities include cash received from all income sources of Council and record the cash payments made for the supply of goods and services. Investing activities are those activities relating to the acquisition and disposal of non-current assets. Financing activities comprise the change in equity and debt capital structure of Council.

The forecast opening balance of budget year (2018 – 2019) may not agree to closing balance year (2017 – 2018) due to the budget being finalised before year end.

The accompanying accounting policies and notes form part of these financial statements.

Explanations of major variances against budget are provided in Note 18.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Actual Parent	Actual Parent	Forecast Parent	Actual Group	Actual Group
	30 Jun 2019 (\$000)	30 Jun 2018 (\$000)	30 Jun 2019 (\$000)	30 Jun 2019 (\$000)	30 Jun 2018 (\$000)
Equity at 1 July	717,437	692,901	701,605	717,788	693,239
Total comprehensive revenue and expense for the year	6,317	24,536	9,155	6,316	24,549
Equity at 30 June	723,754	717,437	710,760	724,104	717,788

The accompanying accounting policies and notes form part of these financial statements.

Explanations of major variances against budget are provided in Note 18.

NOTE 2: REVENUE

Exchange transactions

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

Non-exchange transactions

In a non-exchange transaction, Council either receives value from, or gives value to, another entity without directly giving or receiving approximately equal value in exchange.

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

As Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised, and recognises an amount of revenue equal to that reduction.

Specific accounting policies for major categories of revenue are outlined below

RATES

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which rates have been set. Rates revenue is recognised at the start of the financial year at amounts due.

Rates collected on behalf of Greater Wellington Regional Council (GWRC) are not recognised in the financial statements as the council is acting as an agent for GWRC.

Rates remissions are recognised as a reduction of rates revenue when Council has received an application that satisfies its rates remission policy.

Rates arising from late payment penalties are recognised as revenue when rates become overdue.

NEW ZEALAND TRANSPORT AGENCY ROADING SUBSIDIES

Council receives government grants from the New Zealand Transport Agency (NZTA), which subsidise part of Council's costs in maintaining the local roading infrastructure and capital expenditure on the roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

OTHER GRANTS RECEIVED

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

METERED WATER CHARGES

Revenue from water charges by meter is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis.

BUILDING AND RESOURCE CONSENT REVENUE

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

PROVISION OF SERVICES

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

SALE OF GOODS

Revenue from sale of goods is recognised when a product is sold to the customer. Sales are usually in cash or by credit card. The recorded revenue is the gross amount of the sale including credit card fees payable for the transaction. Such fees are included in other expenses.

VESTED OR DONATED PHYSICAL ASSETS

For assets received for no or nominal consideration, the asset is recognised at its fair value when Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

For long-lived assets that must be used for a specific use (eg land must be used as a recreation reserve), Council immediately recognises that fair value of the asset as revenue. A liability is recognised only if Council expects that it will need to return or pass the asset to another party.

COMMISSION

Where revenue is derived by acting for another party, the revenue that is recognised is the commission or fees on the transactions.

INTEREST AND DIVIDENDS

Interest income is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest rate.

Dividends are recognised when the right to receive payment has been established.

DONATIONS – PERMANENT COLLECTION – EXPRESSIONS

Donations of works of art are brought in at an estimated fair value pending a valuation carried out by an independent registered valuer.

RESERVE FUND AND DEVELOPMENT CONTRIBUTIONS

The revenue is recognised when Council provides, or is able to provide the service for which the contribution was charged or when the subdivision is substantially complete. Contributions in advance are collected and transferred into their respective special funds. These funds can only be used when the capital works in their respective areas can be fully funded.

2A: NON-EXCHANGE REVENUE RATES

	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
General rates	24,482	22,453	24,482	22,453
Targeted water fire protection rates	1,336	1,377	1,336	1,377
Targeted stormwater disposal rates	2,643	2,731	2,643	2,731
Targeted wastewater pan charges	7,492	6,876	7,492	6,876
Rates penalties	242	243	242	243
Water - targeted rates	3,989	4,252	3,989	4,252
Total non-exchange gross rates revenue	40,184	37,932	40,184	37,932
LESS REMISSION				
Land used for sport (general rates)	108	104	108	104
Rates penalties remissions	69	17	69	17
Total remission	177	121	177	121
TOTAL NON-EXCHANGE REVENUE NET OF REMISSION	40,007	37,811	40,007	37,811

The total amount of rates charged on Council-owned properties that have not been eliminated from revenue and expenditure is \$1,781,000 (2018, \$1,665,000). For the Group, rates of \$1,787,000 (2018, \$1,675,000) have not been eliminated.

Under Local Government Act 2002 rating information disclosure as at:	30 June 2019	30 June 2018
Total land valuations of rateable properties for the city (\$)	3,860,199,830	\$3,819,163,830
Total capital valuation of rateable properties for the city (\$)	8,663,487,330	\$8,507,902,330
Total number of rateable properties	17,342	17,129

The city properties were last revalued by Quotable Value Limited on 1 August 2016. The next revaluation is due in August 2019.

Rates remissions

Council's rates remission policy allows Council to remit rates under a range of criteria in the manual of policies.

Non-rateable land

Under the Local Government Rating Act 2002 certain properties cannot be rated for general rates. These properties include schools, places of worship, public gardens and reserves. These non-rateable properties may be subject to targeted rates in respect of sewerage, water, refuse and sanitation.

Council is required by the Local Government Funding Authority (LGFA) Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002, together with any revenue received by Council from other local authorities for services provided by that council for which those other local authorities rate.

The annual rates income of Council for the year ended 30 June 2019 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown above.

2B: NON-EXCHANGE FEES AND CHARGES REVENUE

	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Permit and licence fees	1,751	1,634	1,751	1,634
Vested assets	3,528	11,867	3,528	11,867
Metered water charges ¹¹	1,373	1,251	1,373	1,251
Property rentals	210	205	210	205
H ₂ O Xtream and Expressions charges	1,064	1,167	1,368	1,568
Library, parks and community charges	118	120	118	120
Insurance recovery	0	7	0	7
Other charges ¹²	1,832	1,543	1,832	1,543
Total non-exchange fees and charges revenue	9,876	17,794	10,180	18,195
Solid waste	586	607	586	607
Dog charges	388	380	388	380
Cemetery charges	365	387	365	387
Total exchange fees and charges revenue	1,339	1,374	1,339	1,374
Total fees and charges revenue	11,215	19,168	11,519	19,569

Metered water charges are user charges imposed under Council's Water Supply Bylaw (2008) and thus treated as fees and charges.

11. Under meter water charges, Council has \$31K of water charges charged to council owned properties from income and other operating expenses (2018 \$36K).

12. Under other charges, Council has \$29K of other internal charges and other operating expenses (2018 \$65K).

2C: NON-EXCHANGE REVENUE SUBSIDIES AND GRANTS

	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Roading subsidies (NZTA)	3,109	4,862	3,109	4,862
Petrol tax (Crown)	143	142	143	142
Public transport subsidies (GWRC)	0	30	0	30
Social community project grants	155	162	155	162
Other grants and subsidies	332	0	701	76
Total non-exchange revenue subsidies and grants	3,739	5,196	4,108	5,272

There are no unfilled conditions and other contingencies attached to subsidies and grants recognised.

2D: EXCHANGE REVENUE INTEREST AND DIVIDENDS

	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Other financial assets	367	346	370	348
Trade receivables—community loans	1	0	1	0
Dividends	43	0	43	0
Total interest and dividends	411	346	414	348

2E: NON-CANCELLABLE OPERATING LEASE COMMITMENT AS A LESSOR

Council has no investment property; however it holds some property for strategic purposes in the development of the city. These properties, while being held for development, are leased under operating leases. The majority of these leases have a non-cancellable term of up to five years. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Not later than one year	271	276	271	276
Later than one year and not later than five years	729	810	729	810
Five years and later	1,947	1,985	1,947	1,985
Total non-cancellable operating leases	2,947	3,071	2,947	3,071

No contingent rents have been recognised in the Statement of Comprehensive Revenue and Expenses during the period (2018: \$nil).

NOTE 3: EXPENSES

Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred. Upper Hutt City Council does not capitalise its interest on borrowings.

Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received. Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application, and are recognised as expenditure when a successful applicant has been notified of Council's decision.

Allocation of overheads to significant activities

The gross costs of support services have been allocated to individual significant activities. These overheads have been allocated at the most appropriate pre-determined basis e.g. actual usage, staff numbers, rates contribution, floor area etc. applicable to the service provided to each significant activity.

Internal transactions

Each cost centre is stated with the inclusion of internal costs and revenues. In order to present a true and fair view in the financial statements these transactions have not been eliminated. This method has no effect on the operating result for the year.

Income taxation

Council has a tax exemption in relation to the surplus or deficit for the period.

3A: PERSONNEL COSTS AND COUNCILLOR REMUNERATION

BREAKDOWN OF PERSONNEL COSTS AND COUNCILLOR REMUNERATION	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Salaries and wages	11,773	10,748	12,221	11,263
Defined contributions plan employee contributions	249	248	294	253
Increase/decrease employee entitlements	12	132	15	133
Other	0	0	47	0
Total personnel costs and councillor remuneration	12,034	11,128	12,577	11,649

Remuneration of the Chief Executive

The Chief Executive of Upper Hutt City Council is appointed under section 42(1) of the Local Government Act 2002.

The previous Chief Executive's employment ceased on 16 December 2018, and the current Chief Executive began on 7 November 2018.

The Chief Executives' remuneration package as at 30 June was as follows.

CURRENT CHIEF EXECUTIVE'S REMUNERATION	30 Jun 2019	30 Jun 2018
Salary (actual—214 days)	172,936	0
Private use of a car (actual—214 days)	6,669	0
Total actual remuneration, including fringe benefit tax (214 days)	179,605	0
Salary (annual)	258,626	0
Private use of a car (annual)	11,374	0
Total annual remuneration, including fringe benefit tax (365 days)	270,000	0
PREVIOUS CHIEF EXECUTIVE'S REMUNERATION		
Salary (annual)	269,933	259,949
Private use of a car (annual)	15,590	15,590
Total annual remuneration, including fringe benefit tax	285,523	275,539
Salary (actual)	136,617	259,949
Private use of a car (actual)	5,253	15,590
Actual total remuneration, including fringe benefit tax	141,870	275,539

Remuneration of elected members

During the year Council paid total costs, including meeting allowances of \$479,982 (\$465,847 at 30 June 2018) to elected members, as follows:

	Actual 30 Jun 2019 (\$)	Actual 30 Jun 2018 (\$)
His Worship the Mayor, Wayne Guppy	115,381	111,174
Deputy Mayor John Gwilliam	45,749	44,512
Cr. Dave Wheeler	35,946	34,987
Cr. Glenn McArthur	40,895	39,756
Cr. Hellen Swales	39,214	38,154
Cr. Blair Griffiths	39,331	38,205
Cr. Paul Lambert	32,678	31,794
Cr. Angela McLeod	32,754	31,883
Cr. Steve Taylor	32,678	31,794
Cr. Ros Connelly	32,678	31,794
Cr. Chris Carson	32,678	31,794
Total remuneration of elected members	478,982	465,847

Included in the payments above are resource consent hearing fees and liquor licensing/hearing fees to the following Councillors. These fees are recoverable from applicants. Note these payments are to the nearest dollar.

	Actual 30 Jun 2019 (\$)	Actual 30 Jun 2018 (\$)
Cr. D Wheeler	0	13
Cr. G McArthur	148	13
Cr. B Griffiths	117	51
Cr. McLeod	77	89
Total resource consents hearing fees	342	166

Summary of employee levels

2018 – 2019	30 Jun 2019 employee numbers	30 Jun 2019 FTE ¹³ employee numbers
Total remuneration ≤ \$60,000		
Casual employees	38	5
Part-time employees	46	18
Full-time employees	46	46
	130	69
Total remuneration \$60,001 – \$80,000		
Part-time employees	5	2
Full-time employees	42	42
	47	44
Full-time employees, total remuneration \$80,001 – \$100,000	24	24
Full-time employees, total remuneration \$100,001 – \$120,000	12	12
Full-time employees, total remuneration \$120,001 – \$160,000	6	6
Full-time employees, total remuneration \$160,001 – \$280,000	5	5
TOTAL EMPLOYEE NUMBERS	224	160

13. FTE is full-time equivalent employees.

2017 – 2018	30 Jun 2018 employee numbers	30 Jun 2018 FTE employee numbers
Total remuneration ≤ \$60,000		
Casual employees	40	6
Part-time employees	39	17
Full-time employees	65	56
	144	79
Total remuneration \$60,000 – \$80,000		
Part time employees	2	2
Full-time employees	30	30
	32	32
Full-time employees, total remuneration \$80,001 – \$100,000	16	16
Full-time employees, total remuneration \$100,001 to \$140,000	10	10
Full-time employees, total remuneration \$140,001 to \$280,000	5	5
TOTAL EMPLOYEE NUMBERS	207	142

- Total remuneration includes all financial and non-financial benefits provided to employees.
- Where the number of employees in any band is 5 or fewer, the number for that band is combined with the next highest band.
- A full-time employee is determined on the basis of a forty-hour working week.

Severance payments

For the year ending 30 June 2019 Upper Hutt City Council made no severance payment to employees—\$nil. (2018: \$nil).

3B: DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY

	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Leadership	0	0	0	0
Land transport	4,852	4,440	4,852	4,440
Water supply	1,884	1,792	1,884	1,792
Wastewater	3,592	3,540	3,592	3,540
Stormwater	1,823	1,754	1,823	1,754
Sustainability (previously Solid waste)	5	1	5	1
Planning and regulatory services	0	5	0	5
Community and recreation services	2,795	2,243	2,813	2,258
Economic development	0	1	0	1
Total depreciation and amortisation expenses	14,951	13,776	14,969	13,791

3C: OTHER EXPENSES

	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Insurance	622	481	629	487
Disaster fund insurance	258	196	258	196
Audit fees and disbursements	132	133	143	144
Audit fees (Long Term Plan 2018 – 2028)	0	86	0	86
Audit fees (debenture trust deed)	4	4	4	4
Rental	296	222	296	222
Loss on disposal of assets	955	1,767	955	1,767
Consultants	858	1,069	874	1,069
Printing, photocopying and stationery	133	137	147	152
Telephone rental, mobile and tolls	113	104	115	107
Motor vehicles	282	251	287	254
Electricity/gas energy (includes street lighting)	740	800	809	862

CONTINUED OVER...

OTHER EXPENSES CONTINUED	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Rates on Council-owned properties (includes GWRC portion)	2,131	1,991	2,131	1,991
Land transport general maintenance	5,285	4,205	5,285	4,205
Water reticulation maintenance	789	737	789	737
Sewer maintenance	401	343	401	343
Drain maintenance	507	354	507	354
Other operating expenses	10,765	10,257	10,757	10,087
Total other expenses	24,271	23,137	24,387	23,067

Internal charges

Upper Hutt City Council (UHCC) rates on Council properties, metered water charges, and internal recoveries are included as part of the revenue and expenses.

	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
UHCC rates on Council-owned properties	1,781	1,665	1,781	1,665
Water charges on Council-owned properties	31	36	31	36
Internal charges	29	65	29	65
Total internal charges	1,841	1,766	1,841	1,766

3D – OPERATING LEASES

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to the ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Operating leases as lessee

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2018: \$nil).

Leases are mostly for either a 12, 24 or 36 month term which can be renewed at the end of that term at Council's option, with rents set by reference to current market rates for items of equivalent age and condition.

On some contracts, Council has the option to purchase the asset at the end of the lease term but does not exercise that right.

There are no restrictions placed on Council by any of the leasing arrangements.

Council leases property plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

NON-CANCELLABLE OPERATING LEASE COMMITMENT AS A LESSEE FOR PROPERTY, PLANT, AND EQUIPMENT	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Not later than one year	269	301	322	309
Later than one year and not later than five years	279	378	294	428
Five years and later	14	9	14	12
Total non-cancellable operating leases	562	688	630	749

Council has other non-cancellable contracts approved under its tender process for the maintenance and provision of services for its city. The majority of these operating contracts have non-cancellable term of 24 months. The future contracts to be paid under the provision of future services are as follows:

OTHER NON-CANCELLABLE CONTRACTS	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Not later than one year	8,539	6,990	8,539	6,990
Later than one year and not later than five years	2,579	2,306	2,579	2,306
Five years and later	0	1,754	0	1,754
Total non-cancellable contracts	11,118	11,050	11,118	11,050
TOTAL NON-CANCELLABLE COMMITMENTS	11,680	11,738	11,748	11,799

NOTE 4: CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held on call with bank, and other short-term highly liquid investments with original maturities of three months or less.

Bank overdrafts are shown within borrowing in current liabilities in the Statement of Financial Position.

The carrying value of short term-deposits with maturity dates of three months or less approximates their fair value.

Council holds unspent funds included in cash at bank, and term-deposits (see Note 5—Other financial assets) that are subject to restrictions. These unspent funds relate to monies which are received or levied for a specific purpose or benefit a discrete group of users. These are contained within our restricted reserves and are detailed in Note 14—Equity.

CASH AND CASH EQUIVALENTS	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Cash on hand	3	4	4	5
Bank balances	1,060	559	1,310	902
Call account	5,000	3,500	5,038	3,500
Short term-deposits maturing three months or less from date of acquisition	0	0	0	0
Total cash and cash equivalents	6,063	4,063	6,352	4,407

NOTE 5: OTHER FINANCIAL ASSETS

Council classifies its financial assets into the following three categories:

- Financial assets at fair value through surplus or deficit
- Loans and receivables
- Financial assets at fair value through other comprehensive revenue and expense

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets at fair value through surplus or deficit

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in surplus or deficit.

Financial assets in this category include shares, bonds and derivatives.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost using the effective interest method less impairment. Gains and losses, when the asset is impaired or derecognised, are recognised in the surplus or deficit.

Investments in this category include term deposits and borrower notes.

Financial assets at fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition, or are not classified in any of the other categories above.

They are included in non-current assets unless management intends to dispose of share investment within 12 months of balance date, or if the debt instrument is not expected to be realised within 12 months of balance date.

This category encompasses the following:

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

After initial recognition these investments are measured at their fair value.

Gains and losses are recognised directly in other comprehensive revenue and expense except for impairment losses which are recognised in the surplus or deficit.

On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to surplus or deficit.

Impairment of financial assets

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

Loans, receivables and held-to-maturity investments

Impairment is established when there is evidence that the Council and Group 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. The amount of the impairment is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment of term deposits, local authority stock, government bonds, and community loans, are recognised directly against the instrument's carrying amount.

Financial assets at fair value through other comprehensive revenue and expense

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. For listed bonds, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments, 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. If, in a subsequent period the fair value of listed bonds increases and the increase can be objectively related to an event after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Breakdown of other financial assets

	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
CURRENT PORTION				
Loans and receivables				
Term deposits	11,000	8,000	11,038	8,038
Total current portion	11,000	8,000	11,038	8,038
NON-CURRENT PORTION				
Loans and receivables				
LGFA ¹⁴ borrower notes	608	504	608	504
Fair value through equity—unlisted shares	206	201	206	201
Total non-current portion	814	705	814	705

Fair value

The carrying value of other financial assets approximates their fair value.

Impairment

There were no impairment provisions for other financial assets (2018: \$nil).

NOTE 6: DERIVATIVE FINANCIAL INSTRUMENTS

Council's derivative financial instruments are interest rate swaps. Council enters in to contracts to swap floating interest rates for fixed interest rates. Council uses derivative financial instruments to manage exposure to interest rate risks arising from financial activities. In accordance with its Treasury Policy, Upper Hutt City Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The associated gains or losses on derivatives that are not hedge accounted are recognised in the surplus or deficit.

Interest rate swaps – fair value

The fair values of interest rate swaps have been determined by calculating the expected future cash flows under the terms of the swaps and discounting these values to present values. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

14. LGFA is Local Government Funding Agency.

INFORMATION ABOUT INTEREST RATE SWAPS

The notional principal amounts of the interest rate swap contracts for Council as at 30 June 2019 is \$46.0 million (2018: \$40.5 million).

INTEREST RATE SWAPS – FAIR VALUE	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Current asset portion	0	0	0	0
Non-current asset portion	0	0	0	0
Current liability portion	(46)	(20)	(46)	(20)
Non-current liability portion	(3,221)	(1,812)	(3,221)	(1,812)

NOTE 7: TRADE AND OTHER RECEIVABLES

Receivables

Rates receivables and sundry debtors, 'trade receivables,' are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of receivable. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Council does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances.

Community loans

The fair value of community loans is \$39,000 (2018: \$48,661). Fair value has been determined using cash flows discounted at a rate of 2.25% – 7.75% (2018: 2.50% – 7.75%).

The face value of community loans is \$38,917 (2018: \$30,630).

Council's community loan scheme is designed to help not-for-profit organisations in the Upper Hutt community to develop or improve new or existing facilities and other major projects. Only organisations with the ability to repay are granted loans. Council may, at its discretion, require a qualifying body to provide security for a loan. Interest in the first year is 0%, year 2 is 1%, year 3 is 2%, year 4 and subsequent years is 3%. The fair value of loans at initial recognition has been determined using cashflows at a rate based on the loan recipient's assessed financial risk factors.

The carrying value of trade and other receivables (excluding community loans) approximates their fair value.

There is no concentration of credit risk with respect to receivables outside the Group, as the Group has a large number of customers.

As of 30 June 2019 and 2018, all overdue receivables, except for rates receivables, have been assessed for impairment and appropriate provisions applied. Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The impairment provision has been calculated based on expected losses for Council's pool of debtors.

Expected losses have been determined based on an analysis of Council's losses in previous periods, and review of specific debtors.

RECEIVABLES	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Rates receivables	832	1,049	832	1,049
Sundry debtors	702	1,048	770	1,118
Community loans	39	49	39	49
GST	502	118	527	131
Related party receivables	46	46	0	0
Accrued revenue	1,215	1,596	1,216	1,597
Prepayments	888	602	907	612
	4,224	4,508	4,291	4,556
Less provision for impairment of receivables	(50)	(50)	(50)	(50)
TOTAL TRADE AND OTHER RECEIVABLES	4,174	4,458	4,241	4,506
Less non-current portion				
Community loans	30	28	30	28
Current portion	4,144	4,430	4,211	4,478
Receivables from non-exchange transactions —includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	4,029	4,188	4,096	4,236
Receivables from exchange transactions —includes outstanding dog charges, and cemetery and solid waste transactions	145	270	145	270
	4,174	4,458	4,241	4,506

Movements in the provision for impairment of receivables and community loans are as follows:

PROVISION FOR IMPAIRMENT OF RECEIVABLES	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
At 1 July	50	50	50	50
Additional provisions made during the year	10	7	10	7
Receivables written off during period	(10)	(7)	(10)	(7)
At 30 June	50	50	50	50

AGE OF RATES RECEIVABLES

The age of overdue rates receivables that have not been impaired are as follows:

	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Current (90 days over)	692	910	692	910
1 – 2 years old	46	60	46	60
2 – 3 years old	30	32	30	32
Greater than 3 years old	64	47	64	47
Carrying amount as at 30 June	832	1,049	832	1,049

AGE OF SUNDRY DEBTORS

The age of sundry debtors are as follows:

	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Past due 1 – 30 days	434	701	502	764
Past due 31 – 60 days	52	211	52	213
Past due 61 – 90 days	28	15	28	16
Past due greater than 90 days	188	121	188	125
Carrying amount as at 30 June	702	1,048	770	1,118

NOTE 8: NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less cost of sales.

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

Any increases in fair value (less cost to sell) are recognised up to the level of any impairment losses that have been previously recognised. Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Council has identified a parcel of land at Duncraig Street as being made available for sale.

NON-CURRENT ASSETS HELD FOR SALE	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Land	206	206	206	206
Total non-current assets held for sale	206	206	206	206

NOTE 9: PROPERTY, PLANT, AND EQUIPMENT, AND INTANGIBLE ASSETS

Property, plant, and equipment

Property, plant, and equipment is split into four sections:

- 1 **Operational property, plant, and equipment**—which includes land, buildings, improvements, street trees, library books, plant and equipment, and motor vehicles.
- 2 **Restricted property, plant, and equipment**—which is mainly parks and reserves owned by Council which provide a benefit or service to the community and cannot be disposed of because of legal restrictions.
- 3 **Aquatic assets**—building, plant, and equipment relating to the H₂O Xtream pool facility.
- 4 **Infrastructure assets**—assets are the fixed utility network systems owned by Council and include roading, water, stormwater, and wastewater assets. Each asset class includes all items that are required for the network to function.

Infrastructure assets (except land under roads) are measured at fair value less accumulated depreciation and impairment losses. Land under roads is held at cost.

All property, plant, and equipment is shown at cost or valuation less accumulated depreciation and impairment losses.

Revaluation

Council accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset in other comprehensive revenue and expenses. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus or deficit. Any subsequent increase or revaluation that offset a previous decrease in value is recognised in the surplus or deficit up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset under other comprehensive revenue and expenses.

Those asset classes that are revalued are done so on a valuation cycle as described below. All other asset classes are carried at depreciated historical costs. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

OPERATIONAL ASSETS

Land and buildings were revalued as at 30 June 2018 by Ken Tonks ANZIV SPINZ Principal Property, Plant & Machinery Valuer TSE Value Limited. In 2018, the library was impaired while seismic strengthening was undertaken. The costs to repair the library have been capitalised and the impaired value plus the costs to repair now make up the current book value.

H₂O Xtream's aquatic assets were revalued at 30 June 2019 by Truebridge Partners. The valuer was Richard Arlidge ANZIV, Registered Valuer.

Plant and equipment assets were revalued as at 30 June 2018 by Peter Olivier BSC BE (Civil) FIPENZ CPEng IntPE MICE – an Independent Valuer of Calibre Consulting Ltd.

The revalued assets were valued depending on their nature on either a depreciated replacement cost or optimised depreciated replacement basis.

Minor structures, vehicles, computers, furniture, minor plant items, and minor miscellaneous office equipment are valued at historical cost.

Operational assets are revalued at least every three years.

INFRASTRUCTURE ASSETS

Roading assets were independently valued as at 30 June 2018 by Peter Ollivier BSC BE (Civil) FIPENZ CPEng, IntPE MICE – an Independent Valuer of Calibre Consulting Ltd. Valuations are completed annually by updating the Road Construction Index (RCI) which is an index built into the RAMM software. This index is based on the Infrastructure Cost Indices from the New Zealand Transport Agency procurement manual. Water, stormwater and wastewater assets were valued by city engineers of Wellington Water Ltd as at 30 June 2018. The assets are valued under the depreciated replacement cost method and in accordance with the New Zealand Infrastructure Management Manual and Valuation Depreciation Guidelines. The unit values are derived from recent renewal contracts for local infrastructure, and then indexed to current day values using the Capital Goods Price Index movement.

Infrastructure assets are revalued at least every three years.

HUTT VALLEY WASTEWATER SCHEME

These assets were valued by AON Valuation Services Ltd as at 31 December 2017. The majority of these assets are valued at Optimised Depreciated Replacement Cost (ODRC), and the remaining at Depreciated Replacement Cost. The valuer was Roger Khoo MPINZ. These assets are due to be revalued again in December 2020.

LAND UNDER ROADS

Under PBE IPSAS reporting standards Council has elected to use the fair value of land under roads as 30 June 2004 as deemed cost. Land under roads is no longer revalued.

RESTRICTED ASSETS

These are operational assets that cannot be disposed of because of legal and other restrictions. These assets have been revalued as at 30 June 2018 by Ken Tonks, ANZIVS PINZ Registered Valuer of TSE Value Limited and Peter Ollivier BSC BE (Civil) FIPENZ CPEng, IntPE MICE. These assets are valued under the depreciated replacement cost method.

STREET TREES

Street trees have been valued as at 30 June 2018 by Peter Ollivier BSC BE (Civil) FIPENZ CPEng, IntPE MICE an Independent Valuer of Calibre Consulting Ltd. Street trees typically have a long life and increase in size over this

period. It is not generally possible to replace a large mature street tree on a like for like basis. Thus Council has chosen to value all street trees on the typical cost that would be incurred for a young replacement tree. For this reason, street trees will not be depreciated and revaluations will be carried out five yearly.

LIBRARY COLLECTION

The library collection has been revalued at depreciated replacement cost as at 30 June 2019 in accordance with the guidelines released by the New Zealand Library Association and the National Library of New Zealand using the readily available market prices to determine fair value. The library collection and heritage book collection was revalued as at 30 June 2019 by the Upper Hutt City Library Content Team Leader. The valuation was independently peer reviewed by Shannon Simpson, Content Manager at Palmerston North City Council. Revaluations are carried out four yearly.

WORKS OF ART

Works of art are revalued every five years based on an estimate of current market value by an independent registered valuer. The Pumpkin Cottage collection was independently revalued as at 27 October 2015 by Suzanne Beere of Ngaio Fine Arts.

Revaluations are conducted more frequently if, at any balance date, the fair value differs materially from the carrying amount.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential of the item will flow to Council and the cost of the item can be measured reliably. 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. Work in progress is recognised at cost less impairment and is not depreciated.

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 included in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to 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.

Intangible assets

SOFTWARE ACQUISITION AND DEVELOPMENT

Acquired computer software licences are capitalised on the basis of the costs to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use by Council are recognised as intangible assets. Direct costs include 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 development and maintenance of the Council's website are recognised as an expense when incurred.

AMORTISATION

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation 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 Statement of Comprehensive Revenue and Expense.

The useful life and associated amortisation rates of major classes of intangible assets have been estimated as follows:

- Computer software: 3 years (33%)

Impairment of property, plant, and equipment, and intangible assets

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, and goodwill, are not subject to amortisation and are tested annually for impairment.

Property, plant, and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment at 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 value in use.

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

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense, and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit. For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

Depreciation

All assets, except for land, road formations, and street trees, have been depreciated on either a straight-line or diminishing value (DV) basis at rates estimated to write off the cost of the assets over their estimated useful life.

Hutt Valley Wastewater Scheme assets are controlled by Hutt City Council. Upper Hutt City Council is entitled to a share in any sale proceeds of these assets. The Seaview Wastewater Treatment Plant is depreciated at 20 years and sewerage pipelines at 40 – 80 years.

The specific rates of depreciation applied to major classes of assets are:

OPERATIONAL ASSETS	Years
Buildings	10 – 100
Buildings fitout and services	10 – 40
Furniture and office equipment	5 – 15
Library books	3 – 5
Motor vehicles	5 – 10
Parks and reserves services	10 – 100
Plant and equipment	4 – 50

INFRASTRUCTURE ASSETS	Years
Roading	
Bridges	20 – 100
Carparks	50
Culverts	50 – 80
Footpaths/accessways	30 – 60
Roads (except land and formation)	4 – 30
Roundabouts	50
Stormwater channels	15 – 60
Street and traffic lights	5 – 50
Street furniture and other features	12 – 25
Subways	80
Sumps	60

INFRASTRUCTURE ASSETS	Years
Water	
Civil works	80 – 100
Mechanical and electrical plant, outlets, pumps	20 – 50
Pipe work, appurtenances and associated structures	50 – 100
Reservoirs, intake structure	100
Stormwater	
Civil works	80 – 100
Mechanical and electrical plant, outlets, pumps	20 – 50
Pipe work, appurtenances and associated structures	50 – 100
Wastewater	
Civil works	80 – 100
Electronic equipment	10 – 20
Mechanical and electrical plant, outlets, pumps	15 – 50
Pipe work, wastewater mains	50 – 100
Telemetry	
Civil works	80 – 100
Electronic equipment	10 – 20
Mechanical and electrical plant, outlets, pumps	20 – 50
Pipe work, appurtenances and associated structures	50 – 100
Diminishing value depreciation	
Furniture and office equipment	5
Plant and equipment	4 – 50
Vehicles and plant	5 – 105

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

Critical accounting estimates and assumptions

In preparing these financial statements Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Infrastructural assets

There are a number of assumptions and estimates used when performing depreciated replacement cost valuations over infrastructural assets. These include the following.

- 1** The physical deterioration and condition of an asset, for example, Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets.
- 2** Estimating any obsolescence or surplus capacity of an asset.
- 3** Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If the useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the surplus or deficit. To minimise this risk, Council infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

Upper Hutt City Council has no flood protection or control works to disclose as this is covered by Greater Wellington Regional Council. Water has no treatment plants and facilities. Upper Hutt City Council Wastewater Treatment Plant and facilities is shared under a joint arrangement with Hutt City called the Hutt Valley Wastewater Scheme.

9A: COUNCIL OPERATIONAL ASSETS, PROPERTY, PLANT, AND EQUIPMENT

VALUATION	Land including street trees (\$'000)	Buildings (\$'000)	Furniture and equipment (\$'000)	Library books (\$'000)	Motor vehicles (\$'000)	Plant and equipment (\$'000)	Work in progress (\$'000)	Total property, plant, and equipment (\$'000)
Cost or valuation								
Balance at 1 July 2017	18,447	23,650	987	2,089	487	9,665	458	55,783
Additions	0	40	65	214	0	13	195	527
Revaluation increase/(decrease)	(1,563)	(6,124)	0	0	0	(1,471)	0	(9,158)
Disposals/write-offs	0	(38)	(2)	0	0	(29)	0	(69)
Transfers	3,990 ¹⁵	(137) ¹⁶	0	0	0	(8,101) ¹⁷	(410)	(4,658)
Cost or valuation at 30 June 2018	20,874	17,391	1,050	2,303	487	77	243	42,425
Add 2018 – 2019 movements								
Additions	0	2,641	61	230	4	2	932	3,870
Revaluation increase/(decrease)	0	0	0	(1,322)	0	0	0	(1,322)
Disposals/write-offs	(95)	(366)	(15)	0	0	(1)	0	(477)
Transfers	0	0	0	0	0	0	(25)	(25)
Cost or valuation at 30 June 2019	20,779	19,666	1,096	1,211	491	78	1,150	44,471
Accumulated depreciation and impairment losses								
Balance at 1 July 2017	0	(1,129)	(835)	(749)	(419)	(2,257)	0	(5,389)
Depreciation expense	0	(584)	(47)	(470)	(12)	(20)	0	(1,133)

Disposals/write-offs	0	0	0	0	0	0	0	0	0	0
Transfers	0	4	0	0	0	828	0	0	832	0
Revaluation increase/(decrease)	0	1,709	0	0	0	1,449	0	0	3,158	0
Accumulated depreciation and impairment losses at 30 June 2018	0	0	(882)	(1,219)	(431)	0	0	0	(2,532)	0
Add 2018 – 2019 movements										
Depreciation expense	0	(426)	(37)	(480)	(10)	(10)	0	0	(963)	0
Disposals/write-offs	0	0	4	0	0	0	0	0	4	0
Transfers	0	0	0	0	0	0	0	0	0	0
Revaluation increase/(decrease)	0	0	0	1,699	0	0	0	0	1,699	0
Accumulated depreciation and impairment losses at 30 June 2019	0	(426)	(915)	0	(441)	(10)	0	0	(1,792)	0
CARRYING AMOUNTS PER ASSET CLASS										
At 30 June 2018	20,874	17,391	168	1,084	56	77	243	39,893		
At 30 June 2019	20,779	19,240	181	1,211	50	68	1,150	42,679		

15. H₂O Xtream land, \$1.4 million, is now included in Note 9A instead of Note 9D. Pinehaven Library land, \$170,000, is now included in Note 9A instead of Note 9B. \$2.42 million has been moved from Note 8— *Non-current assets held for sale*, and transferred back to operational assets land.

16. \$133 K book value (BV) of buildings moved from operational to restricted in 2018 as the buildings are on parks land.

17. \$7.273 M (BV) of plant moved from operational to restricted in 2018 as the plant is on parks land.

9B: COUNCIL RESTRICTED ASSETS, PROPERTY, PLANT, AND EQUIPMENT

VALUATION	Land (\$000)	Buildings (\$000)	Parks and Reserves services (\$000)	Work in progress (\$000)	Total property, plant, and equipment (\$000)
Cost or valuation					
Balance 1 July 2017	32,253	4,609	5,538	0	42,400
Additions	2,691 ¹⁸	18	465	137	3,311
Revaluation increase/(decrease)	(1,146)	426	2,727	0	2,007
Disposals/write-offs	0	(250)	(11)	0	(261)
Transfers	(170) ¹⁹	137 ²⁰	8,101 ²¹	101	8,169
Cost or valuation at 30 June 2018	33,628	4,940	16,820	238	55,626
Add 2018 – 2019 movements					
Additions	0	13	384	1,610	2,007
Revaluation increase/(decrease)	0	0	0	0	0
Disposals/write-offs	0	(8)	(118)	0	(126)
Transfers	0	0	0	(62)	(62)
Cost or valuation at 30 June 2019	33,628	4,945	17,086	1,786	57,445
Accumulated depreciation and impairment losses					
Balance 1 July 2017	0	(193)	(406)	0	(599)
Depreciation expense	0	(96)	(692)	0	(788)

Disposals/write-offs	0	0	0	0	0	0
Transfers	0	(4)	(828)	0	(832)	
Revaluation increase/(decrease)	0	293	1,926	0	2,219	
Accumulated depreciation and impairment losses at 30 June 2018	0	0	0	0	0	0
Add 2018 – 2019 movements						
Depreciation expense	0	(97)	(982)	0	(1,079)	
Disposals/write-offs	0	0	0	0	0	
Transfers	0	0	0	0	0	
Revaluation increase/(decrease)	0	0	0	0	0	
Accumulated depreciation and impairment losses at 30 June 2019	0	(97)	(982)	0	(1,079)	
CARRYING AMOUNTS FOR RESTRICTED ASSETS						
At 30 June 2018	33,628	4,940	16,820	238	55,626	
At 30 June 2019	33,628	4,848	16,104	1,786	56,366	

18. The \$2.691 M addition of land is for vested assets.

19. Pinehaven Library land—\$170 K is now included in Note 9A.

20. \$133 K BV of buildings moved from operational to restricted this year as the buildings are on parks land.

21. \$7.273 M BV of plant moved from operation to restricted this year as the plant is on parks land.

9C: SUBSIDIARIES ASSETS, PROPERTY, PLANT, AND EQUIPMENT

VALUATION	Total operational property, plant, and equipment (\$000)	Total restricted property, plant, and equipment (\$000)	Total subsidiary property, plant, and equipment (\$000)	Total group property, plant, and equipment (\$000)
Cost or valuation				
Balance 1 July 2017	55,783	42,400	134	98,317
Additions	527	3,311	12	3,850
Revaluation increase/(decrease)	(9,158)	2,007	0	(7,151)
Disposals/write-offs	(69)	(261)	0	(330)
Transfers	(4,658)	8,169	0	3,511
Cost or valuation at 30 June 2018	42,425	55,626	146	98,197
Add 2018 – 2019 movements				
Additions	3,870	2,007	22	5,899
Revaluation increase/(decrease)	(1,322)	0	0	(1,322)
Disposals/write-offs	(477)	(126)	0	(603)
Transfers	(25)	(62)	0	(87)
Cost or valuation at 30 June 2019	44,471	57,445	168	102,084
Accumulated depreciation and impairment losses				
Balance 1 July 2017	(5,389)	(599)	(65)	(6,053)
Depreciation expense	(1,133)	(788)	(15)	(1,936)

Disposals/write-offs	0	0	0	0
Transfers	832	(832)	0	0
Revaluation increase/(decrease)	3,158	2,219	0	5,377
Accumulated depreciation and impairment losses at 30 June 2018	(2,532)	0	(80)	(2,612)
Add 2018 – 2019 movements				
Depreciation expense	(963)	(1,079)	(18)	(2,060)
Disposals/write-offs	4	0	0	4
Transfers	0	0	0	0
Revaluation increase/(decrease)	1,699	0	0	1,699
Accumulated depreciation and impairment losses at 30 June 2019	(1,792)	(1,079)	(98)	(2,969)
CARRYING AMOUNTS PER ASSET CLASS				
At 30 June 2018	39,893	55,626	66	95,585
At 30 June 2019	42,679	56,366	70	99,115

9D: PERMANENT ART COLLECTION (OWNED BY EXPRESSIONS WHIRINAKI)

VALUATION	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Pumpkin Cottage Art Collection	0	0	53	53

9E: AQUATIC ASSETS (H₂O XTREAM POOL FACILITY)

VALUATION	Land (\$000)	Buildings (\$000)	Plant (\$000)	Total group property, plant and equipment (\$000)
Cost or valuation				
Balance 1 July 2017	1,400	8,859	225	10,484
Additions	0	15	22	37
Revaluation increase/(decrease)	0	0	0	0
Disposals/write-offs	0	0	0	0
Transfers	(1,400) ²²	0	0	(1,400)
Cost or valuation at 30 June 2018	0	8,874	247	9,121

Add 2018 – 2019 movements

Additions	0	93	0	93
Revaluation increase/(decrease)	0	5,108	478	5,586
Disposals/write-offs	0	0	0	0

Transfers	0	0	0	0
Cost or valuation at 30 June 2019	0	14,075	725	14,800
Accumulated depreciation and impairment losses				
Balance 1 July 2017	0	(562)	(97)	(659)
Depreciation expense	0	(291)	(38)	(329)
Disposals/write-offs	0	0	0	0
Transfers	0	0	0	0
Revaluation increase/(decrease)	0	0	0	0
Accumulated depreciation and impairment losses at 30 June 2018	0	(853)	(135)	(988)
Add 2018 – 2019 movements				
Depreciation expense	0	(729)	(24)	(753)
Disposals/write-offs	0	0	0	0
Transfers	0	0	0	0
Revaluation increase/(decrease)	0	1,582	159	1,741
Accumulated depreciation and impairment losses at 30 June 2019	0	0	0	0
CARRYING AMOUNTS PER ASSET CLASS				
At 30 June 2018	0	8,021	112	8,133
At 30 June 2019	0	14,075	725	14,800

22. Land is now included under Note 9A – Council Plant, Property, and Equipment.

9F: COUNCIL INFRASTRUCTURAL ASSETS

VALUATION	Land under roads at cost (\$000)	Roads and footpaths (\$000)	Stormwater (\$000)	Telemetry (\$000)	Wastewater (\$000)	Water ²³ (\$000)	Hutt Valley ²⁴ Wastewater assets (\$000)	Work in progress (\$000)	Total property, plant and equipment (\$000)
Cost or valuation									
Balance 1 July 2017	92,330	203,820	107,817	264	82,983	87,644	40,557	7,251	622,666
Additions	4,452 ²⁵	11,470 ²⁶	0	0	2,220	2,689 ²⁷	581	2,721	24,133
Revaluation increase/(decrease)	0	(390)	2,675	32	729	1,596	(1,462)	0	3,180
Disposals/write-offs	0	(1,037)	(19)	0	(243)	(116)	(24)	0	(1,439)
Transfers	0	0	0	0	0	0	0	(3,952)	(3,952)
Cost or valuation at 30 June 2018	96,782	213,863	110,473	296	85,689	91,813	39,652	6,020	644,588
Add 2018 – 2019 movements									
Additions	1,443 ²⁸	5,137 ²⁹	470	170	948 ³⁰	2,692 ³¹	1,501	876	13,237
Revaluation reserves increase/(decrease)	0	0	0	0	0	0	0	0	0
Disposals/write-offs	0	(250)	0	0	(64)	(43)	0	0	(357)
Transfers	0	0	0	0	0	0	0	(1,522)	(1,522)
Cost or valuation at 30 June 2019	98,225	218,750	110,943	466	86,573	94,462	41,153	5,374	655,946

Accumulated depreciation and impairment losses

Balance 1 July 2017	0	0	0	0	0	0	(3,312)	0	(3,312)
Depreciation expense	0	(4,440)	(1,717)	(37)	(1,895)	(1,765)	(1,639)	0	(11,523)
Disposals/write-offs	0	0	0	0	0	0	0	0	0
Revaluation increase/ (decrease)	0	4,440	1,747	37	1,895	1,765	4,167	0	14,051
Accumulated depreciation and impairment losses at 30 June 2018	0	0	0	0	0	0	(784)	0	(784)

Add 2018 – 2019 movements

Depreciation expense	0	(4,852)	(1,816)	(35)	(1,959)	(1,862)	(1,627)	0	(12,151)
Disposals/write-offs	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
Revaluation increase/ (decrease)	0	0	0	0	0	0	0	0	0
Accumulated depreciation and impairment losses at 30 June 2019	0	(4,852)	(1,816)	(35)	(1,959)	(1,862)	(2,411)	0	(12,935)

23. Does not include treatment plant and facilities. These are owned by GWRC.

24. Refer to Note 9G for more information on Hutt Valley Wastewater assets, which is treatment plant and facilities.

25. For year ended June 2018, additions include vested assets of \$4,452,665

26. For year ended June 2018, additions include vested assets of \$3,208,797

27. For year ended June 2018, additions include vested assets of \$1,513,907

28. For year ended June 2019, additions include vested assets of \$1,443,475

29. For year ended June 2019, additions include vested assets of \$1,368,177

30. For year ended June 2019, additions include vested assets of \$419,523

31. Additions include vested assets of \$296,491.

VALUATION	Land under roads at cost (\$'000)	Roads and footpaths (\$'000)	Stormwater (\$'000)	Telemetry (\$'000)	Wastewater (\$'000)	Water (\$'000)	Hutt Valley ³² Wastewater assets (\$'000)	Work in progress (\$'000)	Total property, plant and equipment (\$'000)
CARRYING AMOUNTS PER ASSET CLASS									
At 30 June 2018	96,782	213,863	110,473	296	85,689	91,813	38,868	6,020	643,804
At 30 June 2019	98,225	213,898	109,127	431	84,614	92,600	38,742	5,374	643,011

The closing book value is the most recent estimate of the depreciated replacement cost

32. Refer to Note 9G for more information on Hutt Valley Wastewater assets.

9G: HUTT VALLEY WASTEWATER SCHEME

The Local Government (Wellington Region) Reorganisation Order 1989 transferred the functions of the Hutt Valley Drainage Board to Hutt City Council. In so doing, the reorganisation provided for a joint committee to be established between Upper Hutt City Council (UHCC) and Hutt City Council (HCC) to consider the co-ordination of the two councils in respect of matters affecting the Hutt Valley as a whole, and the disposal of wastewater via the wastewater treatment plant. The joint Hutt Valley Wastewater Scheme has been constructed to improve the operation of the system and the quality of the discharge. UHCC pays an annual levy to HCC, which manages the Wastewater system, based on an apportionment of between 26% and 32% for UHCC. UHCC is funding the Hutt Valley Wastewater Scheme in line with the Strategic Plan Funding model. While UHCC does not have any direct control over the Scheme, it is entitled to a share of the proceeds from any sale of the Scheme's assets.

The Hutt Valley Wastewater Scheme was valued on the depreciated replacement value basis as at 31 December 2017. The valuation of these assets was independently carried out by Aon Global Risk Consulting.

UHCC now has an interest in the total assets of \$38.741 million (2018: \$38.868 million) as recognised as part of infrastructural assets. This is the assessed net book value of the UHCC share.

HUTT VALLEY WASTEWATER SCHEME TRANSACTIONS	Actual Parent	Actual Parent	Actual Group	Actual Group
	30 Jun 2019 (\$000)	30 Jun 2018 (\$000)	30 Jun 2019 (\$000)	30 Jun 2018 (\$000)
Drainage levy	2,583	2,426	2,583	2,426
Capital contributions	1,501	580	1,501	580
Trade waste income	(244)	(155)	(244)	(155)

9H: CAPITAL COMMITMENTS

Capital expenditure contracted for at balance date but not yet incurred for property, plant, and equipment, and infrastructural assets.

BREAKDOWN OF CAPITAL COMMITMENTS	Actual Parent	Actual Parent	Actual Group	Actual Group
	30 Jun 2019 (\$000)	30 Jun 2018 (\$000)	30 Jun 2019 (\$000)	30 Jun 2018 (\$000)
Roading	7,645	2,281	7,645	2,281
Property	1,352	245	1,352	245
Capital commitments approved and contracted	8,997	2,526	8,997	2,526

Insurance Risk Clause 31A Schedule 10 Local Government Act 2002

- The total value of all above ground assets (excludes land and roads) of the local authority that are covered by insurance contracts is \$125.534 million. The maximum amount to which they are insured is \$600 million for any one event, including business interruption (combined Group limit of five councils).
- The total value of all assets of the local authority that are covered by financial risk sharing arrangements is underground/infrastructure assets with a total value of \$541.251M. The maximum amount available to the local authority under those arrangements is \$600 million split 60/40 between Central Government and commercial insurance (combined Group limit of four councils).

c. The total value of all assets of the local authority that are self-insured is nil except for any insurance claims below the excess. Council has no funds maintained by the local authority for that purpose.

The following information relates to the insurance of Council assets as at 30 June 2019

	30 Jun 2019 (\$)	30 Jun 2018 (\$)
The total value of all Council assets covered by insurance contracts	666.785 M	643.488 M
➤ above-ground assets (excludes land and roads)	125.534 M	122.939 M
➤ below-ground/infrastructure assets	541.251 M	520.549 M
The maximum collective amount to which insured assets are insured	600 M	600 M
The total collective value of all Council assets covered by financial risk sharing arrangements	4,961.155 M	4,259.688 M
Maximum amount available to Council under financial risk sharing arrangements:	660 M	660 M
➤ above-ground assets	600 M	600 M
➤ below-ground assets	60 M	60 M
Total value of assets that are self-insured	Nil	Nil
The value of funds maintained for self-insurance	Nil	Nil

In the event of natural disaster, Central Government may contribute up to 60% towards the restoration of water, drainage and sewerage assets, and provide a subsidy towards the restoration of roads.

Under Section 33.4.2 of the guide to the National Civil Defence Emergency Management Plan 2006, the Government's policy is to reimburse 60% of the other eligible response costs, combined with essential infrastructure recovery repair costs, above a threshold of 0.0075% of the city's net capital value.

Council's threshold excess is \$648,193 (2018: \$638,093).

NOTE 10: PAYABLES AND DEFERRED REVENUE

Payables

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

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

BREAKDOWN OF PAYABLES AND DEFERRED REVENUE	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Trade creditors	4,546	4,855	4,630	4,930
Rates in advance	869	795	869	795
Greater Wellington Regional Council rates	375	414	375	414
Fees in advance	419	452	426	452
Amounts due to related parties	3	1	0	0
Accrued interest payable	81	138	81	138
Payroll liability	175	248	175	248
Other liabilities	572	227	623	246
Deposits and trust accounts	992	873	1,013	970
Payables and deferred revenue	8,032	8,003	8,192	8,193
Payables and deferred revenue from non-exchange transactions	7,937	7,908	8,081	8,098
Payables and deferred revenue from exchange transactions	95	95	111	95
Payables and deferred revenue	8,032	8,003	8,192	8,193

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

PROVISIONS INCLUDED AS PART OF OTHER LIABILITIES ABOVE	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Provision for internal process	112	93	112	93
Provision for district plan	199	0	199	0
Weathertightness claims	50	60	50	60

There is one claim lodged with the Weathertight Homes Resolution Service (WHRS) under the Financial Assistance Package (FAP) scheme as at 30 June 2019 (2018: 1).

Last year's claim related to weathertightness issues of homes in the Upper Hutt area and names the Council as well as other parties. The WHRS is a Central Government service established under the Weathertightness Homes Resolution Services Act 2006. The FAP is only available to eligible homeowners. Council has opted into the FAP scheme.

A provision for these claims was established based at 20% on the actual assessment of claims based on historical average claim level and other information held. Council has insurance in place that covers one claim over legal proceedings.

NOTE 11: EMPLOYEE ENTITLEMENTS

Short term employee entitlements

Wages and salaries, annual leave and other entitlements that are expected to be settled within twelve months of reporting date are measured at nominal values on an actual entitlement basis at current rates of pay. Council recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year.

Long term entitlements

Entitlements that are payable beyond twelve months, such as long service leave and retirement gratuity, have been calculated on an actuarial basis.

The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- the present value of the estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested long service 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.

Critical accounting estimates and assumptions

ESTIMATING RETIREMENT AND LONG SERVICE LEAVE OBLIGATIONS

The present value of retirement and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the 90-day call rate from New Zealand Treasury. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary. A weighted average discount rate of 1.5% (2018: 1.10%) and an inflation factor of 1.5% (2018: 1.75%) were used.

Superannuation schemes

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

BREAKDOWN OF EMPLOYEE BENEFIT LIABILITIES	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Accrued pay	13	19	13	19
Annual leave	735	719	763	743
Sick leave	39	49	39	49
Retirement and long service leave	345	343	345	343
Total employee benefit liabilities	1,132	1,130	1,160	1,154
Current	787	787	815	811
Non-current	345	343	345	343
Total employee entitlements	1,132	1,130	1,160	1,154

NOTE 12: BORROWINGS AND OTHER FINANCIAL LIABILITIES

Borrowings

Borrowings are initially recognised at their fair value net of transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Council or Group has an unconditional right to defer settlement of the liability for at least 12 months after balance date or if the borrowings are expected to be settled within 12 months of balance date.

Fixed-rate debt

Council's secured debt of \$5 million (2018: \$5 million) is issued at fixed rates of interest.

Floating-rate debt

Upper Hutt City Council's secured debt of \$38 million (2018: \$31.5 million) is issued at floating rates of interest.

Interest free loan

Council has no interest free loans.

Security

The overdraft is unsecured. The maximum amount that can be drawn down against the overdraft facility is \$600,000 (2018: \$600,000). There are no restrictions on the use of this facility.

Council has two Westpac multi option credit line facilities available; currently it is nil (2018: nil). Facilities available are \$5.2 million limit expiry on 30 June 2023, and \$5.0 million limit expiry on 31 July 2024.

Council also has a business Mastercard facility with Westpac, limit \$250,000 (2018: \$250,000).

From 27 June 2001, all current fixed term loan facilities are secured by Council's Debenture Trust Deed with security over rates income.

Council has issued security stock to the value of \$75.85 million (2018: \$65.35 million), under its Debenture Trust Deed. This stock has been issued to five banking institutions as security for existing facilities totalling committed funds of \$43 million (2018: \$36.5 million) and uncommitted facilities available to the value of \$3,544,540 (2018: \$914,158).

Council manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management Policy.

These policies have been adopted as part of Council's Long Term Plan.

BREAKDOWN OF BORROWINGS	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Current				
Secured loans	9,000	9,000	9,000	9,000
Total current borrowings	9,000	9,000	9,000	9,000
Non-current				
Secured loans	34,000	27,500	34,000	27,500
Total non-current borrowings	34,000	27,500	34,000	27,500
TOTAL BORROWINGS	43,000	36,500	43,000	36,500

Interest rates

The weighted average effective interest rate on loans outstanding (current and non-current) at 30 June 2019 was 2.53% (June 2018: 2.70%). The loans are secured by a rate made pursuant to Section 115 of the Local Government Act 2002 upon the rateable property in Upper Hutt.

Internal borrowings

Council borrows on a whole-of-council basis, hence statements of internal borrowing are not appropriate.

NOTE 13: FINANCIAL INSTRUMENTS

13A: FINANCIAL INSTRUMENT CATEGORIES

	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
FINANCIAL ASSETS				
Fair value through surplus and deficit	0	0	0	0
Derivative financial instrument assets	0	0	0	0
LOANS AND RECEIVABLES				
Cash at bank and cash equivalents	6,063	4,063	6,352	4,407
Debtors and other receivables	4,135	4,409	4,202	4,457
Other financial assets				
Term deposits	11,000	8,000	11,038	8,038
Community loans	39	49	39	49
LGFA borrow notes	608	504	608	504
Total loans and receivables	21,845	17,025	22,239	17,455
FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE				
Other financial assets				
Unlisted shares	206	201	206	201
Total fair value through other comprehensive revenue and expense	206	201	206	201
FINANCIAL LIABILITIES				
Fair value through surplus and deficit	3,267	1,832	3,267	1,832
Derivative financial instrument	3,267	1,832	3,267	1,832
FINANCIAL LIABILITIES AT AMORTISED COST				
Creditors and other payables	8,032	8,003	8,192	8,193
Borrowings				
Secured loans	43,000	36,500	43,000	36,500
Total financial liabilities at amortised cost	51,032	44,503	51,192	44,693

13B: FAIR VALUE HIERARCHY DISCLOSURES

For those instruments recognised at fair value in the Statement of Financial Position, fair values are determined according to the following technique hierarchy:

- 1 **Quoted market price** [level one]: financial instruments with quoted prices for identical instruments in active markets.
- 2 **Valuation technique using observable inputs** [level two]: financial instruments with quoted price for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- 3 **Valuation techniques with significant non-observable inputs** [level three]: financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the Statement of Financial Position:

COUNCIL 30 JUNE 2019	Total (\$000)	Valuation technique		
		Quoted (\$000)	Observable (\$000)	Non-observable (\$000)
Financial assets				
Derivatives	0	0	0	0
Shares	206	0	206	0
Financial liabilities				
Derivatives	3,267	0	3,267	0
GROUP 30 JUNE 2019				
Financial assets				
Derivatives	0	0	0	0
Shares	205	0	205	0
Financial liabilities				
Derivatives	3,267	0	3,267	0

COUNCIL 30 JUNE 2018	Total (\$000)	Valuation technique		
		Quoted (\$000)	Observable (\$000)	Non-observable (\$000)
Financial assets				
Derivatives	0	0	0	0
Shares	201	0	201	0
Financial liabilities				
Derivatives	1,832	0	1,832	0
GROUP 30 JUNE 2018				
Financial assets				
Derivatives	0	0	0	0
Shares	201	0	201	0
Financial liabilities				
Derivatives	1,832	0	1,832	0

13C: FINANCIAL INSTRUMENT RISKS

Council has policies to manage the risks associated with financial instruments. Council is risk adverse and seeks to minimise exposure from its treasury activities. Council has established Council Approved Liability Management and Investment Policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risks

PRICE RISK

Price risk is the risk that the fair value of future cashflows of a financial instrument will fluctuate as a result of changes in market prices. Equity securities price risk arises on listed share investments, which are classified as financial assets held at fair value through other comprehensive revenue and expense. This price risk arises due to market movements in listed shares. Equity securities price risk is not managed as all share investments are unlisted. These shares are held for strategic purposes.

CURRENCY RISK

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Council does not currently enter into arrangements from which significant currency risk arises. Purchases denominated in foreign currency are of a one off nature made using the rate at the time of the transaction.

FAIR VALUE INTEREST RATE RISK

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose Council and Group to fair value interest rate risk. Council's Treasury Risk Management policy is to maintain between 55% and 95% of its borrowings in fixed rate instruments. Fixed to floating interest rate swaps are entered in to hedge the fair value interest rate risk.

CASH FLOW INTEREST RATE RISK

Cash flow interest rate risk is the risk that cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Council to cash flow interest rate risks.

Generally, Council and Group raises long term borrowings at floating rates and swaps them into fixed rates using interest rate swaps in order to manage the cashflow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rate that are generally lower than those available if the Council or Group agrees with other parties to exchange, at specific intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

CREDIT RISK

Credit risk is the risk that a third party will default on its obligations to Council causing Council to incur a loss. Due to the timing of its cash inflows and outflows, Council invests surplus cash into term deposits which gives rise to credit risk. Council's investment policy limits the amount of credit exposure to any one financial institution or organisation. Council only invests with entities that have a Standard and Poor's credit rating of at least A+ for short term and A- for long term investments.

Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk. Council's maximum credit exposure for each class of financial instrument is as follows:

MAXIMUM EXPOSURE TO CREDIT RISK	Actual Parent	Actual Parent	Actual Group	Actual Group
	30 Jun 2019 (\$000)	30 Jun 2018 (\$000)	30 Jun 2019 (\$000)	30 Jun 2018 (\$000)
Cash at bank and term deposits	17,063	12,063	17,390	12,445
Debtors and other receivables	4,135	4,409	4,202	4,457
Community and related party loans	39	49	39	49
Derivative financial instrument assets	0	0	0	0
Total credit risk	21,237	16,521	21,631	16,951

13D: CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

COUNTERPARTIES WITH CREDIT RATINGS	Actual Parent	Actual Parent	Actual Group	Actual Group
	30 Jun 2019 (\$000)	30 Jun 2018 (\$000)	30 Jun 2019 (\$000)	30 Jun 2018 (\$000)
Cash at bank and term deposits				
AA+ (Standard and Pools)	608	504	608	504
AA (Standard and Pools)	0	0	0	0
AA- (Standard and Pools)	17,060	12,059	17,386	12,440
A+ (Standard and Pools)	0	0	0	0
Total cash at bank and term deposits	17,668	12,563	17,994	12,944

COUNTERPARTIES WITH CREDIT RATINGS	Actual Parent	Actual Parent	Actual Group	Actual Group
	30 Jun 2019 (\$000)	30 Jun 2018 (\$000)	30 Jun 2019 (\$000)	30 Jun 2018 (\$000)
Derivative financial instrument assets				
A+ (Standard and Poors)	0	0	0	0
Total derivative financial instrument assets	0	0	0	0
COUNTERPARTIES WITHOUT CREDIT RATINGS				
Community and related party loans				
Existing counterparty with defaults in past	0	4	0	4
Existing counterparty with no defaults in past	39	46	39	46
Total community and related party loans	39	50	39	50

Debtors and other receivables mainly arise from Council's statutory functions, therefore there are no procedures in place to monitor or report the credit quality and other receivables with reference to internal or external credit ratings.

Council has no significant concentrations of credit risk in relation to debtors and other receivables, it has a large number of credit customers, mainly ratepayers and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

13E: LIQUIDITY RISK

Management of liquidity risk

Liquidity risk is the risk that Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Council aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, Council maintains a target level of investments that must mature within the next 12 months. Council manages its borrowings in accordance with its funding and financial policies, which include a liability management policy. These policies have been adopted as part of Council's Long Term Plan. Council has a maximum amount that can be drawn against its overdraft facility of \$600,000 (2018 \$600,000). There are no restrictions on the use of this facility.

13F: CONTRACTUAL MATURITY ANALYSIS OF FINANCIAL LIABILITIES

The table below analyses Council's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying amount (\$000)	Contractual cash flows (\$000)	Less than 1 Year (\$000)	1 – 2 Years (\$000)	2 – 5 Years (\$000)	More than 5 Years (\$000)
COUNCIL 2019						
Creditors and other payables	8,032	8,032	8,032	0	0	0
Secured loans	43,000	48,123	9,994	5,868	13,903	18,358
Total	51,032	56,155	18,026	5,868	13,903	18,358

GROUP 2019

Creditors and other payables	8,192	8,192	8,192	0	0	0
Secured loans	43,000	48,123	9,994	5,868	13,903	18,358
Total	51,192	56,315	18,186	5,868	13,903	18,358

COUNCIL 2018

Creditors and other payables	8,003	8,003	8,003	0	0	0
Secured loans	36,500	41,520	9,866	4,746	13,336	13,572
Total	44,503	49,523	17,869	4,746	13,336	13,572

GROUP 2018

Creditors and other payables	8,193	8,193	8,193	0	0	0
Secured loans	36,500	41,520	9,866	4,746	13,336	13,572
Total	44,693	49,713	18,059	4,746	13,336	13,572

13G: CONTRACTUAL MATURITY ANALYSIS OF FINANCIAL ASSETS

The table below analyses Council's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Carrying amount (\$000)	Contractual cash flows (\$000)	Less than 1 Year (\$000)	1 – 2 Years (\$000)	2 – 5 Years (\$000)	More than 5 Years (\$000)
COUNCIL 2019						
Cash and cash equivalents	6,063	6,063	6,063	0	0	0
Debtors and other receivables	4,174	4,174	4,174	0	0	0
Other financial assets:						
Term deposits	11,000	11,091	11,091	0	0	0
Community and related party loans	39	41	10	9	14	8
Total	21,276	21,369	21,338	9	14	8
Group 2019						
Cash and cash equivalents	6,352	6,352	6,352	0	0	0
Debtors and other receivables	4,241	4,241	4,241	0	0	0
Other financial assets:						
Term deposits	11,038	11,130	11,130	0	0	0
Community and related party loans	39	41	10	9	10	8
Total	21,670	21,763	21,733	9	10	8
Council 2018						
Cash and cash equivalents	4,063	4,063	4,063	0	0	0
Debtors and other receivables	4,409	4,409	4,409	0	0	0
Other financial assets:						
Term deposits	8,000	8,082	8,082	0	0	0
Community and related party loans	49	53	11	15	14	13
Total	16,521	16,607	16,565	15	14	13
Group 2018						
Cash and cash equivalents	4,407	4,407	4,407	.0	0	0
Debtors and other receivables	4,457	4,457	4,457	0	0	0
Other financial assets:						
Term deposits	8,038	8,133	8,133	0	0	0
Community and related party loans	49	53	11	15	14	13
Total	16,951	17,050	17,008	15	14	13

13H: SENSITIVITY ANALYSIS

The table below illustrates the potential surplus or deficit and equity (excluding accumulated funds) impact for reasonably possible market movements, with all other variables held constant, based on Council's financial instrument exposures at the balance date. There is no equivalent table for the Group, as all of the financial instrument exposure is held with the Parent (Council).

COUNCIL INTEREST RATE RISK		2019 (\$000)		2018 (\$000)	
		-100 bps	+100 bps	-100 bps	+100 bps
Financial assets					
Cash and cash equivalents	A	-50	50	-35	35
Financial liabilities					
Term loans	B	-380	380	-315	315
Total sensitivity to interest rate risk		-430	430	-350	350

Explanation of sensitivity analysis—Council

A Cash and cash equivalents include deposits at call totalling \$5 million (2018: \$3.5 million) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$50,000 (2018: \$35,000).

B Secured loans—Council has floating rate debt with a principal amount of \$38 million (2018: \$31.5 million). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$380,000 (2018: \$315,000).

NOTE 14: EQUITY

Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 [the 'Act'] requires Council to manage its revenues, expenses, assets, liabilities, investment, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising Council's assets today and not expecting them to meet the full costs of long term assets that will benefit ratepayers in future generations.

The Act requires Council to make adequate and effective provision in its Long Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors that Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in Council's LTP.

Components of equity are:

- Accumulated funds
- Restricted reserves (special funds and other accounts restricted by law)
- Asset revaluation reserve

14A: BREAKDOWN OF ACCUMULATED FUNDS

	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Opening balance 01 July	233,949	228,032	234,218	228,306
Net Surplus (deficit)	(1,388)	9,103	(1,389)	9,116
	232,561	237,135	232,829	237,422
Transfer to:				
Special funds	(2,504)	(2,243)	(2,505)	(2,262)
Other accounts restricted by law	(1,669)	(3,050)	(1,669)	(3,050)
Asset revaluation reserve on disposal of property, plant and equipment	0	0	0	0
	(4,173)	(5,293)	(4,174)	(5,312)
Transfer from:				
Special funds	1,102	366	1,103	367
Other accounts restricted by law	686	748	686	748
Asset revaluation reserve on disposal of property, plant and equipment	520	993	520	993
	2,308	2,107	2,309	2,108
Closing balance 30 June	230,696	233,949	230,964	234,218

14B: RESTRICTED RESERVES

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

Upper Hutt City Council has the following Council-restricted reserves:

- Special funds
- Other accounts restricted by law

Special funds are set up where Council has defined a specific purpose. Interest is added to these reserves where applicable and deductions are made where funds have been used for the purpose they were created. Special funds are reserves established by Council decision. Council is legally allowed to alter them without reference to any third party. Transfers to and from these reserves are at the discretion of Council.

Other accounts restricted by law are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves. Conditions applying to these reserves may not be revised by Council without reference to the Courts or third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

RESTRICTED RESERVES	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Special funds	7,228	5,826	7,285	5,883
Other accounts restricted by law	8,940	7,957	8,940	7,957
Closing balance 30 June	16,168	13,783	16,225	13,840

Special funds

SPECIAL FUNDS FOR 2018 – 2019		Balance 1 Jul 2018 (\$000)	Transfers into fund (\$000)	Transfers out of fund (\$000)	Balance 30 Jun 2019 (\$000)
Sierra Way subdivision	G	137	3	0	140
Civic amenities fund	B	1	0	0	1
Amenities fund	B	517	20	0	537
Plant renewal	C	729	51	(4)	776
Reserve fund contribution	D	3,044	1,950	(466)	4,528
Council property sales	F	49	1	0	50
Cash in lieu parking fund account	E	3	0	0	3
Harcourt Park maintenance fund	H	2	3	0	5
General reserve fund	A	9	1	0	10
Blue Mountain roading levy	G	62	1	0	63
Akatarawa roading levy	G	153	37	0	190
Kaitoke roading levy	G	19	0	0	19
Mangaroa roading levy	G	249	14	0	263
Katherine Mansfield roading levy	G	0	41	0	41
Moonshine Hill Road levy	G	5	0	0	5

		Balance 1 Jul 2018 (\$000)	Transfers into fund (\$000)	Transfers out of fund (\$000)	Balance 30 Jun 2019 (\$000)
SPECIAL FUNDS FOR 2018 – 2019					
Alexander Road levy	G	10	0	0	10
Trench resealing levy	J	12	0	0	12
Swamp Road levy	G	0	0	0	0
Library redevelopment fund	I	0	0	0	0
Cemetery development fund	I	0	0	0	0
Kurth Crescent stormwater levy	K	47	1	0	48
H ₂ O plant renewal reserve	M	525	123	(632)	16
Maidstone turf renewal reserve	N	253	258	0	511
Total special funds for 30 June Parent		5,826	2,504	(1,102)	7,228
Arts scholarship fund	L	39	1	(1)	39
Expression Building Extension Reserve	O	18	0	0	18
Total special funds for 30 June Group		5,883	2,505	(1,103)	7,285

		Balance 1 Jul 2017 (\$000)	Transfers into fund (\$000)	Transfers out of fund (\$000)	Balance 30 Jun 2018 (\$000)
SPECIAL FUNDS FOR 2017 – 2018					
Sierra Way subdivision	G	133	4	0	137
Civic amenities fund	B	1	0	0	1
Amenities fund	B	522	35	(40)	517
Plant renewal reserve	C	675	56	(2)	729
Reserve fund contribution	D	1,805	1,560	(321)	3,044
Council property sales	F	48	1	0	49
Cash in lieu parking fund account	E	3	0	0	3
Harcourt Park maintenance fund	H	2	3	(3)	2
General reserve fund	A	9	0	0	9
Blue Mountain roading levy	G	60	2	0	62
Akatarawa roading levy	G	101	52	0	153
Kaitoke roading levy	G	18	1	0	19
Mangaroa roading levy	G	242	7	0	249

SPECIAL FUNDS FOR 2017 – 2018		Balance 1 Jul 2017 (\$000)	Transfers into fund (\$000)	Transfers out of fund (\$000)	Balance 30 Jun 2018 (\$000)
Katherine Mansfield roading levy	G	0	0	0	0
Moonshine Hill Road levy	G	5	0	0	5
Alexander Road levy	G	10	0	0	10
Trench resealing levy	J	12	0	0	12
Kurth Crescent stormwater levy	K	46	1	0	47
H ₂ O plant renewal reserve	M	257	268	0	525
Maidstone turf renewal reserve	N	0	253	0	253
Total special funds for 30 June Parent		3,949	2,243	(366)	5,826
Arts scholarship fund	L	39	1	(1)	39
Expression building extension reserve	O	0	18	0	18
Total special funds for 30 June Group		3,988	2,262	(367)	5,883

SPECIAL FUND PURPOSES

The Council and Group special funds cover the following situations:

- A General reserve**—available for any appropriate purpose.
- B Amenity fund(s)**—available for lending at concessional rates to community groups for the development/ construction of assets that will generate a benefit for the overall community.
- C Plant renewal**—funds allocated from rates to replace/upgrade plant assets in the activity charged with the original allocation.
- D Reserve fund contributions**—contributions levied on the developers of sub-divisions which are used to maintain and increase Council provided community assets or fund interest costs and loan repayments in relation to providing such assets.
- E Cash in lieu of parking**—funds collected instead of requiring the provision of parking by developers and used for parking purposes.
- F Property sales**—profits generated by the sale of property and available to assist in the funding of Council work programme.
- G Roading levies**—funds raised from sub-divisions in specific catchments and available for roading projects only in the catchment that provide the funds.
- H Harcourt Park maintenance**—funds collected from this activity and only available for approved maintenance purposes in that park.

- I Library and cemetery development**—funds collected for or generated by the specific activity and only available for projects in that activity.
- J Trench resealing levy**—funds collected to ensure the correct re-instatement of trenching work by third parties.
- K Kurth Crescent development levy**—funds to be collected from developers to provide stormwater upgrade in Kurth Crescent.
- L Arts scholarship**—funds collected to provide an annual scholarship.
- M H₂O plant renewal reserve**—funds allocated from rates to replace/upgrade H₂O plant and equipment.
- N Maidstone Park artificial turf renewal**—funds allocated from rates and fees and charges to replace/upgrade the artificial turf.
- O Expressions building extension reserve**—funds received from sponsors conditional on the extension of the Expression building.

Other accounts restricted by law

OTHER ACCOUNTS RESTRICTED BY LAW FOR 2018 – 2019	Activities to which the reserve relates to	Balance 1 Jul 2018 (\$000)	Transfers into fund (\$000)	Transfers out of fund (\$000)	Balance 30 Jun 2019 (\$000)
Dog control account	Dogs	0	0	0	0
Water rate account	Water	1,378	0	(603)	775
Water rate Wellington Water contingency reserve	Water	50	0	(43)	7
Stormwater rate account	Stormwater	1,545	535	0	2,080
Stormwater rate Wellington Water contingency reserve	Stormwater	40	5	(40)	5
Wastewater rate account	Wastewater	4,785	1,087	0	5,872
Wasterwater rate Wellington Water contingency reserve	Wastewater	159	42	0	201
Closing balance 30 June		7,957	1,669	(686)	8,940

OTHER ACCOUNTS RESTRICTED BY LAW FOR 2017 – 2018	Activities to which the reserve relates to	Balance 1 Jul 2018 (\$000)	Transfers into fund (\$000)	Transfers out of fund (\$000)	Balance 30 Jun 2019 (\$000)
Dog control account	Dogs	0	64	(64)	0
Water rate account	Water	1,368	124	(114)	1,378
Water rate Wellington Water contingency reserve	Water	0	50	0	50
Stormwater rate account	Stormwater	770	775	0	1,545
Stormwater rate Wellington Water contingency reserve	Stormwater	0	40	0	40
Wastewater rate account	Wastewater	3,517	1,838	(570)	4,785
Wastewater rate Wellington Water contingency reserve	Wastewater	0	159	0	159
Closing balance 30 June		5,655	3,050	(748)	7,957

PURPOSE OF EACH FUND

The income from fees or rates for each of these activities can only be expended on each specific activity. Any surpluses are transferred into these accounts and applied in future periods to mitigate income requirements.

14C: ASSET REVALUATION RESERVES

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

BREAKDOWN OF ASSET REVALUATION RESERVES	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Opening balance 01 July	469,705	455,265	469,730	455,290
Revaluation gains (losses)	7,705	15,433	7,705	15,433
Transfer of revaluation reserve to/from accumulated reserve on disposal of property, plant, and equipment	(520)	(993)	(520)	(993)
Closing balance 30 June	476,890	469,705	476,915	469,730
Consists of:				
General asset revaluation reserve	37,730	30,219	37,755	30,244
Land and street trees asset revaluation reserve	37,985	38,073	37,985	38,073
Roading asset revaluation reserve	129,165	129,331	129,165	129,331
Stormwater asset revaluation reserve	98,505	98,505	98,505	98,505
Hutt Valley Wastewater Scheme revaluation reserve	28,955	28,955	28,955	28,955
Wastewater asset revaluation reserve	74,345	74,405	74,345	74,405
Water asset revaluation reserve	70,205	70,217	70,205	70,217
Closing balance 30 June	476,890	469,705	476,915	469,730

NOTE 15: RECONCILIATION OF SURPLUS/(DEFICIT) AFTER TAX TO NET CASHFLOW FROM OPERATING ACTIVITIES

	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Surplus/(deficit) after tax	(1,388)	9,103	(1,389)	9,116
ADD/(LESS) NON-CASH ITEMS				
Depreciation	14,947	13,776	14,965	13,791
Amortisation of intangible	4	0	4	0
Donated asset	0	0	0	0
Vested assets	(3,528)	(11,867)	(3,528)	(11,867)
Impairment of receivables	10	7	10	7
Loss (profit) on derivative	1,435	329	1,435	329
Rates remission	108	104	108	104
Potential weathertightness claims	(10)	(132)	(10)	(132)
	12,966	2,217	12,984	2,232
ADD/(LESS) ITEMS CLASSIFIED AS INVESTING OR FINANCING ACTIVITIES				
Impairment of investments	(4)	0	(4)	0
Loss on disposal of property, plant and equipment	955	1,769	955	1,769
Profit on disposal of property, plant and equipment	0	0	0	0
	951	1,769	951	1,769
MOVEMENTS IN WORKING CAPITAL ITEMS				
(Increase)/decrease in trade receivable	325	(1,220)	344	(1,264)
(Increase)/decrease in inventories	(5)	6	(5)	6
Increase/(decrease) in trade and other payables	(712)	(553)	(749)	(510)
Increase/(decrease) in employee benefits	(1)	132	4	133
	(393)	(1,635)	(406)	(1,635)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	12,136	11,454	12,140	11,482

NOTE 16: CONTINGENCIES

Guarantees

The value of guarantees disclosed as contingent liabilities reflects Upper Hutt City Council's assessment of any loans guaranteed by Council to local sporting groups.

Local Government Funding Agency

Council is a guarantor of the New Zealand Local Government Funding Agency (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating of Standard and Poor's of AA+. There are 30 local authority shareholders (80%), New Zealand Government (20%), and 22 local authority guarantors of the LGFA.

The uncalled capital of shareholders is \$20 million and that is available in the event that an imminent default is identified. Also, together with the shareholder's uncalled capital and guarantors, Council is a guarantor of all of the LGFA's borrowings.

At 30 June 2019, the LGFA had borrowings totalling \$9.531 million (2018: \$8.272 million)

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- it is not aware of any local authority debt defaults events in New Zealand, and
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligation if further funds were required.

Unquantified claims

Council has five claims outstanding; three have proceedings issued on them (2018 3 claims, 2 proceedings).

Contingent Liability Claim – Carter Holt Harvey

In April 2013, The Ministry of Education (MOE) initiated High Court Proceeding against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. Subsequently, in December 2016, CHH commenced third party proceedings against 48 councils, including Upper Hutt City Council, alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code of Compliance Certificates. Council's applications to strike out the claims by CHH against them were unsuccessful. The councils have applied for orders setting aside and striking out CHH's claims against them. The MOE's claim against CHH is for 833 school buildings, 12 claims (one claim against Upper Hutt City Council was struck out in January 2018) in respect of 7 schools located in Upper Hutt. At present there is insufficient information to conclude on potential liability and claim quantum, if any. In April 2019 A-class action was brought by Paine and others against CHH, CHH joined 29 councils as third parties. To date there have been insufficient details to quantify Council's potential liability.

Contingent assets

Council operates a scheme whereby sports clubs are able to construct facilities (e.g. club rooms on reserve land).

The clubs control the use of these facilities and Council will only gain control of the asset if the club vacates the facility.

Until this event occurs these assets are not recognised as assets in the Statement of Financial Position.

As at 30 June 2019, there are 33 facilities, having an approximate value of \$6.71 million (2018: 35 facilities—\$6.71 million). This estimate has been based on government valuations for the area.

CONTINGENT LIABILITIES	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Guarantees	0	0	0	0
Other legal unqualified claims	893	242	893	242
Total contingent liabilities	893	242	893	242

NOTE 17: RELATED PARTY TRANSACTIONS

Key management personnel includes the Mayor, councillors, Chief Executive and department directors.

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with Upper Hutt City Council (such as payment of rates, purchase of rubbish bags etc).

No provision has been required, nor expense recognised for impairment of receivables for any loans or other receivables to related parties (2018 \$nil). During the year Council had the following transactions:

17A: WITH EXPRESSIONS WHIRINAKI ARTS AND ENTERTAINMENT TRUST (EXPRESSIONS)

1 During the year Council had the following transactions:

	Actual 30 Jun 2019 (\$000)	Actual 30 Jun 2018 (\$000)
Grants	655	637
Maintenance management fee	22	22
Other	5	5
Total with Expressions	682	664

2 At year-end 2019, \$46,468 (2018: \$45,846) was owed by Expressions to Council; also Council owed \$3,852 to Expressions (2018: \$701).

3 Council received discounted or free venue hire and related service from the Trust.

4 Expressions has entered into a 3 year operating lease with the Council for the building that they operate from. The lease agreement expires on 30 June 2021. The lease payments incurred by Expressions for the building are at a nominal rate of \$1 per annum.

5 Expressions paid a donation of \$315,809 to the Council for the specific purpose of contributing towards the upgrade of the Expressions facility. An amount of \$200,000 is for the naming rights sponsorship for the new heritage gallery.

17B: RELATED PARTIES

	Actual Parent 30 Jun 2019 (\$)	Actual Parent 30 Jun 2018 (\$)	Actual Group 30 Jun 2019 (\$)	Actual Group 30 Jun 2018 (\$)
Peter Benner	0	0	0	6,331
Upper Hutt Concert Grand Piano Trust (Net)	0	0	3,200	3,200
Total for group	0	0	3,200	9,531

Key management personnel include the Mayor, councillors, Chief Executive and departmental directors.

Close family members of key management personnel are employed by Council. The terms and conditions of those arrangements are no more favourable than Council would have adopted if there was no relationship to key management personnel. During the year Councillors and Senior Management, as part of a normal customer relationship were involved in minor transactions with Council (such as payment of rates etc.). The total paid out in 2019 was nil (2018 nil). The Group was nil (2018 nil).

There was no related party transactions by senior staff for this year for Expressions (2018: \$6,331 per prior year, fair value \$10,550).

Expressions paid piano rental to \$3,200 to the Upper Hutt Concert Grand Piano Trust, well below normal market rates, and provided the Upper Hutt Concert Piano Trust with free event hire.

17C: KEY MANAGEMENT PERSONNEL COMPENSATION

	Actual Parent 30 Jun 2019 (\$)	Actual Parent 30 Jun 2018 (\$)	Actual Group 30 Jun 2019 (\$)	Actual Group 30 Jun 2018 (\$)
THE MAYOR AND COUNCILLORS				
Remuneration	479,982	465,847	479,982	465,847
Full-time equivalent members	11	11	11	11
SENIOR MANAGEMENT TEAM, INCLUDING THE CHIEF EXECUTIVE				
Remuneration	1,330,856	1,219,565	1,435,002	1,320,418
Full-time equivalent members	7	6	8	7
Total key management personnel compensation	1,810,838	1,685,412	1,914,984	1,786,265
Total full-time equivalent personnel	18	17	19	18

17D: HUTT VALLEY YOUTH HEALTH TRUST

Upper Hutt City Council and Hutt City Council appoint all seven Hutt Valley Youth Health Trust trustees and thus under section 6 of the Local Government Act 2002, the trust is classified as a Council Controlled Organisation. Other than its role in the appointment of trustees, Council does not have influence over the operations of the trust nor does it provide funding. Council does not require any form of accountability from the trust.

NOTE 18: EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

The following are explanations for major variations from Council's Long Term Plan 2018 – 2028.

Statement of comprehensive revenue and expense

There was a deficit for the financial year of \$1.388 million. This is in comparison to a surplus of \$9.103 million in 2017 – 2018 and an anticipated surplus of \$1.890 million.

Total operating revenue was \$6.722 million less than 2017 – 2018, and \$2.179 million below 2018 – 2019 budget. The following are the main variances:

- Gross rate income was over budget by \$162,000, due to the continued growth of subdivisions within the city.
- Fees and charges were under budget by \$2.533 million, the main components being:
 - Vested assets were \$1.033 million under budget. The vesting depends on when new subdivisions are finished so can be difficult to budget for accurately.
 - Land sales were \$2.170 million under budget due to Council deciding not to sell land parcels.
 - Other charges were over budget by \$974,000 due to additional building revenue.
- Reserve fund and development contributions were over budget by \$440,000 due to the large volumes of development over the year.
- Subsidies and grants were below budget by \$112,000 as follows:
 - NZTA income was over budget by \$81,000 due to footpaths now being subsidised.
 - Council received \$47,000 more in recreational grants than budgeted.
 - Expressions Whirinaki funding was down by \$238,000 under budget due to the timing of the project.

Total operating expenditure was \$3.769 million higher than 2017 – 2018, and \$1.099 million over the 2018 – 2019 budget.

The following are the main variances:

- Personnel costs were \$221,000 above budget due to new staff being required as a result of increased volumes of work.
- Depreciation was \$1.566 million above budget. This reflects the impact of asset revaluations and depreciation of the wastewater project.
- Finance costs for interest expenses were lower than budget by \$515,000 for the following reasons:
 - Lower interest rate percentages during the year against budget expectations.
 - Not all projects have been completed, thus new loan funding has not been drawn down to incur interest costs.
- Bulk drainage levy was \$266,000 below budget due to wastewater projects coming in under budget.

- Other expenses were over budget by \$121,000. This was due to the following differences:
 - Insurance was \$173,000 over budget due to insurance costs increasing internationally.
 - Rent was \$158,000 over budget due to the Pop-up Library. However library costs overall were within budget due to savings in other areas.
 - Loss on disposal of assets was \$379,000 under budget due to less water network disposals than anticipated this year.
 - Consultants were under budget by \$91,000 and printing and stationery was under budget by \$116,000.
 - Gas and electricity was under budget by \$308,000 across Council.
 - Three waters maintenance was over budget by \$281,000 due to more water leaks.

Statement of financial position

Council has a strong financial position with net assets up \$6.317 million from last year and \$12.994 million above budget. This means that although we have sustained a loss during the 2019 financial year, we have sufficient reserves to be able to absorb it.

Current assets are \$5.645 million above budget due to higher amounts of cash and term deposits being held than anticipated. This is due to the increase in restricted reserves (including development contributions) waiting to be spent, and due to the timing of when loans have been drawn down relative to when they have been spent. Our cash deposits provide us with security should a natural disaster occur and we need to access liquid funds quickly. It also helps us to maintain our liquidity ratio for borrowing purposes.

Current liabilities are \$5.075 million above budget. This is mainly due to the current portion of our debt being \$6.247 million above budget. This is due to the timing of when loans are repayable varying from what was predicted. Overall, external debt was \$43 million which is \$10.417 million under budget. This is due to delays in projects so the funding has not been drawn down. This is detailed on the Annual Plan as carryovers.

Capital expenditure

Capital expenditure has fluctuated in accordance with projects mentioned in the activities section, and variations in other budgeted works over the past three years.

Statement of changes in equity

The major variations were unbudgeted revenue, expenditure, and operational asset revaluations as explained above.

NOTE 19: DISCONTINUED ACTIVITIES

2019 nil (2018: nil)

NOTE 20: POST BALANCE DATE EVENTS

On 26 September 2019, South Wairarapa District Council (SWDC) became a shareholder of Wellington Water Limited. Wellington Water Limited issued 150 Class A Shares and 25 Class B Shares to SWDC for a total consideration of \$50,000.00. For Upper Hutt City Council, that will result in its shareholding, as disclosed in Note 5, being reduced to from 20% to 16.7% in Class A shares and 8.42% to 8.00% in Class B Shares.

During the 2018 – 2019 financial year Upper Hutt City Council, through Wellington Water Limited, entered into an 'operate and maintain' contract with Veolia, effective from 1 June 2020 for a 10-year period ending on 30 June 2030. Upper Hutt City Council has not yet determined the impact of the contract on the Annual Report for the year ending 30 June 2020 and beyond.

Subsequent to balance date the Reserve Bank reduced the Official Cash rate (OCR) on 7 August to 1.0% and market interest rates have reduced. This will reduce interest costs on floating rate borrowings and increase the liability values for the existing floating to fixed interest rate swaps.

Funding impact Statements

Funding impact statement for groups of activities

All the following Funding Impact Statements (FIS) are in a format prescribed by regulation and are not GAAP compliant. The intention is to show how the operational and capital expenditure of the Council is funded. Some items included in the Statement of Comprehensive Revenue and Expense are excluded and some items not in the Statement of Comprehensive Revenue and Expense are included. Specifically capital expenditure is included in the FIS, as is transfers to and from special funds and loan receipts and repayments. Depreciation, loss on disposal of fixed assets and other (minor) non-cash items are excluded from the FIS as they are not funded.

KEY

AR: Annual Report

AP: Annual Plan

LTP: Long Term Plan

Y#: Year # of LTP

All activities

Upper Hutt City Council: Funding impact statement for 30 June 2019 (whole of Council).

	2017 – 2018 AP (\$000)	2017 – 2018 AR (\$000)	2018 – 2019 Y1 LTP/AP (\$000)	2018 – 2019 Actual (\$000)
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charges, rates penalties	22,635	22,575	25,517	24,547
Targeted rates	15,120	15,236	15,372	15,460
Subsidies and grants for operating purposes	1,872	663	1,716	769
Fees and charges	7,157	7,031	7,766	7,421
Interest and dividends from investments	344	346	374	411
Local authority fuel tax, fines, infringement fees, and other receipts	1,094	442	1,312	413
Total operating funding (A)	48,222	46,293	52,057	49,022
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	37,098	37,560	41,518	39,809
Finance costs	1,959	1,468	2,044	1,529
Other operating funding applications	33	0	12	0
Total applications of operating funding (B)	39,090	39,028	43,574	41,338
Surplus (deficit) of operating funding (A – B)	9,132	7,265	8,483	7,684
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	3,457	4,361	1,990	2,827
Development and financial contributions	233	1,535	218	1,958
Increase (decrease) in debt	2,391	2,000	10,325	6,500
Gross proceeds from sale of assets	2,200	0	2,200	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding (C)	8,281	7,896	14,733	11,285
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
to meet additional demand	1,737	317	4,260	1,850
to improve the level of service	7,196	5,715	8,899	5,152
to replace existing assets	7,009	5,847	8,248	7,133
Increase (decrease) in reserves	1,127	2,637	1,435	2,052
Increase (decrease) of capital investments	344	645	374	2,782
Total applications of capital funding (D)	17,413	15,161	23,216	18,969
Surplus (deficit) of capital funding (C – D)	(9,132)	(7,265)	(8,483)	(7,684)
Funding balance ((A – B) + (C – D))	0	0	0	0

Leadership

Upper Hutt City Council: Funding impact statement
for 30 June 2019 for Leadership.

	2017 – 2018 Y3 LTP [15 – 25] (\$000)	2018 – 2019 Y1 LTP/AP (\$000)	2018 – 2019 Actual (\$000)
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	2,505	2,541	2,512
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	1	0	9
Internal charges and overheads recovered	33	36	63
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	2,539	2,577	2,584
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	859	903	907
Finance costs	0	0	0
Internal charges and overheads applied	1,680	1,674	1,677
Other operating funding applications	0	0	0
Total applications of operating funding (B)	2,539	2,577	2,584
Surplus (deficit) of operating funding (A – B)	0	0	0
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	0	0	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
to meet additional demand	0	0	0
to improve the level of service	0	0	0
to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	0
Increase (decrease) of capital investments	0	0	0
Total applications of capital funding (D)	0	0	0
Surplus (deficit) of capital funding (C – D)	0	0	0
Funding balance ((A – B) + (C – D))	0	0	0

Land transport

Upper Hutt City Council: Funding impact statement
for 30 June 2019 for Land transport.

	2017 – 2018 Y3 LTP [15 – 25] (\$000)	2018 – 2019 Y1 LTP/AP (\$000)	2018 – 2019 Actual (\$000)
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	6,028	6,492	5,478
Targeted rates	0	0	0
Subsidies and grants for operating purposes	1,546	1,589	616
Fees and charges	59	101	140
Internal charges and overheads recovered	117	350	159
Local authority fuel tax, fines, infringement fees, and other receipts	159	145	143
Total operating funding (A)	7,909	8,677	6,536
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	3,400	3,737	3,148
Finance costs	843	607	468
Internal charges and overheads applied	921	1,212	1,446
Other operating funding applications	0	0	0
Total applications of operating funding (B)	5,164	5,556	5,062
Surplus (deficit) of operating funding (A – B)	2,745	3,121	1,474
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	1,358	1,990	2,494
Development and financial contributions	233	218	85
Increase (decrease) in debt	(287)	592	(1,240)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	1,304	2,800	1,339
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
to meet additional demand	0	985	155
to improve the level of service	1,056	2,231	514
to replace existing assets	2,760	2,487	2,469
Increase (decrease) in reserves	233	218	(325)
Increase (decrease) of capital investments	0	0	0
Total applications of capital funding (D)	4,049	5,921	2,813
Surplus (deficit) of capital funding (C – D)	(2,745)	(3,121)	(1,474)
Funding balance ((A – B) + (C – D))	0	0	0

Water supply

Upper Hutt City Council: Funding impact statement
for 30 June 2019 for Water supply.

	2017 – 2018 Y3 LTP [15 – 25] (\$000)	2018 – 2019 Y1 LTP/AP (\$000)	2018 – 2019 Actual (\$000)
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	5,782	5,298	5,325
Subsidies and grants for operating purposes	0	0	0
Fees and charges	1,093	1,290	1,412
Internal charges and overheads recovered	97	98	124
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	6,972	6,686	6,861
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	4,774	5,097	5,305
Finance costs	51	78	61
Internal charges and overheads applied	851	622	662
Other operating funding applications	0	0	0
Total applications of operating funding (B)	5,676	5,797	6,028
Surplus (deficit) of operating funding (A – B)	1,296	889	833
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	416	790	247
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	416	790	247
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
to meet additional demand	0	106	54
to improve the level of service	136	799	357
to replace existing assets	1,701	1,057	1,337
Increase (decrease) in reserves	(125)	(283)	(668)
Increase (decrease) of capital investments	0	0	0
Total applications of capital funding (D)	1,712	1,679	1,080
Surplus (deficit) of capital funding (C – D)	(1,296)	(889)	(833)
Funding balance ((A – B) + (C – D))	0	0	0

Wastewater

Upper Hutt City Council: Funding impact statement
for 30 June 2019 for Wastewater.

	2017 – 2018 Y3 LTP [15 – 25] (\$000)	2018 – 2019 Y1 LTP/AP (\$000)	2018 – 2019 Actual (\$000)
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	6,978	7,469	7,492
Subsidies and grants for operating purposes	0	0	0
Fees and charges	111	111	244
Internal charges and overheads recovered	116	127	145
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	7,205	7,707	7,881
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	3,978	4,232	4,043
Finance costs	906	764	602
Internal charges and overheads applied	621	973	983
Other operating funding applications	0	0	0
Total applications of operating funding (B)	5,505	5,969	5,628
Surplus (deficit) of operating funding (A – B)	1,700	1,738	2,253
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	274	1,913	1,294
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	274	1,913	1,294
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
to meet additional demand	0	20	116
to improve the level of service	478	15	0
to replace existing assets	1,816	3,616	2,344
Increase (decrease) in reserves	(320)	0	1,087
Increase (decrease) of capital investments	0	0	0
Total applications of capital funding (D)	1,974	3,651	3,547
Surplus (deficit) of capital funding (C – D)	(1,700)	(1,738)	(2,253)
Funding balance ((A – B) + (C – D))	0	0	0

Stormwater

Upper Hutt City Council: Funding impact statement
for 30 June 2019 for Stormwater.

	2017 – 2018 Y3 LTP [15 – 25] (\$000)	2018 – 2019 Y1 LTP/AP (\$000)	2018 – 2019 Actual (\$000)
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	2,645	2,605	2,643
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	200	382
Internal charges and overheads recovered	36	36	60
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	2,681	2,841	3,085
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	1,454	1,469	1,528
Finance costs	61	46	38
Internal charges and overheads applied	461	471	481
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,976	1,986	2,047
Surplus (deficit) of operating funding (A – B)	705	855	1,038
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	541	156	338
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	541	156	338
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
to meet additional demand	577	0	0
to improve the level of service	0	915	807
to replace existing assets	669	96	34
Increase (decrease) in reserves	0	0	535
Increase (decrease) of capital investments	0	0	0
Total applications of capital funding (D)	1,246	1,011	1,376
Surplus (deficit) of capital funding (C – D)	(705)	(855)	(1,038)
Funding balance ((A – B) + (C – D))	0	0	0

Sustainability

Upper Hutt City Council: Funding impact statement
for 30 June 2019 for Sustainability (formerly Solid waste).

	2017 – 2018 Y3 LTP [15 – 25] (\$000)	2018 – 2019 Y1 LTP/AP (\$000)	2018 – 2019 Actual (\$000)
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	(292)	108	193
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	546	520	587
Internal charges and overheads recovered	3	4	9
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	257	632	789
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	94	364	355
Finance costs	0	0	0
Internal charges and overheads applied	163	153	172
Other operating funding applications	0	0	0
Total applications of operating funding (B)	257	517	527
Surplus (deficit) of operating funding (A – B)	0	115	262
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	0	0	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
to meet additional demand	0	0	0
to improve the level of service	0	115	332
to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	(70)
Increase (decrease) of capital investments	0	0	0
Total applications of capital funding (D)	0	115	262
Surplus (deficit) of capital funding (C – D)	0	(115)	(262)
Funding balance ((A – B) + (C – D))	0	0	0

Planning and regulatory services

Upper Hutt City Council: Funding impact statement
for 30 June 2019 for Planning and regulatory services.

	2017 – 2018 Y3 LTP [15 – 25] (\$000)	2018 – 2019 Y1 LTP/AP (\$000)	2018 – 2019 Actual (\$000)
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	2,338	2,750	2,447
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	1,916	3,552	2,281
Internal charges and overheads recovered	43	57	78
Local authority fuel tax, fines, infringement fees, and other receipts	277	254	271
Total operating funding (A)	4,574	6,613	5,077
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	2,605	3,388	3,279
Finance costs	14	9	8
Internal charges and overheads applied	1,457	1,826	1,695
Other operating funding applications	0	0	0
Total applications of operating funding (B)	4,076	5,223	4,982
Surplus (deficit) of operating funding (A – B)	498	1,390	95
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	1,874
Increase (decrease) in debt	(86)	(90)	(91)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	(86)	(90)	1,783
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
to meet additional demand	0	0	0
to improve the level of service	0	0	4
to replace existing assets	0	0	0
Increase (decrease) in reserves	412	1,300	1,874
Increase (decrease) of capital investments	0	0	0
Total applications of capital funding (D)	412	1,300	1,878
Surplus (deficit) of capital funding (C – D)	(498)	(1,390)	(95)
Funding balance ((A – B) + (C – D))	0	0	0

Community and recreation

Upper Hutt City Council: Funding impact statement
for 30 June 2019 for Community and recreation.

	2017 – 2018 Y3 LTP [15 – 25] (\$000)	2018 – 2019 Y1 LTP/AP (\$000)	2018 – 2019 Actual (\$000)
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	10,254	11,565	12,079
Targeted rates	0	0	0
Subsidies and grants for operating purposes	25	127	153
Fees and charges	2,042	1,965	2,342
Internal charges and overheads recovered	162	186	(256)
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	12,483	13,843	14,318
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	9,551	11,203	9,524
Finance costs	385	467	309
Internal charges and overheads applied	1,184	1,460	2,790
Other operating funding applications	176	12	0
Total applications of operating funding (B)	11,296	13,142	12,623
Surplus (deficit) of operating funding (A – B)	1,187	701	1,695
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	703	0	333
Development and financial contributions	0	0	0
Increase (decrease) in debt	(527)	6,079	5,981
Gross proceeds from sale of assets	1,073	2,200	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	1,249	8,279	6,314
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
to meet additional demand	0	3,149	1,521
to improve the level of service	1,674	4,639	3,138
to replace existing assets	555	992	949
Increase (decrease) in reserves	207	200	(381)
Increase (decrease) of capital investments	0	0	2,782
Total applications of capital funding (D)	2,436	8,980	8,009
Surplus (deficit) of capital funding (C – D)	(1,187)	(701)	(1,695)
Funding balance ((A – B) + (C – D))	0	0	0

Economic development

Upper Hutt City Council: Funding impact statement
for 30 June 2019 for Economic development.

	2017 – 2018 Y3 LTP [15 – 25] (\$000)	2018 – 2019 Y1 LTP/AP (\$000)	2018 – 2019 Actual (\$000)
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	1,495	2,061	1,838
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	27	24
Internal charges and overheads recovered	13	19	29
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	1,508	2,107	1,891
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	984	2,285	1,398
Finance costs	52	73	43
Internal charges and overheads applied	222	449	417
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,258	2,807	1,858
Surplus (deficit) of operating funding (A – B)	250	(700)	33
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(250)	885	(29)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	(250)	885	(29)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
to meet additional demand	0	0	4
to improve the level of service	0	185	0
to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	0
Increase (decrease) of capital investments	0	0	0
Total applications of capital funding (D)	0	185	4
Surplus (deficit) of capital funding (C – D)	(250)	700	(33)
Funding balance ((A – B) + (C – D))	0	0	0

Schedule 5: Annual Report disclosure statement

Annual Report disclosure statement for year ending 30 June 2019

What is the purpose of this statement?

The purpose of this statement is to disclose Council’s financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenue, expenses, assets, liabilities, and general financial dealings.

Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations Act 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in the statement.

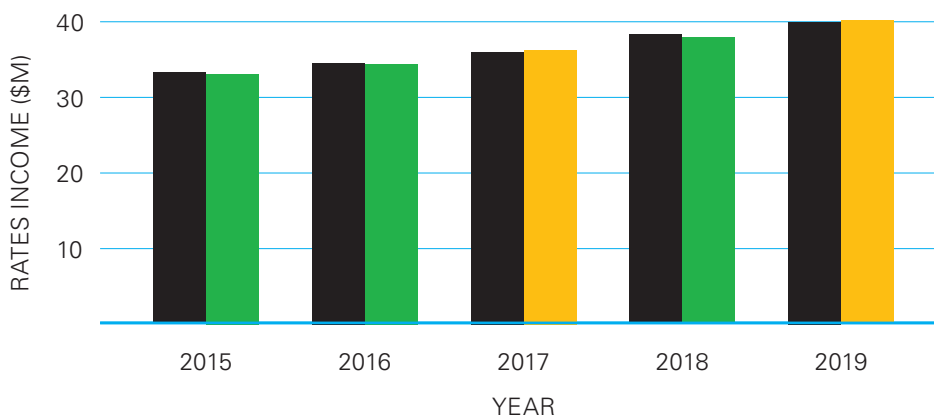
Rates affordability benchmark

Council meets the rates affordability benchmark if:

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

Rates (income) affordability

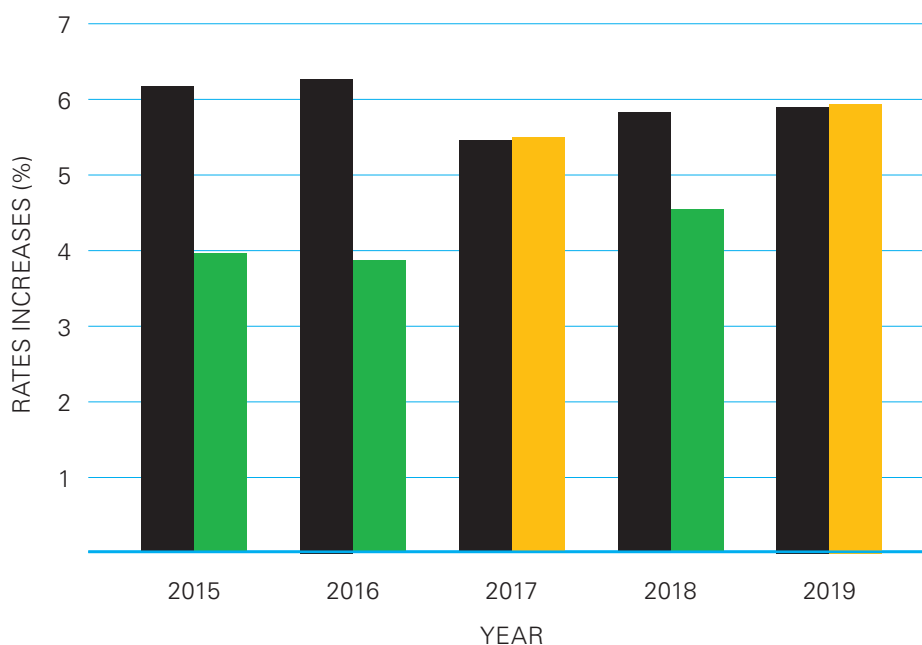
The following graph compares Council’s actual rates with a quantified limit on rates contained in the financial strategy included in the Long Term Plan 2018 – 2028 (LTP). The quantified limit is the previous year’s planned rates, plus the Local Government Cost Index (LGCI) annual average percentage change (as provided by Business and Economic Research Limited (BERL)) plus 2% growth to the actual rates increases in dollar terms, plus the annual allowance of growth in the rates database.



- Previous years rates % increase and LGCI and 2% growth plus the annual allowance for the increase in rates database
- Actual rates income \$ (at or within limit)
- Actual rates income \$ (exceeds limit)

Rates (increases) affordability

The following graph compares Council's actual rates increases with a quantified limit on previous year planned rates increases contained in the financial strategy included in the LTP. The quantified limit is the LGCI annual average percent change as provided by BERL plus 2% increase in rates to the proposed rates increases in percentage terms and growth in the rates database.



- Previous years rates % increase and LGCI and 2% increase in rates and growth in rates database
- Actual rates % increase in rates revenue (at or within limit)
- Actual rates % increase in rates revenue (exceeds limit)

ADDITIONAL INFORMATION

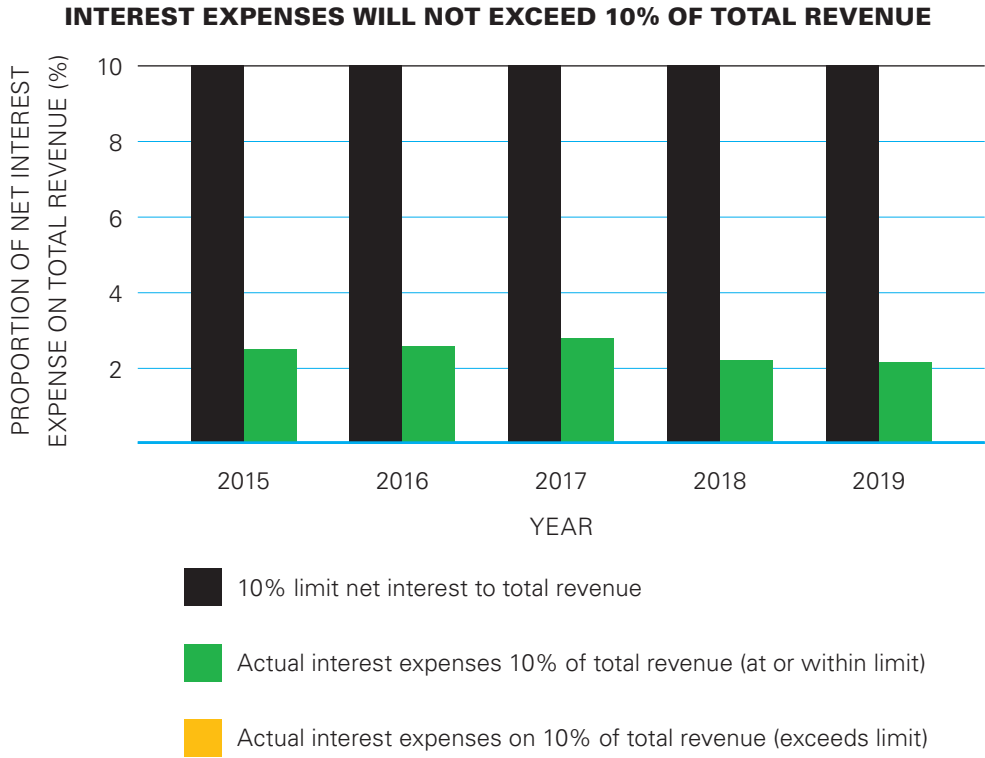
In high growth years of the rating database, Council may collect more than the required 2% and thus collect more actual rates.

Debt affordability benchmark

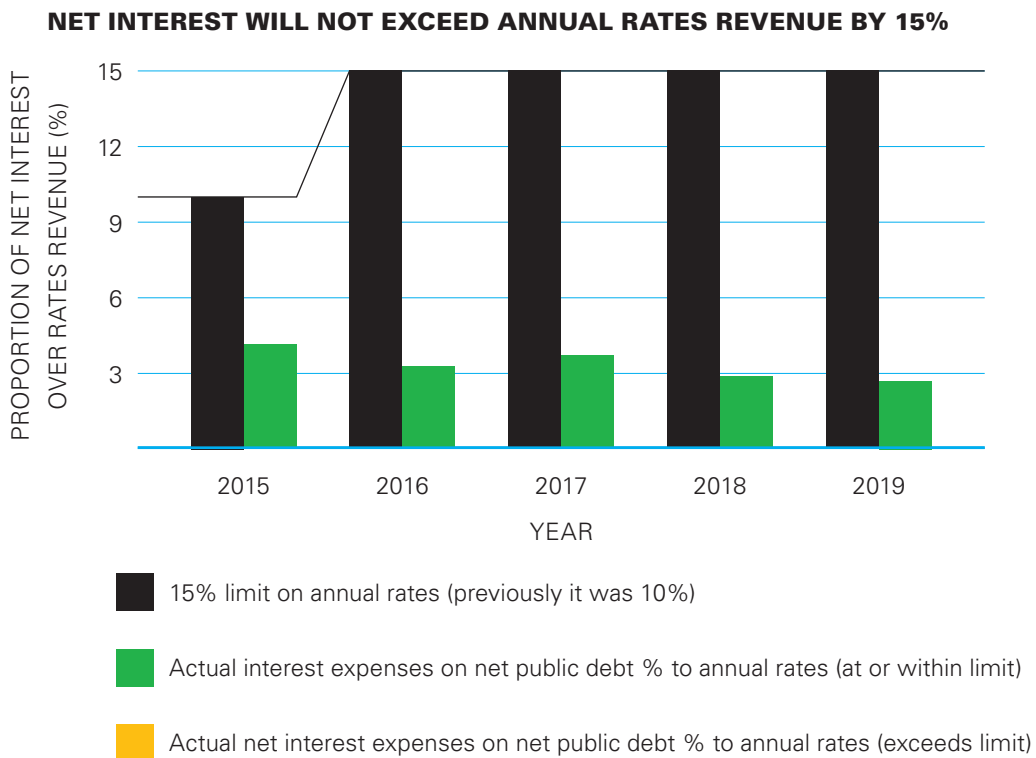
Council meets the debt affordability benchmark if its actual borrowing is within the following limits on borrowing:

- Net interest expense over total revenue will not exceed 10%.
- Net interest expense over annual rates will not exceed 15%.
- Net debt/total revenue will not exceed 175% of total revenue (previously 140% and 150%).
- Liquidity (external term debt + committed loan facilities + available liquid investment to existing external debt) will exceed 110%.
- External public debt per capita will not exceed \$3,000 adjusted by the LGCI.

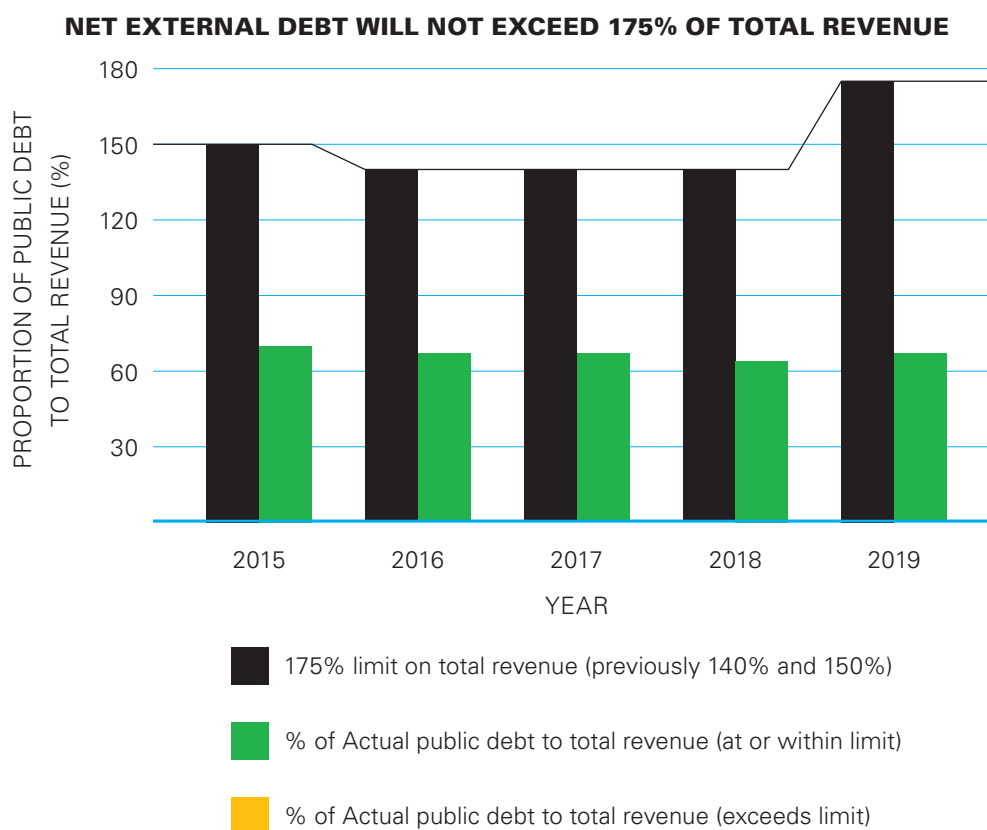
The following graph compares Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the LTP. The quantified limit is interest expense over total revenue and will not exceed 10% of the total revenue.



The following graph compares Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the LTP. The quantified limit is interest expense on public debt will not exceed 15% of the annual rates revenue. Previously this limit was 10%.

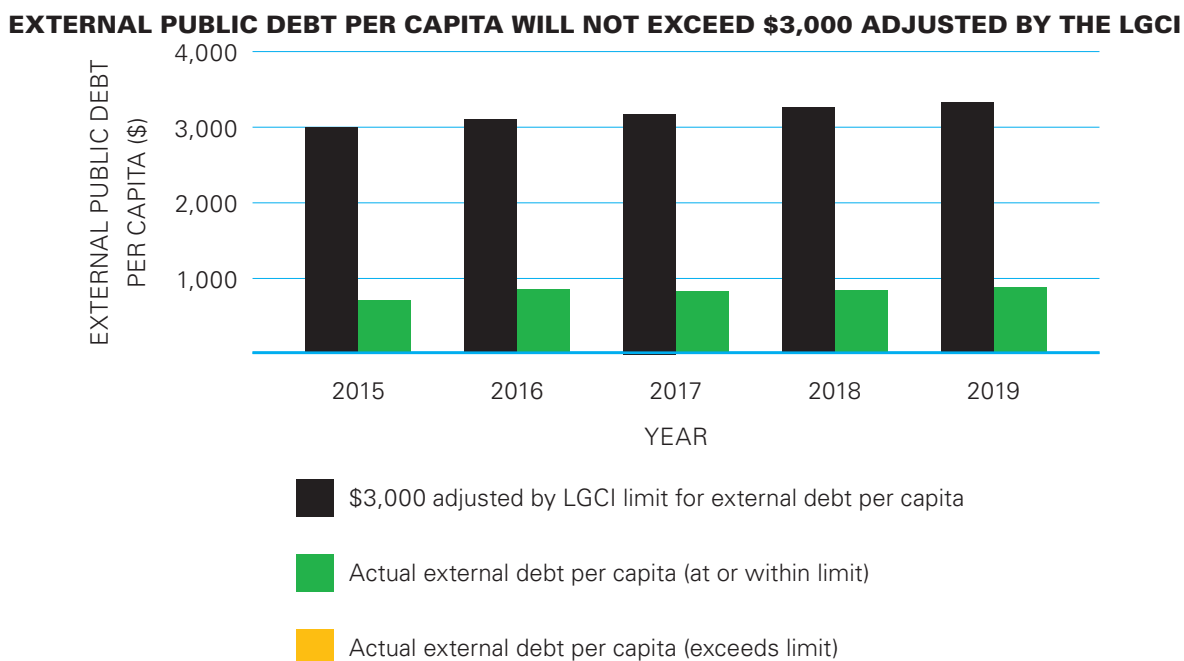


The following graph compares Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the LTP. The quantified limit is net external public debt will not exceed 175% of annual rates and levies. Previously this limit was 140% for 2016 – 2017 and 170% for 2017 – 2018. In the Long Term Plan 2018 – 2028 (LTP), Council approval of 175% limit has been given from 2018 onwards.



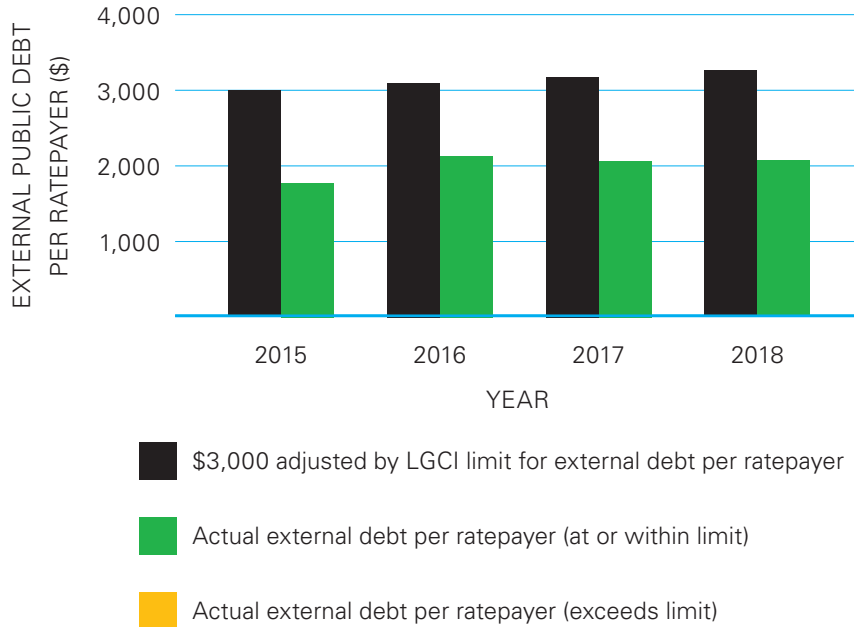
The following graph compares Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in LTP. The quantified limit is external public debt per ratepayer per capita in LTP will not exceed \$3,000 adjusted by the LGCI.

This is a new measure from the LTP. Council has inserted data from previous years for comparative purposes only.

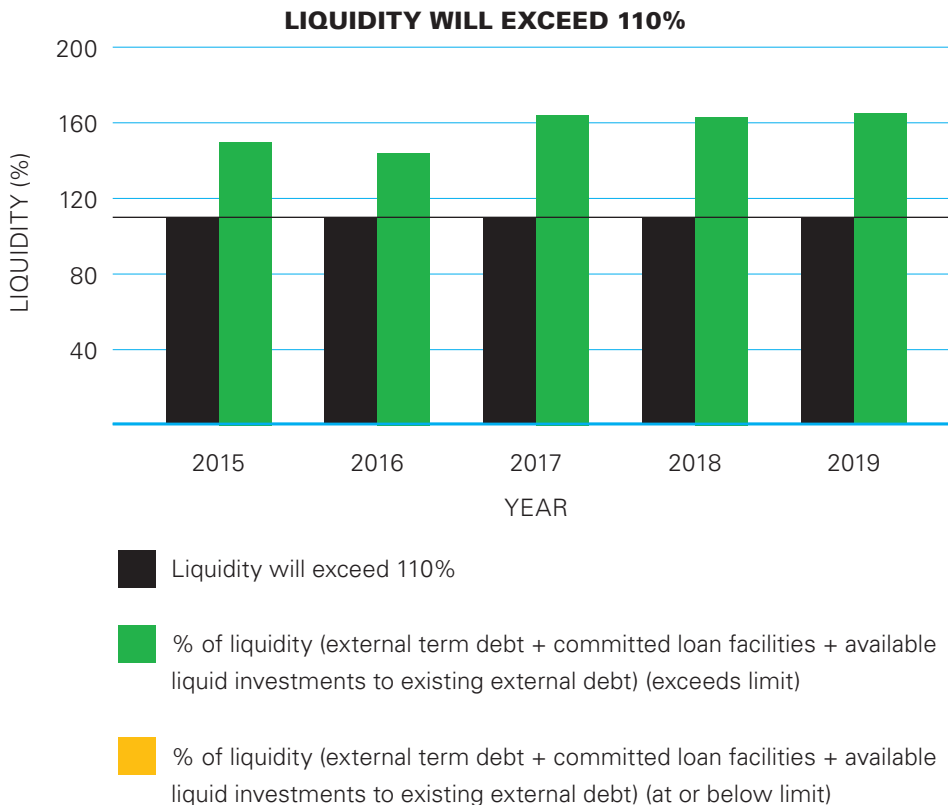


The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the LTP. The quantified limit is external public debt per ratepayer will not exceed \$3,000 adjusted by the LGCI. This graph represents the limit for years 2015 – 2018, however this benchmark was removed from the LTP (2018 – 2028) and is therefore no longer measured.

EXTERNAL PUBLIC DEBT PER RATEPAYER WILL NOT EXCEED \$3,000 ADJUSTED BY THE LGCI

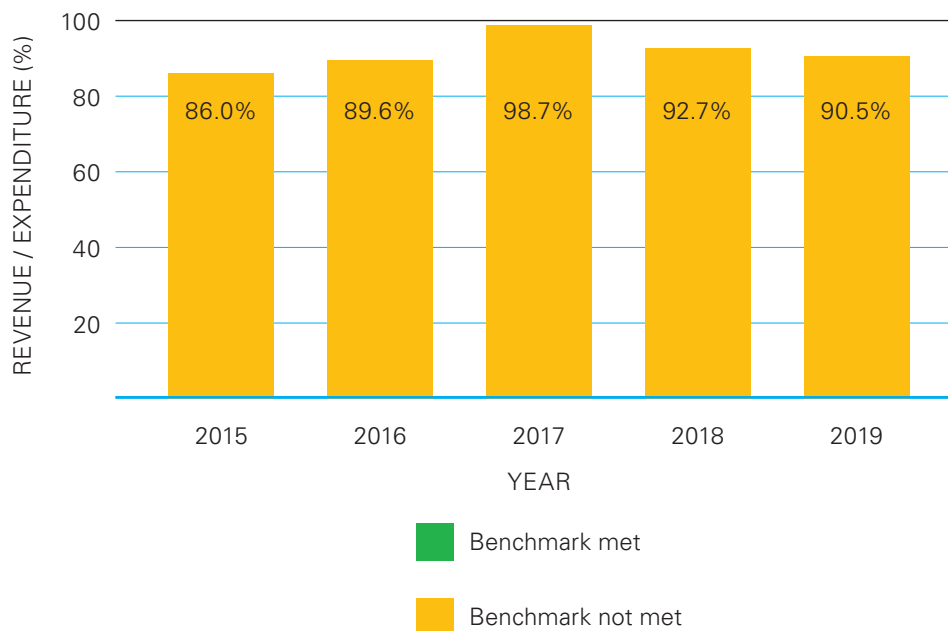


The following graph compares Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the LTP. The quantified limit is liquidity (external term debt + committed loan facilities + available liquid investments to existing external debt) will exceed 110%.



Balanced budget benchmark

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

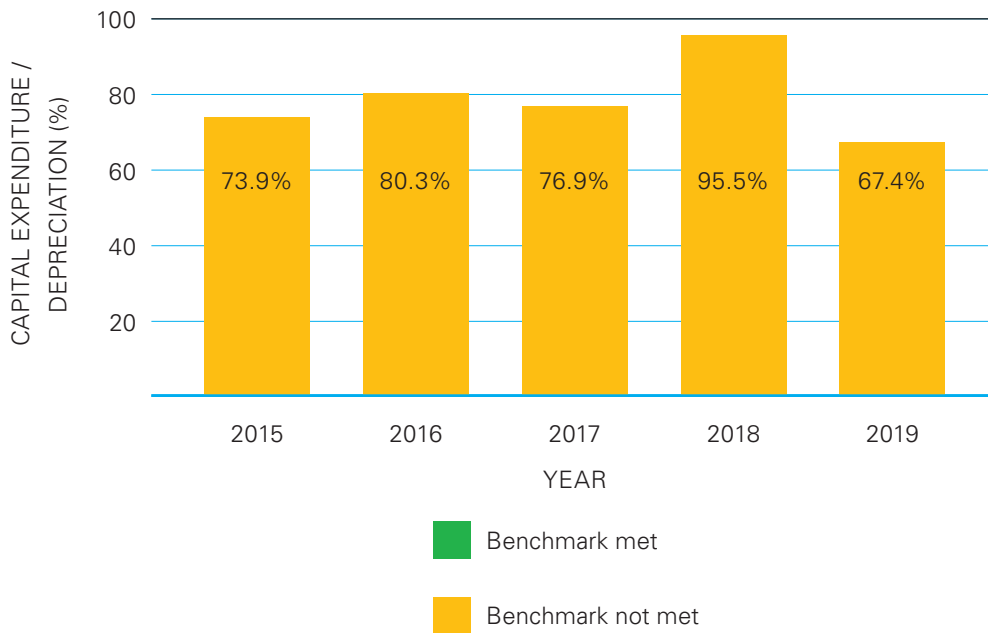


ADDITIONAL INFORMATION

As covered in Council's Long Term Plan, Revenue and Financing Policy, Council has not funded depreciation as a separate fund. For that reason, operating revenues do not cover operating expenses including depreciation for several years of the plan, i.e. the Council will run operating deficits. Operating revenues are set at such a level that they cover direct operating expenses (excluding depreciation), capital renewals for infrastructure, loan repayments and interest.

Essential services benchmark

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



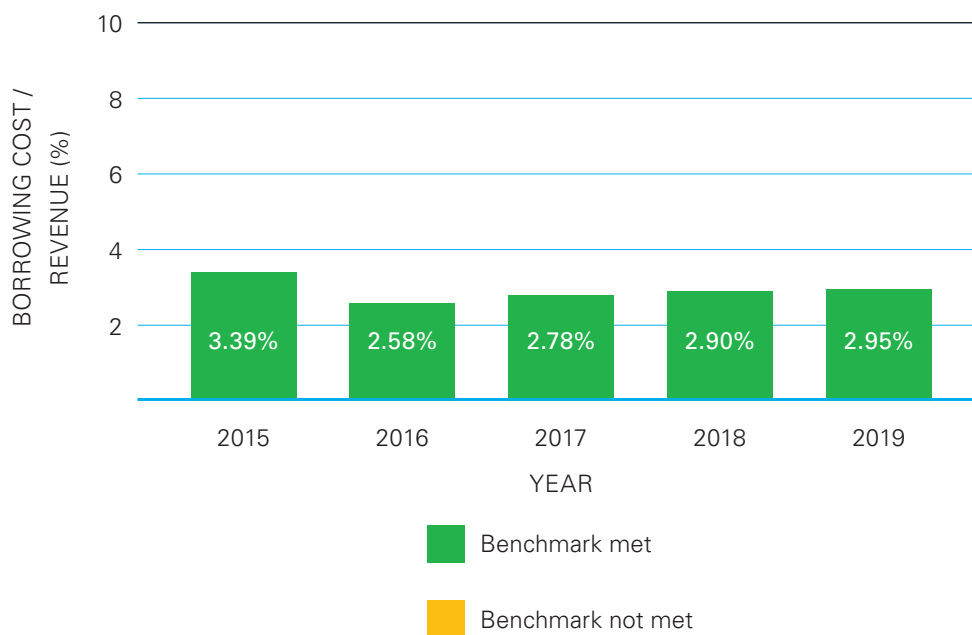
ADDITIONAL INFORMATION

Council does not fund the depreciation of infrastructural fixed assets. Council's view is that the renewal and replacement of infrastructural assets is better funded by a combination of rates, loans and subsidies, such that the costs are more fairly met by those receiving the benefit, leading to intergenerational equity.

Debt servicing benchmark

The following graph displays Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

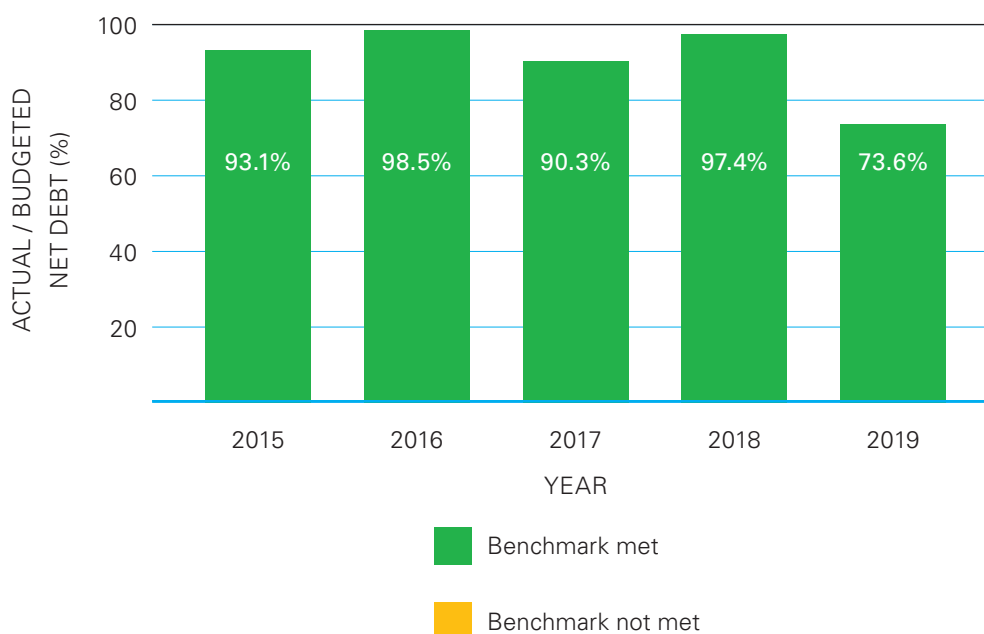
Because Statistics New Zealand projects Council's population will grow as fast as the national population is projected to grow, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



Debt control benchmark

The following graph displays Council's actual net debt as a proportion of planned net debt. In this statement, 'net debt' means financial liabilities less financial assets (excluding trade and other receivables).

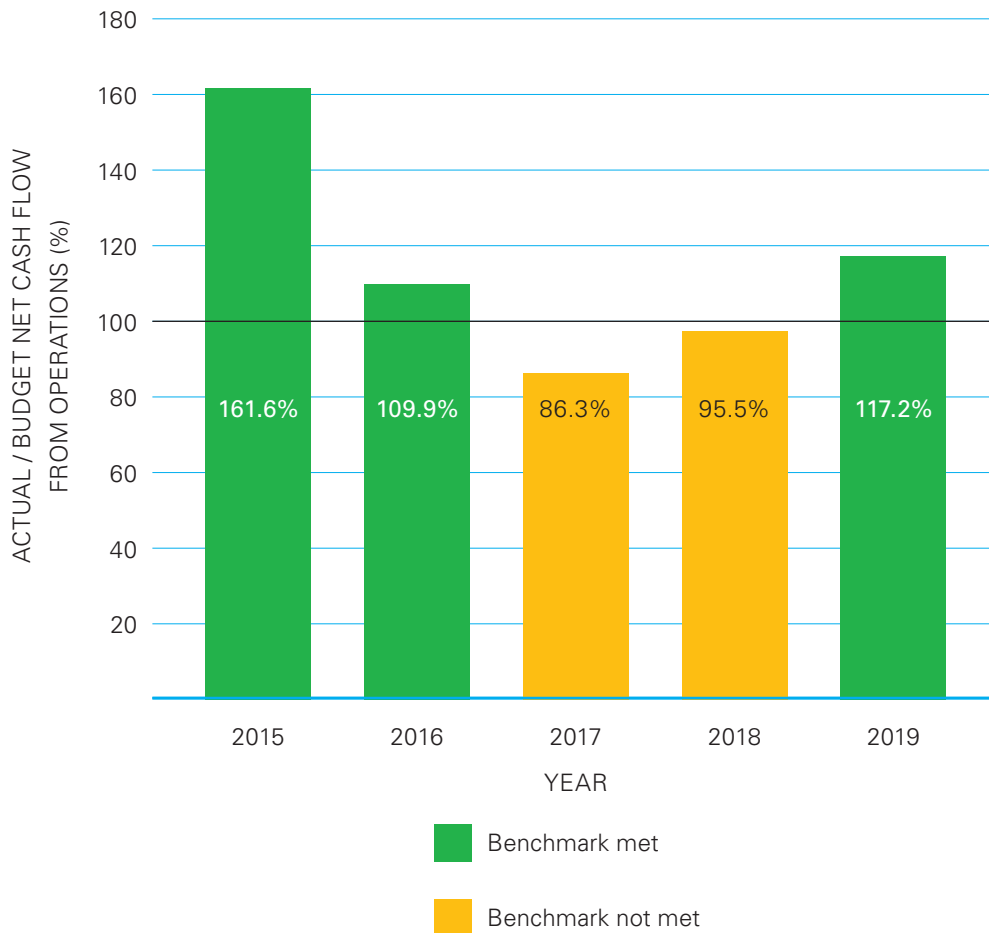
Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations control benchmark

This graph displays Council's actual net cash flow from operations as a proportion of the planned net cash flow from operations.

Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



ADDITIONAL INFORMATION

The benchmark is not met when the budget targets are not achieved. In a number of previous years, Council has experienced significant carryover projects. These projects impact on the expected cashflow.

Funding policy statement

SIGNIFICANT ACTIVITY	General Rates		Separate Rates		User contributions, subsidies, loans, special funds, and other sources	
	Policy	Actual	Policy	Actual	Policy	Actual
Leadership	90% – 100%	97%			0 – 10%	3%
Land transport	50% – 70%	58%			30% – 50%	42%
Water supply			80%	79% ³⁶	20%	21% ³⁴
Wastewater			90% – 100%	93%	0 – 10%	9%
Stormwater			90% – 100%	82%	0 – 10%	18% ⁴²
Sustainability		24% ³³			76%	100% ³⁴
Planning and regulatory services						
City planning	65% – 90%	43% ⁴⁰			10% – 35%	57% ⁴⁰
Building and compliance services						
Dog control	0%	2% ³⁵			100%	98% ³⁵
Building control	0% – 30%	18% ³⁷			70% – 100%	82% ³⁹
Environmental health	75% – 90%	83%			10% – 25%	17%
Parking enforcement	0% – 15%	0%			85% or more	100%
Liquor licensing	0% – 20%	34% ³⁵			80% – 100%	66% ³⁵
Community and recreation						
Community development	Up to 100%	89%			Up to 100%	11% ³³
Activation	Up to 80%	23%			20% – 85%	77%
Emergency management	85% – 100%	93% ³⁸			0% – 15%	7% ³⁴
Parks and reserves	90% – 100%	81% ⁴¹			0 – 10%	19% ⁴¹
H ₂ O Xtream	40% – 65%	70%			35% – 60%	30% ³⁴
Library	85% – 95%	87%			5% – 15%	13% ³³
Expressions	Up to 100%	76%			Up to 100%	24% ³⁴
Property		57% ³³			100%	43% ³³
Akatarawa cemetery	Balance	3%			Up to 100%	97% ³⁵
Economic development	95% – 100%	97%			0% – 5%	3%

33. One-off projects/expenses

34. Up to 100% of capital projects

35. Less income plus higher costs

36. Higher water usage and levies

37. Higher personnel costs as more need to meet growing workflow and update staff education and retention when staff retire

38. Sale of unbudgeted rainwater tanks

39. Actual Fees and Charges lower than budget

40. Higher Reserve fund Contribution received

41. Higher income and costs

42. Funding for Pinehaven project from GRWC

Our Mayor and councillors



DEPUTY MAYOR John Gwilliam

26D Chatsworth Road, Silverstream
T: (04) 527 9727 | M: 027 527 9727
E: john@mainstreetlegal.co.nz



Ros Connelly

19 Penny Lane, Silverstream
T: (04) 528 2792 | M: 027 733 5076
F: /rosconnellyforupperhutt
E: hello@rosconnelly.nz



Chris Carson oSM

9 Toledo Grove, Totara Park
M: 021 041 5969
E: carsonassociatesnz@gmail.com



Blair Griffiths

Hillside Auto Wreckers, 15 – 17 Blenheim St
M: 027 451 9561
E: crblairgriffiths@gmail.com



HIS WORSHIP THE MAYOR Wayne Guppy, JP

T[W]: (04) 527 2189 | T[H]: (04) 527 8331
M: 027 277 1550 | E: wayne.guppy@uhcc.govt.nz
F: /mayor.wayneguppy



Paul Lambert

1296A Akatarawa Road
T: (04) 526 3660 | M: 022 130 1697
E: spellbound@xtra.co.nz



Glenn McArthur

3 Streets Way
T: (04) 526 4184 | M: 027 542 9308
E: glmca@xtra.co.nz



Angela McLeod

227C Whitemans Valley Road
T: (04) 528 2288 | M: 027 497 2761
E: crangelamcleod@gmail.com



Steve Taylor

M: 027 337 8371 | F: /SteveTaylorUH
E: stevetayloruh42@gmail.com



Hellen Swales

28D Marlborough Street, Silverstream
M: 027 528 6799
E: hellen.swales@gmail.com



Dave Wheeler

37A Heretaunga Square, Heretaunga
T: (04) 528 2254 | M: 027 769 2390
E: wheeler.dave@xtra.co.nz

Executive Leadership Team



Peter Kelly, CHIEF EXECUTIVE

t: (04) 527 2110 | e: peter.kelly@uhcc.govt.nz
Executive support



Mike Ryan, DIRECTOR
COMMUNITY SERVICES

Community development
Upper Hutt City Libraries
Expressions Whirinaki
Recreation services
H²O Xstream



Richard Harbord, DIRECTOR
PLANNING AND REGULATORY SERVICES

Building control, consents, and compliance
Emergency response and management
Resource consents and compliance
Urban and rural planning
Environmental health
Parking enforcement
Liquor licensing
Animal control



Julia Fink, CHIEF FINANCIAL OFFICER
FINANCE, RISK, AND DIGITAL SOLUTIONS

Digital and information solutions
Legal services
Insurances
Finance



Geoff Swainson, DIRECTOR

ASSET MANAGEMENT AND OPERATIONS
Water supply, wastewater, stormwater
Solid waste and waste minimisation
Land development and engineering
Roads, footpaths, street lights
Asset management
Parks and reserves
Fleet management
Civil Defence
Property



Sandra Stokes, MANAGER
PERFORMANCE AND CAPABILITY

Human Resources
Health and safety
Recruitment



Vibhuti Chopra, DIRECTOR

BUSINESS SERVICES AND CUSTOMER ENGAGEMENT
Communications and engagement
Corporate planning and reporting
Marketing and promotions
Economic development
Democratic services
Strategy and policy
Customer service
Sustainability

Independent Auditor's Report

TO THE READERS OF UPPER HUTT CITY COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

The Auditor-General is the auditor of Upper Hutt City Council (the City Council) and its subsidiary (the Group). The Auditor-General has appointed me, Andrew Clark, using the staff and resources of Audit New Zealand, to report on the information in the City Council and Group's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the City Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the City Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 30 October 2019. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- The financial statements on pages 83 to 155:
 - present fairly, in all material respects:
 - the City Council and Group's financial position as at 30 June 2019; and
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards.
- The funding impact statement on page 156, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's Long term plan.

- The statement of service provision (referred to as how we measure success) on pages 62 to 76:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2019, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand.
- The statement about capital expenditure for each group of activities on pages 157 to 165, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council's Long term plan.
- The funding impact statement for each group of activities on pages 157 to 165, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's Long term plan.

Report on the disclosure requirements

We report that the City Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 166 to 174, which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council and Group's audited information and, where applicable, the City Council's Long term plan and annual plans.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the City Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists.

Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error.

Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the City Council's Long term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service provision (referred to as how we measure the success of our services), as a reasonable basis for assessing the levels of service achieved and reported by the City Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the City Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the City Council and the Group to cease to continue as a going concern.

- ▶ We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- ▶ We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 3 to 175, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the City Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit of the audited information and our report on the disclosure requirements, we have performed a limited assurance engagement related to the City Council's debenture trust deed. Other than these engagements, we have no relationship with, or interests in, the City Council or its subsidiary.



Andrew Clark

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand



Upper Hutt City Council

838 – 842 Fergusson Drive
Private Bag 907
Upper Hutt 5140

T (04) 527 2169

E askus@uhcc.govt.nz

F [fb.com/upperhuttcitycouncil](https://www.facebook.com/upperhuttcitycouncil)

W upperhuttcity.com