

UPPER HUTT CITY

# Annual Plan 2014 – 2015

1 JULY 2014 > 30 JUNE 2015



[www.upperhuttcity.com](http://www.upperhuttcity.com)



# Contents

<b>Introduction</b>	
A message from the Mayor	3
Summary	4
Financials summarised	5
Our vision	14
How to read this section	16
<b>Report on Council performance by Council activities</b>	
Leadership	17
Land Transport	21
Water supply	27
Wastewater	30
Stormwater	33
Solid waste	36
Planning and regulatory services	39
Community services	43
Facilities	48
Economic development	56
<b>Financials</b>	
Accounting policies and assumptions	62
Prospective statement of comprehensive income	82
Prospective statement of financial position	83
Prospective statement of changes of equity	84
Prospective cashflow statement	85
Notes to the financial statements	86
Schedule of special funds	110
Performance ratios	111
Annual Plan disclosure statements	112
Funding impact statement	114
Indicative rates	135
<b>Additional information</b>	
Organisation chart	136
Elected members	137
Council contact information (back cover)	



# A message from the Mayor

I proudly welcome residents of Upper Hutt to this Annual Plan for the 2014 – 2015 year. Looking forward to a new year is always inspiring and this Annual Plan demonstrates both Council's commitment to serving our community, and the extra effort we are putting in to make our great city an even more enjoyable place to live, work, and play.

Our priority, when developing an Annual Plan, is always to deliver meaningful, quality outcomes that represent good value for money for our ratepayers—to see our community grow and benefit in the long term. We spend great amounts of time debating what should and should not happen, balancing essential works and new developments against the cost of investment through rates and borrowing. Our community plays a vital part in this process, giving feedback on the proposals, and ultimately shaping the future of Upper Hutt.

The past three years have seen our community rally behind a united voice that speaks of love for Upper Hutt. The projects outlined in this Annual Plan will build on this community spirit, with many of the works programmes improving our local environment, giving us so much more to be proud of. Our public spaces, trails, cycle routes, and roads are being improved—all to enhance the liveability of our city.

We are endeavouring to enhance the overall impression of Upper Hutt, for both residents and visitors, by replacing the train station, installing gateway signage on State Highway 2, and developing campaigns and events to attract people to our city. Our city centre will be enhanced and we will work hard to attract new business. Maidstone Park Sports Centre will enter its next phase of development through the installation of tennis courts along with another artificial turf for soccer/rugby and a natural turf for rugby (possibly sand based). This development will further increase player numbers and hours of play that sports people from Upper Hutt and further afield have enjoyed since the opening of this great facility.

One of the initiatives we sought your feedback on that will be critical to the success of a number of future projects is the sale of surplus land. The sales were proposed to ensure that rates remain prudent while also allowing for further investment in our community. Striking the right balance between rates and new investment is important to Council, so the decision to sell some of the surplus land was not taken lightly. In particular, opposition to specific sites was communicated to Council through the consultation process. Consideration of this feedback has resulted in the withdrawal of 14 and 28 Duncraig Street, and the Rata Street section from the proposed package of land sales. In addition, Councillors agreed to wait until the Rural Strategy consultation was finalised before making a decision on the land on Whitemans Valley Road. Agreement in principle was given to selling 2 – 4 Jocelyn Crescent and Silverstream Spur (pending further investigation). With respect to Silverstream Spur, investigations will include consideration of neighbouring property impacts and ecological and development suitability factors. The remainder of the proposed land sales will go ahead to help fund future strategic investment in our community.

Council listened to the feedback from the community regarding the proposal to create an Economic Development Stimulus Package that would be funded by a flat \$36 targeted rate. The package will now be debt-funded. This decision will mean a significant reduction in up-front rates and more flexibility with Council only drawing down the funds as they are required. Further, the package will begin as a trial with its effectiveness to be reviewed after one year.

We look forward to working with you this coming year to make our great city even better.



Wayne Guppy | MAYOR

# Summary

## What is an Annual Plan?

An Annual Plan is the Council's budget for one financial year. It explains how the Council intends to finance the activities and services it provides during that year as directed by its Long Term Plan. It focuses on the adjustments the Council needs to make in light of the previous year's financial performance, updated financial figures, cost increases and inflation. The Council undertook a thorough consultation programme in 2011-12 for the development of its current Long Term Plan (2012 – 2022).

An Annual Plan supports the Council's Long Term Plan (LTP) by providing integrated decision making and coordination of the Council's resources. The LTP is produced every three years, with the first year of the LTP also being Annual Plan year 1. A stand-alone Annual Plan is produced in the years when the LTP is not produced. This Annual Plan 2014 – 2015, adopted at an Extraordinary Council Meeting held on 25 June 2014 sets out year 3 of the LTP, with what the Council plans to achieve in the financial year starting 1 July 2014.

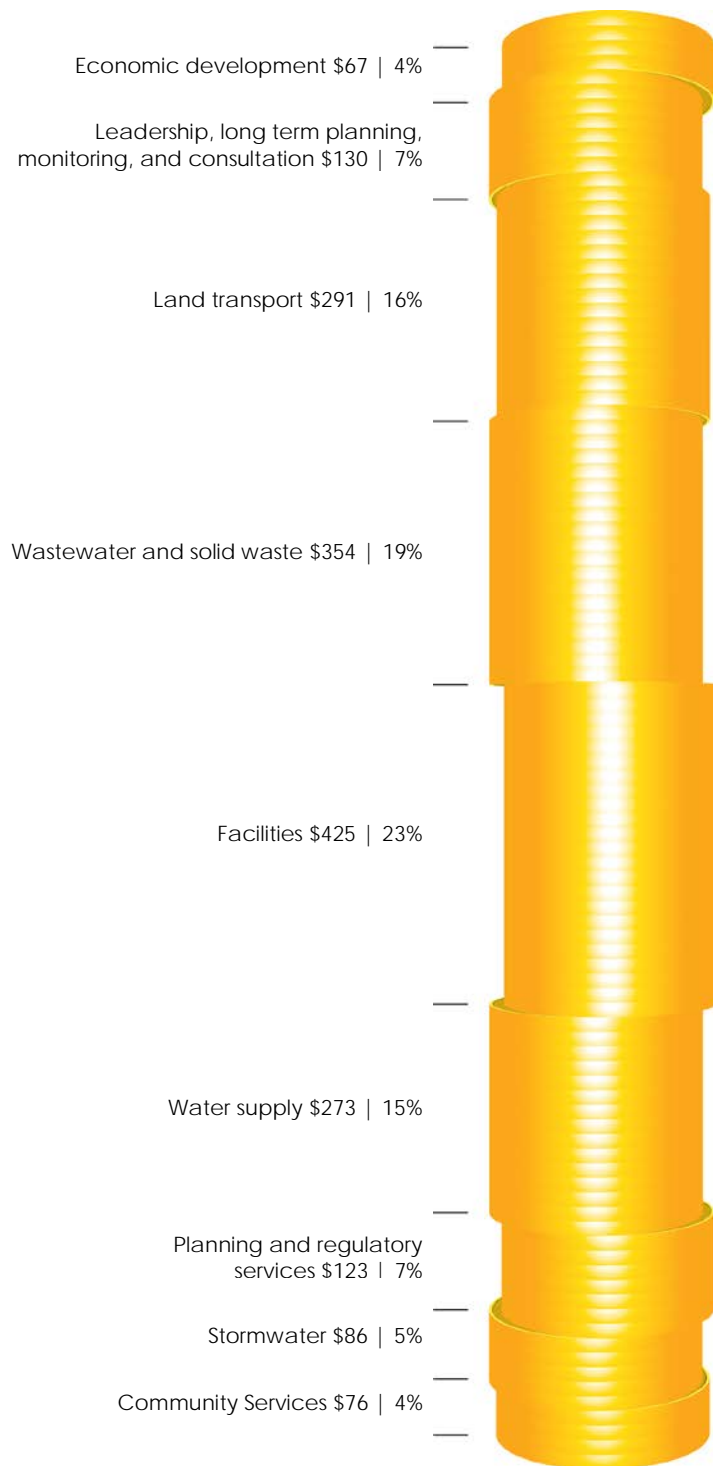
### How much will it cost?

#### Rates increase

The increase in rates for 2014 – 2015 is **2.87%**

## Where does your rates money go?

The average total residential rates for 2014 – 2015 will be \$1,825. This is broken down in more detail below.

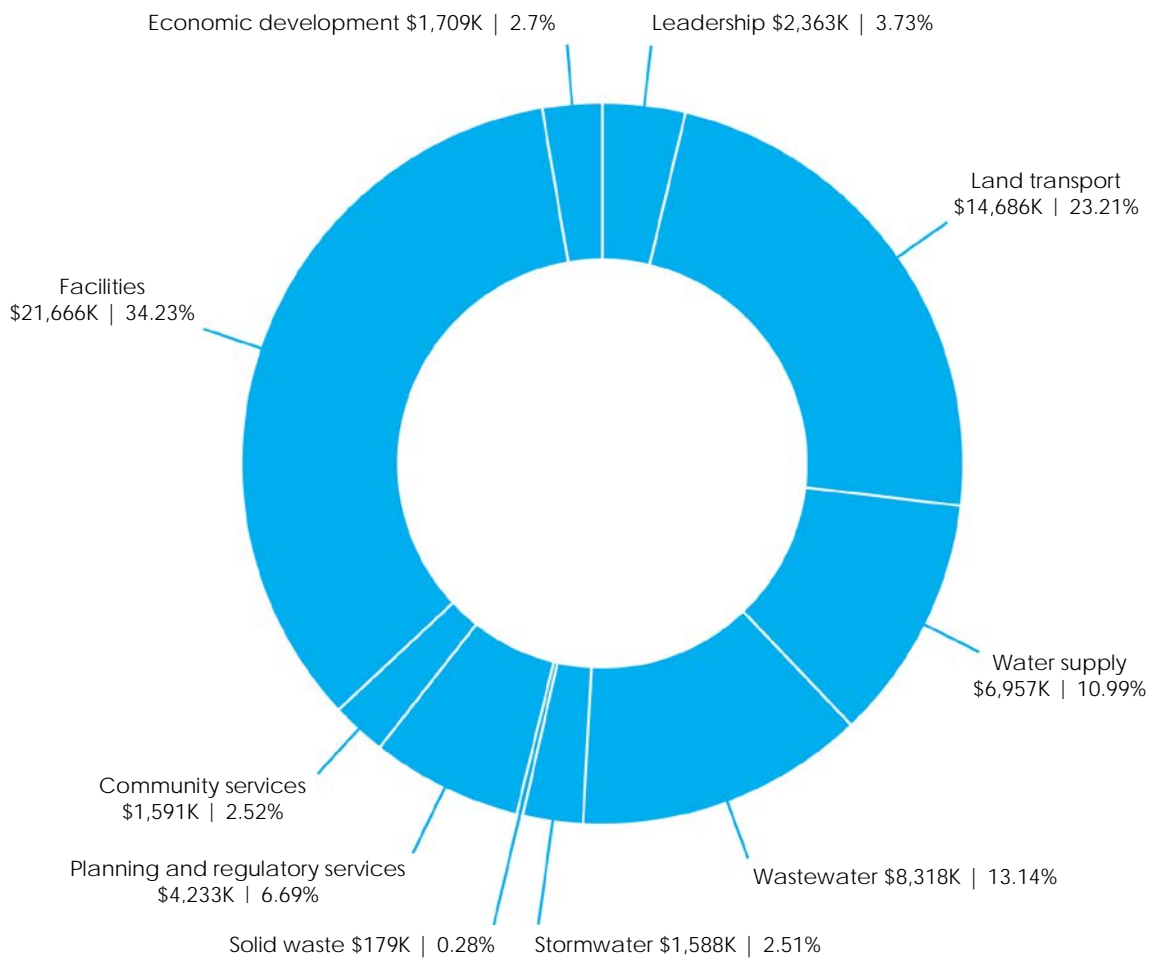


# Expenditure

## Total Expenditure (excluding depreciation)

The total council expenditure for 2014 – 2015 is \$63.290 million (this excludes depreciation). Of this, capital expenditure (e.g. renewal of roading and water/drainage infrastructure) is estimated to cost \$17.592 million.

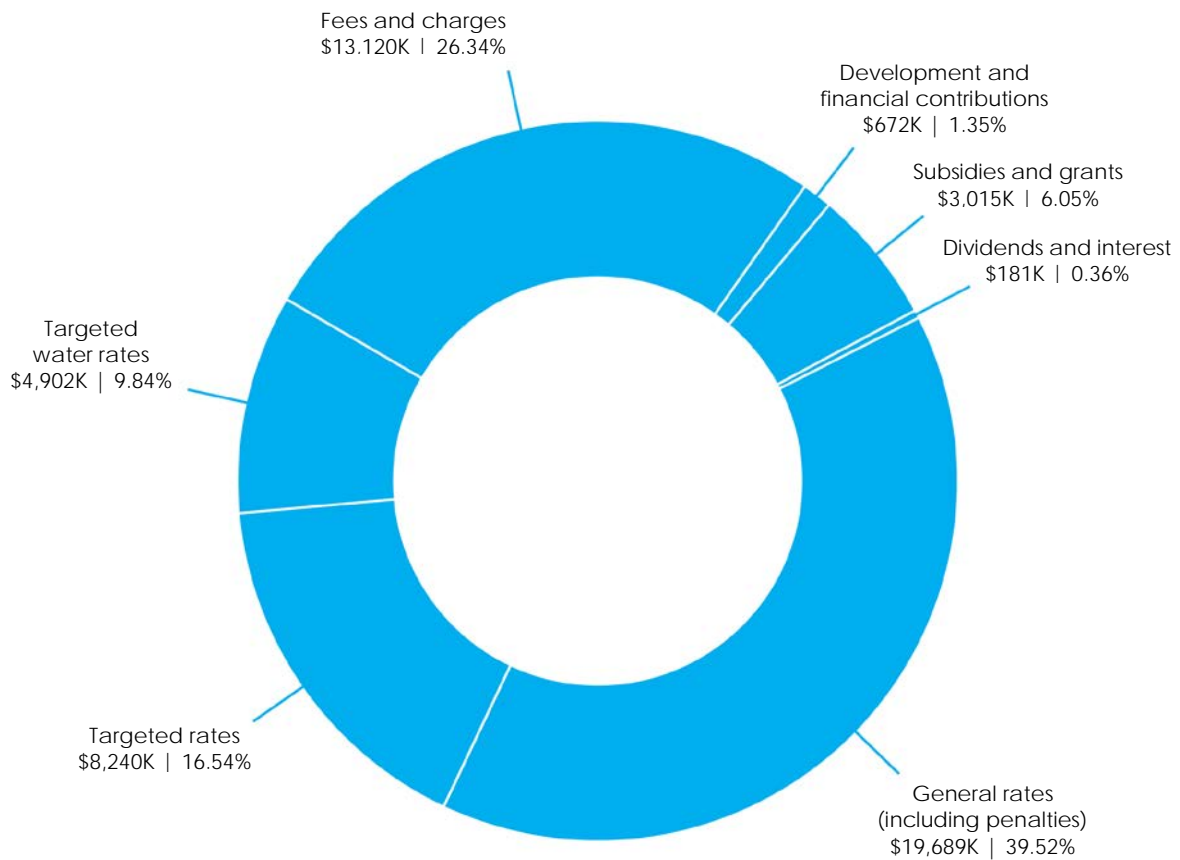
The amount of expenditure allocated to the different Council activity areas is shown below:





## Sources of operating funding

The total 'operating' funding required to undertake Council's activities for the year is \$49,819K, as shown below.



## Financial impact for 2014 – 2015

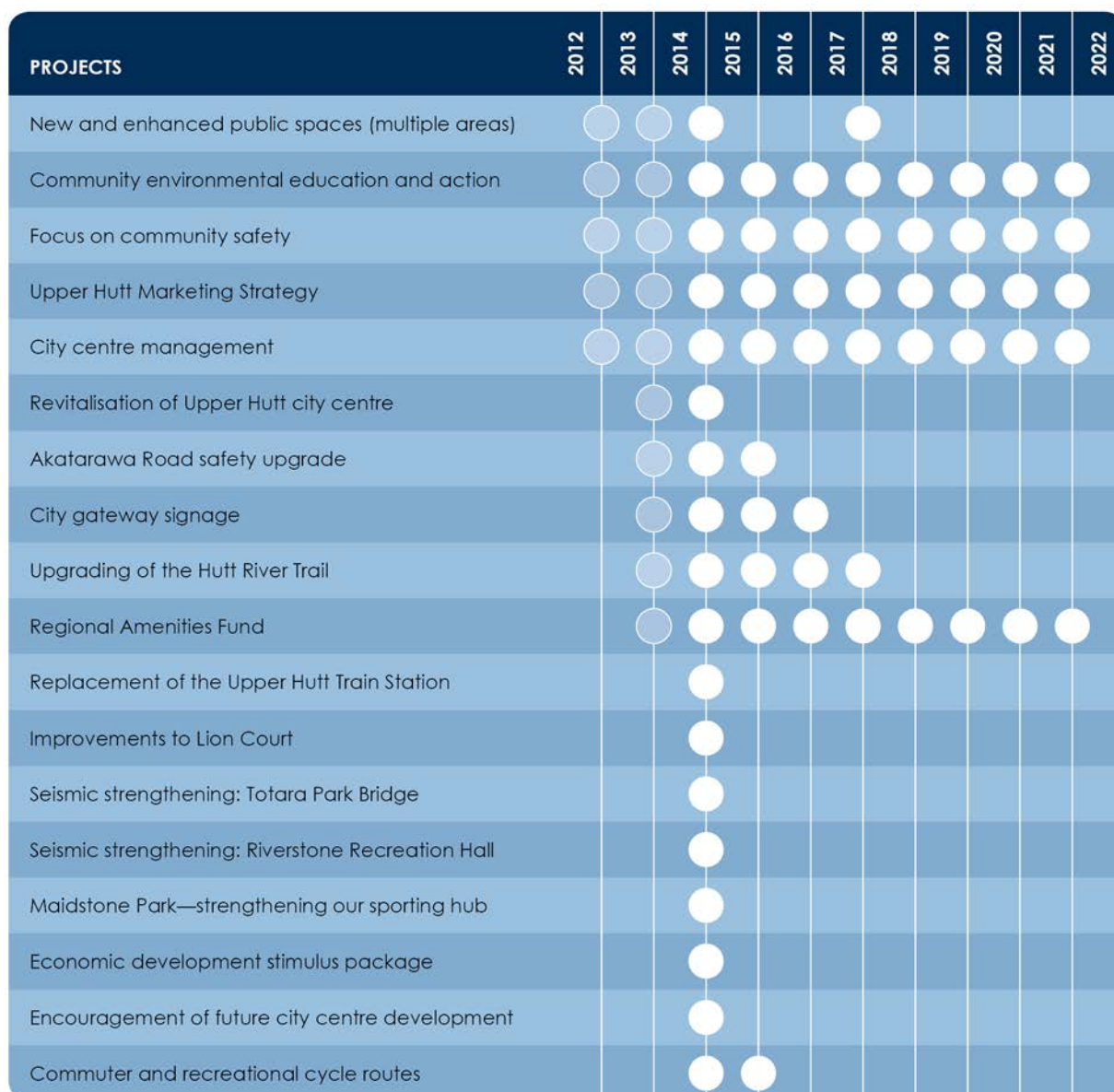
The total rate funding requirement for the activities and work programme for 2014 – 2015 is \$32.731 million. This equates to an average rates increase of 2.87% including an adjustment for city growth. Examples of how this is likely to affect specific properties are shown in the table below. These properties illustrate the rating requirement for a property of average or median value for that rating category. These estimates exclude rates collected on behalf of the Greater Wellington Regional Council, but do include GST at 15% for the full year.

	Residential CV \$333,000		Rural CV \$719,000		Business CV \$899,000	
	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
<b>General rates</b>	868	925	1,368	1,457	6,209	6,738
<b>Targeted rates</b> (water, wastewater, and stormwater)	915	900	No charge	No charge	*2,326	*2,229
<b>Total rates (incl. GST)</b>	\$1,783	<b>\$1,825</b>	\$1,368	<b>\$1,457</b>	\$8,535	<b>\$8,967</b>

\*Business example is based on 1 water charge and 3 pan charges.



## Key projects



## Projects deferred or removed from the Long Term Plan 2012 – 2022

- Heritage trail – throughout Upper Hutt \$25,000 Rates funded
- New business and retail targeting campaign \$31,000 Rates funded
- Sunbrae Drive upgrade of the stormwater culvert (Deferred until 2016 – 2017) \$134,000 Loan funded

For more information on all of the above projects refer to each activity area within this plan and for further details on projects in other years refer to the Long Term Plan for 2012 – 2022.

## Key financial and project adjustments from the Long Term Plan 2012-2022

The Long Term Plan (LTP) originally forecast a net debt of \$32.069 million and a rates requirement increase of 4.6%. The Council is now proposing that the net debt as at 30 June 2015 will be \$31.837 million and the rates requirement increase will be **2.87%**. The interest Upper Hutt City Council is currently paying on debt is \$1.691 million per annum.

In comparison to the Long Term Plan Year 3 forecast there is an \$863,000 decrease in the rate funding requirement and a \$36,000 decrease in interest expenses.

There are a range of adjustments from the LTP projected expenditure levels but these are minor and are primarily due to changes in prices, priorities and/or allocation of particular staff and projects.

### Rate funding adjustments

Key changes in activity rate funding include:

1. Leadership – a reduction of \$192,000. This is entirely due to a reduction in the allocation of support costs primarily driven by the re-assignment of one member of staff within the team to the Chief Executive office, and no election costs (\$129,325).
2. Land transport – a decrease of \$199,000 has occurred. This is due to an increase in the operating costs of \$150,000 and a drop in income from NZTA, which is offset with a change in the funding source of loan repayments, as \$409,225 is now funded via special funds.
3. The movement between Water supply, Wastewater, and Stormwater rate funding is mainly due to the reallocation of the pipeline renewal programme for Stormwater to accommodate the completion of the Stormwater network model calibration.
4. Solid waste – an increase of \$177,000 is due to changes in the income from the landfill and the management collection fee.
5. Economic Development – an increase of \$265,000 has occurred, mainly due to the re-assignment of staff from Support Services to Marketing and Communications, and a new Economic Development Stimulus Package of \$500,000 which will be loan funded.

There have been smaller changes up and down in all other activities all of less than \$100,000.

## Changes to the fees and charges

Key changes to the Schedule of Fees and Charges for 2014 – 2015 (circulated as a separate document) are:

- All fees and charges related to **Abandoned vehicles, Building services, Compliance services, Regulatory services, and Resource Management** have increased by 3% to cover the actual costs.
- Adult interment fees for **Akatarawa Cemetery** have increased by 26% to reflect the provision of services and the reduction of burial numbers. This change keeps costs within close proximity to the rest of the region and allows expenses to be covered by income.
- Within **Building Services**, under the Building warrant of fitness, the charge for an amendment to a compliance schedule has increased from \$52.50 to \$102.00. This will more accurately reflect the actual cost of dealing with this work item.
- The **H<sup>2</sup>O Xtream Women's Only Swim Night** single pass has increased from \$4.00 to \$5.10 and the 10 trip pass has increased from \$30.00 to \$41.00 to bring the rates in line with the general adult admission.
- **Land Information Memorandum (LIM)** - A further breakdown of costs associated with processing and administration time, and photocopying, has been included. This covers more complex LIMs.
- Three minor changes (an increase in the administration fees and a decrease in the re-inspection fee) as a result of associated costs have occurred in **Land Transport**.
- The default fees for **Liquor Licensing** are set under regulation by the Ministry of Justice. In accordance with the Sale and Supply of Alcohol Act 2012, which came into full force on 18 December 2013, a new system has been introduced requiring a premises' cost/risk rating to be determined before a license is issued.
- All fees and charges for **Parks and Reserves** have increased by 5% to cover operational costs.
- A new Land use consent category has been introduced called Outline plan waiver (Deposit \$144.00). This sits within the Designations section of **Resource Management**.
- Minor **Trade Waste** increases have occurred as advised by MWH New Zealand Limited.
- An increase of 3% or less has been added to all **Water supply** fees and charges to reflect actual costs.

## A - Rate funding requirement for each significant activity

	Forecast Annual Plan Year 2 2013-14 (\$ 000)	Forecast LTP Year 3 2014-15 (\$ 000)	Forecast Annual Plan Year 3 2014-15 (\$ 000)	Forecast Variation Year 3 2014-15 (\$ 000)
Leadership	2,243	2,521	2,329	(192)
Land transport	5,200	5,419	5,220	(199)
Water supply	4,763	5,214	4,902	(312)
Wastewater	6,221	6,487	6,696	209
Stormwater	2,272	2,311	1,544	(767)
Solid waste	(443)	(523)	(346)	177
Planning and Regulatory Services:				
- City planning	1,262	1,271	1,436	165
- Building and Compliance Services	705	786	771	(15)
Community Services:				
- Community development	602	629	571	(58)
- Activation	241	218	242	24
- Emergency management	560	624	558	(66)
Facilities:				
- Parks and reserves	2,253	2,291	2,284	7
- H <sup>2</sup> O Xstream	1,411	2,026	1,944	(82)
- Library	2,257	2,509	2,555	46
- Expressions	803	860	810	(50)
- Property	23	12	(11)	(23)
- Akatarawa Cemetery	(4)	(18)	8	26
- Support services	25	27	23	(4)
Economic development	1,050	930	1,195	265
<b>Total rate funding requirement</b>	<b>31,444</b>	<b>33,594</b>	<b>32,731</b>	<b>(863)</b>
Change in rate funding requirement	4.83%	5.60%	3.87%	(1.73%)
Less forecast growth in the rating database	1.00%	1.00%	1.00%	0.00%
<b>Forecast in net change in overall rate funding requirement</b>	<b>3.83%</b>	<b>4.60%</b>	<b>2.87%</b>	<b>(1.73%)</b>
Less forecast Inflation	0.00%	3.17%	0.00%	3.17%
<b>Forecast real change in rates funding requirement</b>	<b>3.83%</b>	<b>1.43%</b>	<b>2.87%</b>	<b>1.44%</b>
<b>Funded by</b>				
Accumulated general fund	0	0	68	68
Rates	31,444	33,594	32,663	(931)
<b>Total</b>	<b>31,444</b>	<b>33,594</b>	<b>32,731</b>	<b>(863)</b>

## B - Rates

	Forecast Annual Plan Year 2 2013-14 (\$ 000)	Forecast LTP Year 3 2014-15 (\$ 000)	Forecast Annual Plan Year 3 2014-15 (\$ 000)	Forecast Variation Year 3 2014-15 (\$ 000)
General rates	18,188	19,464	19,523	59
Regional amenity rate	0	119	0	(119)
Targeted rates water fire protection	1,156	1,259	1,189	(70)
Targeted rates water supply	3,607	3,955	3,713	(242)
Targeted rates stormwater	2,272	2,311	1,544	(767)
Targeted rates wastewater	6,221	6,487	6,696	209
<b>Rates total</b>	<b>31,444</b>	<b>33,595</b>	<b>32,665</b>	<b>930</b>
Targeted rate Karapoti Bridge	2	2	0	(2)
Rates penalties	200	247	166	(81)
<b>Total rates income</b>	<b>31,646</b>	<b>33,844</b>	<b>32,831</b>	<b>(1,013)</b>

## C - Public debt

	Forecast Annual Plan Year 2 2013-14 (\$ 000)	Forecast LTP Year 3 2014-15 (\$ 000)	Forecast Annual Plan Year 3 2014-15 (\$ 000)	Forecast Variation Year 3 2014-15 (\$ 000)
Opening balance	24,923	28,968	26,033	(2,935)
Loans raised during the year	5,342	4,428	8,229	3,801
Less repayments during the year	(2,303)	(1,327)	(2,425)	(1,098)
<b>Total public debt</b>	<b>27,962</b>	<b>32,069</b>	<b>31,837</b>	<b>(232)</b>

The opening balance of year three (2014 – 2015) may not agree to closing balance of year two (2013 – 2014) due to Council taking into account events occurring this year.

***New loans consist of:***

Land transport	1,801	2,883	5,559	2,676
Water supply	0	330	433	103
Wastewater	533	648	624	(24)
Stormwater	0	134	0	(134)
Parks and reserves	270	433	1,033	600
Emergency management	350	0	80	80
Building and compliance services	2,300	0	0	0
Economic development	0	0	500	500
H <sup>2</sup> O Xstream	88	0	0	0
<b>Total new loans</b>	<b>5,342</b>	<b>4,428</b>	<b>8,229</b>	<b>3,801</b>
<b>Interest expenses</b>	<b>1,483</b>	<b>1,727</b>	<b>1,691</b>	<b>(36)</b>

## D - Restricted reserve funds

	Forecast Annual Plan Year 2 2013-14 (\$ 000)	Forecast LTP Year 3 2014-15 (\$ 000)	Forecast Annual Plan Year 3 2014-15 (\$ 000)	Forecast Variation Year 3 2014-15 (\$ 000)
Special funds	1,546	2,065	2,238	173
Other accounts restricted by law	2,233	475	2,406	1,931
<b>Total restricted reserves</b>	<b>3,779</b>	<b>2,540</b>	<b>4,644</b>	<b>2,104</b>

## E - Comparison of key indicators

	Forecast Annual Plan Year 2 2013-14 (\$ 000)	Forecast LTP Year 3 2014-15 (\$ 000)	Forecast Annual Plan Year 3 2014-15 (\$ 000)	Forecast Variation Year 3 2014-15 (\$ 000)
Rate funding requirement	31,444	33,594	32,731	(863)
Public debt	27,962	32,069	31,837	(232)
Restricted reserves	3,779	2,540	4,644	2,104



# Our vision

## Measuring our vision/outcomes

Our vision statements provide the city and Council with an image of success. They inform and guide the Long Term Plan, including the projects within it and the subsequent Annual Plan. The vision is embodied through services, initiatives and projects in Council's ten major activity areas. These activity areas are monitored by performance measures and the Leadership activity includes an overarching performance target, which reports on whether or not Council is meeting the majority of all targets within the Plan.

## Our Vision

*We're immersed in scenic beauty, we love our river, and we feel alive in our great outdoors.*

*We celebrate our heritage and culture, and we thrive through our diversity.*

*Our businesses, our city centre, and our educational facilities will continue to grow.*

*We connect with our neighbours in the greater Wellington Region and we love our upper valley.*

*We're families, we're friends, we're a caring community.*

***We're Upper Hutt. Welcome.***

## Our environment



We're blessed with beautiful surrounds and seasons that are colourful and changeable.

Our families enjoy our community parks and modern facilities, and teams compete on our sports grounds.

Our clean river, our bio-diverse bush, and our majestic regional parks attract tourists, events, and business.

***We're Upper Hutt. We're a scenic playground.***

**FUTURE PROOFING:** Actively encourage waste minimisation and water conservation.

Ensure residential growth minimises environmental impact.

Strongly promote outdoor recreation opportunities.

## Our community



We're proud of our heroes, our success stories, and our uniqueness.

We celebrate our heritage and culture, and we thrive through our diversity.

We're a caring and connected community that is safe, healthy, and enjoys quality wellbeing for all ages.

***We're Upper Hutt. We're family.***

**FUTURE PROOFING:** Improve access to support services and community facilities.

Dedicated focus on community safety and intolerance of graffiti.

Strongly promote local identity and heritage.

## Our city centre



Our city centre is an expression of our identity and our heart; it's where locals meet, where many of us do business, where we shop, and where we celebrate.

We loyally support the range of busy stores within our city.

Visitors stop in to enjoy our unique style, our attractions, our stores, as well as our special green spaces within the city.

*We're Upper Hutt. We're a gateway to the great outdoors.*

**FUTURE PROOFING:** Create and improve unique public spaces and attractions.

Celebrate culture and history in the city.

Improve access and signage into city centre.

## Our economy



Our local businesses, our city centre, and our educational facilities develop and prosper.

We attract new business investment and clean industries with sustainable, high-growth capability.

Our educational and cultural facilities, together with our leisure opportunities attract employers and employees.

Many of our people enjoy working locally and shopping locally.

*We're Upper Hutt. We're ready to grow.*

**FUTURE PROOFING:** Target and attract new business and employers.

Manage industrial land for future potential.

Market Upper Hutt's brand and assets effectively.

## Our transport



We move easily and efficiently around our city and along our streets and country roads.

Our rail, bus, and road transport networks provide residents and visitors with easy access connections between our CBD and neighbouring cities.

We're cycle and pedestrian friendly, and parking is never a problem.

*We're Upper Hutt. We're an easy access destination.*

**FUTURE PROOFING:** Ensure vehicle and pedestrian traffic in Main Street flows freely.

Promote the city centre to State Highway 2 motorists.

Encourage and promote sustainable commuter and recreational transport, including walking, cycling, trains, and buses.

# Council activities

## How to read this section

In this section, Council has grouped its activities under ten activity areas. Each activity area is covered in more detail under the following headings:

### What does this activity do?

Council's different activities are explained, including why Council is involved in each area. More detailed information can be found in the Long Term Plan 2012 – 2022.

### Key projects

A brief summary of key projects for the particular activity proposed for 2014 – 2015.

### Level of service objectives and performance measures

This section identifies what Council aims to achieve by delivering the service, together with the performance measures and targets.

### Works programme

The works programme identifies expenditure on asset management, capital works and projects. It also shows how the work will be funded.

### Cost of services statement

This section identifies the budget and funding requirements for the activity, including the amount of general rates required to undertake the service, the operating costs of the service, and if the activity has any loans raised against it.

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## Link to Council's Long Term Plan

The Annual Plan is based on year 3 of the Council's Long Term Plan (LTP) for 2012 – 2022.

A more detailed analysis of Council activities, covering the ten years to 30 June 2022, can be found in the LTP. In particular, the LTP covers the following additional matters for each activity:

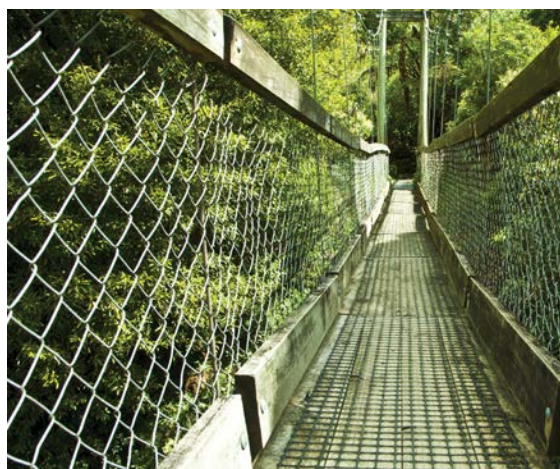
- why Council is involved in each activity;
- key issues and responses by Council, which cover how Council intends to manage each activity;
- an identification of any significant negative effects (if any) arising from providing the activity;
- works programmes and funding sources for the full ten year period to 30 June 2022; and
- ten year financial forecasts, which outline the funding requirements for the activity over the ten year life of the LTP.

# Leadership

## What does this activity 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 the Upper Hutt City Council. Examples of activities undertaken to fulfil this role include long and short term planning, community consultation, monitoring and reporting on progress.

## Key projects



### Sustainability Strategy

\$77,000 in 2014 – 2015 (time span of project – ongoing)

The sustainability strategy funding includes projects and initiatives such as river restoration, community/schools education, and reducing the city's energy costs.

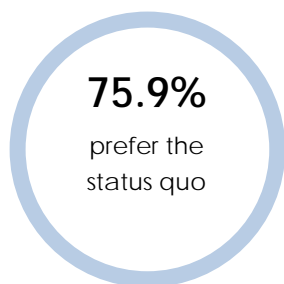
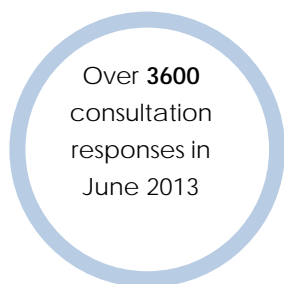
Additional initiatives scheduled to begin in 2014 – 2015 include some targeted sustainable business and climate change projects.



### Regional Amenities Fund

\$106,000 in 2014 – 2015

Six councils in the Wellington region contribute to the Regional Amenities Fund (the Fund). The fund focusses entirely on arts, culture and environmental sectors. Upcoming projects that have been funded include: the 2014 ANZAC Eve Concert; the International Arts Festival outdoor event; the Art Lovers Tours across the region's galleries; and the Nature Connections project, which aims to improve the connection visitors have with five environmental attractions in the Wellington region (including Staglands).



### Local government reform

Upper Hutt City Council undertook extensive consultation in 2012 and 2013 to understand what our community wanted. The majority of Upper Hutt residents wanted Upper Hutt’s governance structure to stay the same, with many also wanting to increase shared services across the region. Resultantly, Upper Hutt City Council submitted an enhanced shared services change proposal that also supported the Wairarapa’s application to amalgamate the three smallest councils in the region to form a stand-alone unitary for the Wairapapa.

In early 2014, the Local Government Commission considered the reorganisation and alternative application proposals, with respect to changes to regional governance of the Greater Wellington Region. The Commission was due to make an announcement in March 2014 about its preferred option. However, due the high number of submissions regarding the Commission’s amalgamation proposals for other regions in New Zealand (Northland and the Hawkes Bay), the Commission postponed its announcement for the Wellington region until after the 2014 New Zealand General Election.

Following the announcement, Council will again consult with the community and make a further submission on whatever the Commission proposes. Following that – the community will also likely have a chance to vote against any change in governance structure via a poll. If the poll is defeated, then the status quo will remain.

## Level of service objectives and performance measures

### Objective

Ensure that the community is well informed of relevant Council actions, activities and progress through a wide range of media including newspapers, radio, Council publications and our website.

Performance measures	Target 2014 – 2015
Community satisfaction with the provision of information by Council <sup>1</sup>	90% of respondents rate Council’s provision of information as satisfactory or better
Council is meeting the majority of its 40 performance targets at years end	80% of all performance targets are met at year’s end

<sup>1</sup> Annual Community Survey

## Works programme

Project	Forecast LTP Year 3 2014 – 15 (\$000)	Forecast Annual Plan Year 3 2014 – 15 (\$000)	Forecast Variation Year 3 2014 – 15 (\$000)	Source of Funding 2014 – 15
Sustainability Strategy <sup>1</sup>	90	77	(13)	Rates (personnel costs not included here)
Regional Amenities Fund <sup>2</sup>	119	53	(66)	Rates
<b>Total Leadership works programme</b>	<b>209</b>	<b>130</b>	<b>(79)</b>	

<sup>1</sup> Under the LTP 2012 – 2022 this project (\$89,569) was in Facilities and Support Services. It has been broken into two parts, \$77,232 has been transferred to Leadership as a project and the balance of \$12,237 has been allocated to staff costs under the personnel costs in Facilities.

<sup>2</sup> The total amount is \$106,000, including the carryover amount below.

## Approved carryover project from the previous year's budget

Project	Budget (\$ 000)	Funded by
Regional Amenities Fund	53	Accumulated fund
<b>Total</b>	<b>53</b>	

## Contributions to decision making processes by Maori

The Council has a long standing relationship with Orongomai Marae that is designed to provide opportunities for Maori to contribute to the decision making of the Council and to contribute to the spirit and values of the Council. In particular, the following are in place:

- His Worship the Mayor is a trustee of the Orongomai Marae Community Centre
- His Worship the Mayor and the Chief Executive meet multiple times a year with representatives of the Orongomai Management Committee to discuss issues of mutual interest
- Orongomai Marae are invited to participate in all Council consultation processes
- Council assists with the promotion of Orongomai Marae's Waitangi Day celebrations
- Orongomai Marae is regularly used as a venue for community groups
- Kaumatua from Orongomai Marae participate in public ceremonies and the opening of Council facilities.

Orongomai is a community marae and as such does not represent tangata whenua for Upper Hutt. For this reason, the Council also consults with Te Runanganui o Taranaki Whanui ki te Upoko o te Ika a Maui and the Wellington Tenth Trust in relation to issues relating to land, water or air.

## Cost of service statement

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
<b>Operating statement</b>				
Rates	2,243	2,402	2,276	(126)
Regional Amenity rate	0	119	0	(119)
Operating income	102	39	39	0
<b>Total operating revenue</b>	<b>2,345</b>	<b>2,560</b>	<b>2,315</b>	<b>(245)</b>
Operating costs	2,347	2,562	2,363	(199)
Interest	0	0	0	0
Depreciation	0	0	0	0
<b>Total operating costs</b>	<b>2,347</b>	<b>2,562</b>	<b>2,363</b>	<b>(199)</b>
<b>Operating surplus/ (deficit)</b>	<b>(2)</b>	<b>(2)</b>	<b>(48)</b>	<b>(46)</b>
<b>Capital and reserves funding statement</b>				
Capital expenditure	0	0	0	0
Loans repayments	0	0	0	0
Operating (surplus)/ deficit	2	2	48	46
Transfer to funds	0	0	0	0
<b>Total funding required</b>	<b>2</b>	<b>2</b>	<b>48</b>	<b>46</b>
Funding for depreciation and other non-cash items	2	2	(5)	(7)
Loans raised	0	0	0	0
Transfer from funds	0	0	0	0
Accumulated funds	0	0	53	53
<b>Transfer from funds applied</b>	<b>2</b>	<b>2</b>	<b>48</b>	<b>46</b>







**Commuter and recreational cycle routes**

\$692,000 in 2014 – 2015 (year 1 of a 2 year project)

This project will provide a cycling/walking route following the railway line from Silverstream to Upper Hutt. The 2014 – 2015 funding is stage 1 of the rail cycleway with the second stage occurring in 2015 – 2016.

The timing of this project has been amended and will continue to be delayed if funds from NZTA are unavailable.



**Replacement of Upper Hutt train station**

\$1,066,300 in 2014 – 2015

This will be a one-off contribution to Greater Wellington Regional Council towards the replacement of the Upper Hutt train station.



**Encouragement of future CBD development**

\$2,300,000 in 2014 – 2015

Council will use this funding to attract a major new investment to our CBD. The funding would not be used if not required. Over the years Council has tried to reinvigorate the CBD through promotion, retail liaison, street beautification and events. While these actions have had a positive impact on the vibrancy of the CBD, they are not ‘game-changers’. In order to make a significant difference, we need more people regularly visiting and/or working in the CBD. For a development to receive any funding the total capital investment of the project must be over \$20 million and/or it must bring in over 75 new employees to the CBD.



**Enhanced public space – Lion Court**

\$165,000 in 2014 – 2015

This project will improve the appearance of the area through beautification measures and removal of the overhead dark veranda.



### Totara Park Bridge seismic strengthening

\$350,000 in 2014 – 2015

Totara Park Bridge will be upgraded/seismic-strengthened in compliance with seismic standards.

## Level of service objectives and performance measures

### Objectives

- Council will provide a safe roading network
- Council will provide a well-lit, clean, convenient and safe service that compliments the roading network in regards to city centre parking, pedestrians and cyclists.

Performance measures	Target 2014 – 2015
1. Average <b>smoothness of all city roads</b> <sup>2</sup>	Less than or equal to 120 NAASRA* counts
2. Community satisfaction with the <b>street lighting</b> throughout the city <sup>1</sup>	90% of respondents rate street lighting as satisfactory or better
3. Community satisfaction with the <b>cleanliness</b> of the city's streets <sup>1</sup>	90% of respondents rate street cleanliness as satisfactory or better
4. Assessment <b>of footpath conditions</b> to mitigate dangerous surface conditions developing <sup>3</sup>	90% of all footpaths are rated as having a defects value of 29 or less

\* NAASRA counts are a standard measure of the road surface riding comfort. Typically, the roughness value for a new road is between 70 and 90 NAASRA counts per kilometre.

<sup>1</sup> Annual Community Survey.

<sup>2</sup> In-house monitoring, using data received from the Road Asset Maintenance Management System contract.

<sup>3</sup> Rating is measured as a computation of the number of defects over the entire length of footpath throughout the city with a weighting for severity. Defects are measured as part of the Road Asset Maintenance Management System rating surveys.

## Works programme

	Forecast LTP Year 3 2014 – 15 (\$000)	Forecast Annual Plan Year 3 2014 – 15 (\$000)	Forecast Variation Year 3 2014 – 15 (\$000)	Source of Funding 2014 – 15
<b>Asset management – to replace existing assets</b>				
Street drainage	313	313	0	Rates/ NZ Transport Agency (NZTA)
Resealing	1,274	1,278	4	Rates/NZTA
Road marking and signage *	278	0	(278)	Rates/NZTA
Lighting	133	48	(85)	Rates/NZTA
Minor safety	182	216	34	Rates/NZTA
Footpaths	421	421	0	Rates
Carparks and bus shelters	17	17	0	Rates
Litter bin replacement	4	4	0	Rates
Totara Park Bridge seismic strengthening	0	350	350	Loans/NZTA
Structures component replacement *	0	30	30	Rates/NZTA
Traffic services renewals *	0	358	358	Rates/NZTA
Miscellaneous work	25	25	0	Rates
<b>Capital works – to improve level of service</b>				
Cycle and walkway – rail corridor	692	692	0	Loans/NZTA
Revitalisation of Upper Hutt's city centre	681	681	0	Loan
Akatarawa Road safety upgrade	725	725	0	Loans
Comprehensive road safety review of city	53	49	(4)	Rates
City gateway signage	107	107	0	Loan
Enhanced public space – Lion Court	0	165	165	Loan
Encouragement of future CBD development	0	2,300	2,300	Loan
<b>Projects</b>				
Contribution to GWRC for train station replacement	1,066	1,066	0	Loans
<b>Total land transport works programme</b>	<b>5,971</b>	<b>8,845</b>	<b>2,874</b>	

\* NZTA has reclassified this project description.

## Approved carryover projects from previous years budgets

Projects	Budget (\$ 000)	Funded by
Minor improvements	59	Rates
Safety improvements – bridges	120	Rates
Akatarawa Road safety upgrade	608	Rates (\$341K)/Loans (\$267K)
Enhanced cycle linkages	560	Loans
City gateway signage	281	Loans
Works contingency	30	Rates
CBD developments	645	Loans
Road safety	24	Rates
Norbert Street Bridge repair	91	Rates
<b>Total</b>	<b>2,418</b>	

## Cost of service statement

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
<b>Operating statement</b>				
Rates	5,200	5,419	5,220	(199)
Operating income	3,873	4,099	4,253	154
<b>Total operating revenue</b>	<b>9,073</b>	<b>9,518</b>	<b>9,473</b>	<b>(45)</b>
Operating costs	4,319	5,371	5,631	260
Interest	362	521	515	(6)
Depreciation	4,120	4,299	4,176	(123)
<b>Total operating costs</b>	<b>8,801</b>	<b>10,191</b>	<b>10,322</b>	<b>131</b>
<b>Operating surplus/ (deficit)</b>	<b>272</b>	<b>(673)</b>	<b>(849)</b>	<b>(176)</b>
<b>Capital and reserves funding statement</b>				
Capital expenditure	4,744	4,905	7,779	2,874
Loans repayments	353	499	409	(90)
Operating (surplus)/ deficit	(272)	673	849	176
Transfer to funds	354	352	352	0
<b>Total funding required</b>	<b>5,179</b>	<b>6,429</b>	<b>9,389</b>	<b>2,960</b>
Funding for depreciation and other non-cash items	3,378	3,546	3,421	(125)
Loans raised	1,801	2,883	5,559	2,676
Transfer from funds	0	0	409	409
Accumulated funds	0	0	0	0
<b>Transfer from funds applied</b>	<b>5,179</b>	<b>6,429</b>	<b>9,389</b>	<b>2,960</b>

# Water supply

## What does this activity do?

The water supply activity covers the provision of a safe, reliable and potable supply of water for domestic, business and fire fighting purposes to urban Upper Hutt and parts of the rural areas.

Bulk water is purchased from the Greater Wellington Regional Council and stored in the city council's reservoirs prior to distribution to householders and businesses within the supply area.

## Level of service objective and performance measures

### Objective

Council will maintain a high quality water supply with minimal interruptions.

Performance measures	Target 2014 – 2015
Compliance with NZ drinking water standard <sup>2</sup>	Maintain A1a grading
Community satisfaction with water supply service <sup>1</sup>	95% of respondents are satisfied or very satisfied
Interruptions to the water supply <sup>3</sup>	97% of individual consumers who experience unplanned water disruptions have the service restored within two hours

<sup>1</sup> Annual Community Survey

<sup>2</sup> Ministry of Health Rating

<sup>3</sup> In-house monitoring of maintenance contract



## Works programme

	Forecast LTP Year 3 2014 – 15 (\$000)	Forecast Annual Plan Year 3 2014 – 15 (\$000)	Forecast Variation Year 3 2014 – 15 (\$000)	Source of Funding 2014 – 15
<b>Asset management – to replace existing assets</b>				
Pipeline renewal <sup>1</sup>	1,032	1,122	90	Targeted rates
Reservoir upgrade <sup>2</sup>	329	368	39	Loans
Miscellaneous works	35	53	18	Targeted rates
<b>Capital works – to improve the level of service</b>				
Pressure management	0	83	83	Loans
<b>Total water supply works programme</b>	<b>1,396</b>	<b>1,626</b>	<b>230</b>	

### Pipeline renewal <sup>1</sup>

Funding has been reallocated from the deferred stormwater renewal programme 2015 – 2016, to meet the renewal requirements in water supply.

### Reservoir upgrade <sup>2</sup>

Reservoirs are upgraded to meet seismic conditions as part of Council's asset management plan.

## Cost of service statement

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
<b>Operating statement</b>				
Rates	4,763	5,214	4,902	(312)
Operating income	1,449	1,531	1,495	(36)
<b>Total operating revenue</b>	<b>6,212</b>	<b>6,745</b>	<b>6,397</b>	<b>(348)</b>
Operating costs	4,920	5,305	5,218	(87)
Interest	34	43	42	(1)
Depreciation	1,570	1,479	1,598	119
<b>Total operating costs</b>	<b>6,524</b>	<b>6,827</b>	<b>6,858</b>	<b>31</b>
<b>Operating surplus/ (deficit)</b>	<b>(312)</b>	<b>(82)</b>	<b>(461)</b>	<b>(379)</b>
<b>Capital and reserves funding statement</b>				
Capital expenditure	1,014	1,396	1,626	230
Loans repayments	71	75	71	(4)
Operating (surplus)/ deficit	312	82	461	379
Transfer to funds	0	0	0	0
<b>Total funding required</b>	<b>1,397</b>	<b>1,553</b>	<b>2,158</b>	<b>605</b>
Funding for depreciation and other non-cash items	1,297	1,224	1,558	334
Loans raised	0	329	433	104
Transfer from funds	100	0	167	167
Accumulated funds	0	0	0	0
<b>Transfer from funds applied</b>	<b>1,397</b>	<b>1,553</b>	<b>2,158</b>	<b>605</b>

# Wastewater

## What does this activity do?

The wastewater system covers the provision of a safe, reliable and cost effective reticulated system for urban and some rural residential areas of Upper Hutt, including household and business users.

## Level of service objectives and performance measures

### Objective

Our wastewater system will continue to be well maintained, safe and allow for growth.

Performance measures	Target 2014 – 2015
Minimise interruptions to the ability to use the wastewater system <sup>1</sup>	95% of properties connected to the wastewater system who are unable to dispose of wastewater due to unplanned interruption will have their service restored within six hours
Minimise number of blockages on Council mains <sup>2</sup>	Less than two blockages* reported per kilometre of pipeline

<sup>1</sup> In-house monitoring of UTCE contract

<sup>2</sup> In-house response to customer service requests

\*The above measures are used to report against the safety of the system because if blockages occur, then it is likely a surcharge will flow onto the adjacent ground, which creates a health hazard. This is also the case for private properties that cannot discharge to the sewer network. Hence, both systems are monitored.

## Works programme

	Forecast LTP Year 3 2014 – 15 (\$000)	Forecast Annual Plan Year 3 2014 – 15 (\$000)	Forecast Variation Year 3 2014 – 15 (\$000)	Source of Funding 2014 – 15
<b>Asset management – to replace existing assets</b>				
Pipeline renewal upgrade <sup>1</sup>	1,273	1,873	600	Targeted rates/Loans
Miscellaneous works	26	43	17	Targeted rates
<b>Capital works – to improve the level of service</b>				
Wastewater project capital <sup>2</sup>	648	624	(24)	Loans
<b>Total wastewater works programme</b>	<b>1,947</b>	<b>2,540</b>	<b>593</b>	

### <sup>1</sup> Pipeline renewal upgrade

The 2014 – 2015 stormwater renewal programme has been deferred to 2015 – 2016 to accommodate completion of the stormwater network model calibration (as shown in the following activity area). The funding has been re-allocated into 2014 – 2015 to meet the renewal requirements in wastewater and water supply.

### <sup>2</sup> Wastewater project capital

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 Councils control.

The Wastewater project capital will cover the renewal of assets, which includes 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.

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.

## Approved carryover projects from previous years budgets

Projects	Budget (\$ 000)	Funded by
Wastewater mains renewal	525	Rates
Wastewater Hutt Valley Trunk Wastewater System capital	175	Loans
Flow monitoring	10	Rates
<b>Total</b>	<b>710</b>	

## Cost of service statement

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
<b>Operating statement</b>				
Rates	6,221	6,487	6,696	209
Operating income	785	805	777	(28)
<b>Total operating revenue</b>	<b>7,006</b>	<b>7,292</b>	<b>7,473</b>	<b>181</b>
Operating costs	4,657	4,879	4,807	(72)
Interest	753	785	775	(10)
Depreciation	3,217	3,309	3,259	(50)
<b>Total operating costs</b>	<b>8,627</b>	<b>8,973</b>	<b>8,841</b>	<b>(132)</b>
<b>Operating surplus/ (deficit)</b>	<b>(1,621)</b>	<b>(1,681)</b>	<b>(1,368)</b>	<b>313</b>
<b>Capital and reserves funding statement</b>				
Capital expenditure	1,808	1,947	2,540	593
Loans repayments	183	197	196	(1)
Operating (surplus)/ deficit	1,621	1,681	1,368	(313)
Transfer to funds	0	0	0	0
<b>Total funding required</b>	<b>3,612</b>	<b>3,825</b>	<b>4,104</b>	<b>279</b>
Funding for depreciation and other non-cash items	2,896	3,177	3,180	3
Loans raised	533	648	624	(24)
Transfer from funds	183	0	300	300
Accumulated funds	0	0	0	0
<b>Transfer from funds applied</b>	<b>3,612</b>	<b>3,825</b>	<b>4,104</b>	<b>279</b>

# Stormwater

## What does this activity do?

The stormwater activity covers the management and disposal of stormwater from within the urban areas of the city. This occurs via a combination of reticulated pipes, pumps, soak pits, open drains, and secondary overland flowpaths. Ponding areas (often on roadways) are also included, as are detention systems; prior to entering major watercourses such as the Hutt River. This activity does not include those parts of the river drainage system that are managed by the Greater Wellington Regional Council.

## Level of service objectives and performance measures

### Objective

Council will preserve public safety and health and minimise the risk of damage to public and private property through effective stormwater management.

Performance measures	Target 2014 – 2015
Preventative measures are undertaken to ensure that no flooding occurs within habitable buildings during a 1:50 year rainfall event <sup>1</sup>	Zero reports of inhabited buildings being flooded

<sup>1</sup> In-house monitoring – service calls database

## Works programme

	Forecast LTP Year 3 2014 – 15 (\$000)	Forecast Annual Plan Year 3 2014 – 15 (\$000)	Forecast Variation Year 3 2014 – 15 (\$000)	Source of Funding 2014 – 15
<b>Asset management – to replace existing assets</b>				
Pipeline renewal <sup>1</sup>	848	11	(837)	Targeted rates
Telemetry upgrade	5	5	0	Targeted rates
Pump station renewal	0	45	45	Targeted rates
<b>Capital works – to improve the level of service</b>				
Sunbrae Drive upgrade of the stormwater project <sup>2</sup>	134	0	(134)	
<b>Total water supply works programme</b>	<b>987</b>	<b>61</b>	<b>(926)</b>	

<sup>1</sup> The pipeline renewal programme has been deferred to 2015 – 2016 to accommodate the completion of the stormwater network model calibration.

<sup>2</sup> The Sunbrae Drive upgrade of the stormwater project has been deferred until 2015 – 2016.

### Approved carryover projects from previous years budgets

Projects	Budget (\$ 000)	Funded by
Sunbrae Drive upgrade of the stormwater project	50	Stormwater rates account
Pinehaven Stream study	4	Rates
Stormwater model calibration	14	Rates
<b>Total</b>	<b>68</b>	



## Cost of service statement

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
<b>Operating statement</b>				
Rates	2,272	2,311	1,544	(767)
Operating income	612	639	637	(2)
<b>Total operating revenue</b>	<b>2,884</b>	<b>2,950</b>	<b>2,181</b>	<b>(769)</b>
Operating costs	1,725	1,570	1,527	(43)
Interest	0	7	0	(7)
Depreciation	1,522	1,484	1,590	106
<b>Total operating costs</b>	<b>3,247</b>	<b>3,061</b>	<b>3,117</b>	<b>56</b>
<b>Operating surplus/ (deficit)</b>	<b>(363)</b>	<b>(111)</b>	<b>(936)</b>	<b>(825)</b>
<b>Capital and reserves funding statement</b>				
Capital expenditure	764	987	61	(926)
Loans repayments	0	0	0	0
Operating (surplus)/ deficit	363	111	936	825
Transfer to funds	0	0	0	0
<b>Total funding required</b>	<b>1,127</b>	<b>1,098</b>	<b>997</b>	<b>(101)</b>
Funding for depreciation and other non-cash items	1,077	964	997	33
Loans raised	0	134	0	(134)
Transfer from funds	50	0	0	0
Accumulated funds	0	0	0	0
<b>Transfer from funds applied</b>	<b>1,127</b>	<b>1,098</b>	<b>997</b>	<b>(101)</b>

# Solid waste

## What does this activity do?

The Solid Waste division is responsible for the management of solid waste within Upper Hutt to ensure waste is minimised and disposed of appropriately.

## Key projects



### Waste Management and Minimisation Plan – Wellington Regional and Upper Hutt specific projects

\$58,000 in 2014 – 2015 (time span of project – ongoing)

Upper Hutt City Council, in conjunction with the Councils within the Wellington Region, has adopted a Waste Management and Minimisation Plan based on the New Zealand Waste Strategy and in accordance with the Waste Minimisation Act (2008).

#### Projects for 2014 – 2015 include:

- Education of Upper Hutt residents via local newspapers three times a year, via the Council website to support project R9 of the Regional Action Plan
- EnviroSchools programme
- Additional wormery for UHCC
- Internal waste minimisations
- Development of a Regional Waste Education Strategy
- Schools/community gardens incentives

## Level of service objectives and performance measures

### Objective

Council will encourage waste minimisation through reduction, re-use, recycling and treatment.

Performance measures	Target 2014 – 2015
Reduce the annual tonnage of waste collected and sent to the local landfill <sup>1</sup>	Maintain a compounding target of reducing the waste collected per household on average by 10% per annum on an annual basis.
Promote recycling within Upper Hutt with the goal of increasing the participation rate of households <sup>1</sup>	Annually increase the number of households who recycle, on a regular basis

<sup>1</sup> In-house report using contractor's data

### Works programme

	Forecast LTP Year 3 2014 – 15 (\$000)	Forecast Annual Plan Year 3 2014 – 15 (\$000)	Forecast Variation Year 3 2014 – 15 (\$000)	Source of Funding 2014 – 15
<b>Project</b>				
Waste management and minimisation plan – Wellington regional projects	7	4	(3)	Rates
Waste management and minimisation plan - Upper Hutt projects	3	54	51	Rates
<b>Total solid waste works programme</b>	<b>10</b>	<b>58</b>	<b>48</b>	

## Cost of service statement

	Forecast Annual Plan Year 2 2013 - 14 (\$ 000)	Forecast LTP Year 3 2014 - 15 (\$ 000)	Forecast Annual Plan Year 3 2014 - 15 (\$ 000)	Forecast Variation Year 3 2014 - 15 (\$ 000)
<b>Operating statement</b>				
Rates	(443)	(523)	(346)	177
Operating income	591	675	525	(150)
<b>Total operating revenue</b>	<b>148</b>	<b>152</b>	<b>179</b>	<b>27</b>
Operating costs	148	152	179	27
Interest	0	0	0	0
Depreciation	0	0	0	0
<b>Total operating costs</b>	<b>148</b>	<b>152</b>	<b>179</b>	<b>27</b>
<b>Operating surplus/ (deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital and reserves funding statement</b>				
Capital expenditure	0	0	0	0
Loans repayments	0	0	0	0
Operating (surplus)/ deficit	0	0	0	0
Transfer to funds	0	0	0	0
<b>Total funding required</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Funding for depreciation and other non-cash items	0	0	0	0
Loans raised	0	0	0	0
Transfer from funds	0	0	0	0
Accumulated funds	0	0	0	0
<b>Transfer from funds applied</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# Planning and regulatory services

## What does this activity do?

The Planning and Regulatory Services division is responsible for a group of activities that range from regulatory, monitoring and enforcement through to long term strategic environmental planning responsibilities for the benefit of the community as a whole. Activities included within this section are City Planning, Environmental Health, Building Control, Animal Control, and Parking Enforcement.

## Key projects



### District Plan rolling review

\$106,000 in 2014 – 2015 (time span of project – ongoing)

Council is required to review its District Plan every ten years. The ongoing review work will continue, following on from work commenced in the 2012 – 2013 year. Reviews of District Plan chapters will include Network Utilities, the Rural Zones, Natural Hazards and Residential Hill Zones.



### Urban Growth Strategy – review

\$33,000 in 2014 – 2015 (time span of project – ongoing)

Council is currently implementing the Urban Growth Strategy that was adopted by Council in September 2007. Council commenced a review of the Urban Growth Strategy in 2013 – 2014, which will be completed in 2014 – 2015.



### Maymorn Structure Plan

\$96,000 in 2014 – 2015 (time span of project – ongoing)

Council adopted the Maymorn Structure Plan in February 2012. Future work towards a plan change will be informed by 2013 Census data and by the outcomes of the Urban Growth Strategy Review and Rural Strategy work streams.

## Level of service objectives and performance measures

### Objective – City Planning

Consents will be processed efficiently and within statutory timeframes.

Performance measures	Target 2014 – 2015
1. Process resource consents within the statutory timeframes <sup>2</sup>	100% of resource consents will be processed within the statutory timeframes
2. Community satisfaction with Council's current resource management practices <sup>1</sup>	87.5% of respondents are satisfied or very satisfied with the resource management service

<sup>1</sup> Annual Community Survey    <sup>2</sup> In-house monitoring

### Objective – Regulatory services

Consents and licenses will be processed efficiently, accurately, and within statutory timeframes, and service provision meets all relevant statutory requirements.

Performance measures	Target 2014 – 2015
3. Community satisfaction with Council's building and compliance services provided <sup>1 and 3</sup>	92% of respondents are satisfied or very satisfied with the building consenting service <sup>3</sup>  85% of respondents are satisfied or very satisfied with the control of dog nuisances in the city <sup>1</sup>  90% of respondents are satisfied or very satisfied with the enforcement of parking requirements within the city centre <sup>1</sup>
4. Process building consents within the statutory timeframes <sup>2</sup>	100% of building consents will be processed within statutory timeframes
5. Process LIMs within the statutory timeframes <sup>2</sup>	100% of LIMs will be processed within statutory timeframes
6. Timeliness of food and hairdresser premises inspections <sup>2</sup>	Food and hairdresser premises inspections – complete annual inspection of 100% of premises requiring health inspection for the future year by 30 June
7. Timeliness of response to complaints of excessive noise <sup>2</sup>	Complaints of excessive noise – respond within one hour to 90% of excessive noise reports being confirmed
8. Timeliness of initial response to reported dog attacks <sup>2</sup>	100% of reported dog attacks will receive an initial response within two hours of the complaint being received

<sup>1</sup> Annual Community Survey    <sup>2</sup> In-house monitoring    <sup>3</sup> Building Consents Survey

## Works programme

	Forecast LTP Year 3 2014 – 15 (\$000)	Forecast Annual Plan Year 3 2014 – 15 (\$000)	Forecast Variation Year 3 2014 – 15 (\$000)	Source of Funding 2014 – 15
CP District Plan rolling review	120	106	(14)	Rates
CP Urban Growth Strategy review	31	33	2	Rates
CP Maymorn Structure Plan	90	96	6	Rates
<b>Total city planning works programme</b>	<b>241</b>	<b>235</b>	<b>(6)</b>	

## Approved carryover projects from previous years budgets

Projects	Budget (\$ 000)	Funded by
BC Building financial assistance package claims	30	Rates
BC Building consultants fees	15	Rates
CP Urban Growth Strategy	40	Rates
CP Maymorn Structure Plan	132	Rates
CP Habitat Improvement Study	87	Loans
<b>Total</b>	<b>304</b>	

BC = Building control cost centre

CP = City planning policy cost centre

## Cost of service statement

<b>Amalgamations:</b>	<b>Forecast Annual Plan Year 2 2013 – 14 (\$ 000)</b>	<b>Forecast LTP Year 3 2014 – 15 (\$ 000)</b>	<b>Forecast Annual Plan Year 3 2014 – 15 (\$ 000)</b>	<b>Forecast Variation Year 3 2014 – 15 (\$ 000)</b>
• Building and compliance services				
• Planning				
<b>Operating statement</b>				
Rates	1,967	2,057	2,207	150
Operating income	2,039	2,189	1,984	(205)
<b>Total operating revenue</b>	<b>4,006</b>	<b>4,246</b>	<b>4,191</b>	<b>(55)</b>
Operating costs	5,810	3,562	3,806	244
Interest	67	95	28	(67)
Depreciation	3	3	0	(3)
<b>Total operating costs</b>	<b>5,880</b>	<b>3,660</b>	<b>3,834</b>	<b>174</b>
<b>Operating surplus/ (deficit)</b>	<b>(1,874)</b>	<b>586</b>	<b>357</b>	<b>(229)</b>
<b>Capital and reserves funding statement</b>				
Capital expenditure	0	0	0	0
Loans repayments	156	273	89	(184)
Operating (surplus)/ deficit	1,874	(586)	(357)	229
Transfer to funds	310	322	310	(12)
<b>Total funding required</b>	<b>2,340</b>	<b>9</b>	<b>42</b>	<b>33</b>
Funding for depreciation and other non-cash items	13	9	4	(5)
Loans raised	2,300	0	0	0
Transfer from funds	27	0	38	38
Accumulated funds	0	0	0	0
<b>Transfer from funds applied</b>	<b>2,340</b>	<b>9</b>	<b>42</b>	<b>33</b>



# Community services

## What does this activity do?

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

### Community development

The Community development activity covers the identification of community and social needs in order to develop and support local initiatives to meet those needs.



### Activation

The Activation project aims to improve the health and wellbeing of the community by assisting them to become more active more often.

### Emergency management

Upper Hutt City Council has joined with all the city and district councils in the region to form a Civil Defence and Emergency Management (CDEM) Group under the CDEM Act of 2002.

## Key projects

	<p><b>Focus on community safety</b></p> <p>\$12,000 in 2014 – 2015 (time span of project – ongoing)</p> <p>Dedicated resources are being made available to enable the Council to respond to a suite of issues repeatedly raised by the community around crime and safety, including graffiti prevention.</p>
	<p><b>Safe and healthy cities</b></p> <p>\$22,000 in 2014 – 2015 (timespan of project – ongoing)</p> <p>Provision of information and assistance to improve the safety, health and wellbeing of the Upper Hutt population.</p>



**Activation**

\$241,680 in 2014 – 2015 (time span of project – ongoing)

The Activation project aims to improve the health and wellbeing of the community by assisting them to become more active, more often.



**Youth strategy and initiatives**

\$13,000 in 2014 – 2015 (time span of project – ongoing)

Identify and respond to the needs of young people, in areas such as depression and harm reduction around drugs and alcohol.



**Riverstone Recreation Hall seismic upgrade**

\$80,000 in 2014 – 2015

Riverstone Recreation Hall requires a seismic upgrade. This will also provide an alternative administration venue if a seismic incident was to occur.

## Level of service objectives and performance measures

### Objectives

- Council will support and educate our caring, proud and connected community, whilst promoting culture, heritage, health and wellbeing
- Council will identify community and social needs in order to develop and support local initiatives to meet those needs.

Performance measures	Target 2014 – 2015
Satisfaction with the level of community engagement by the <b>Community development team</b> <sup>3</sup>	90% of respondents are satisfied or very satisfied
Level of satisfaction with the range and quality of local initiatives (community and <b>Activation</b> ) provided to meet the needs of the Upper Hutt community <sup>2</sup>	80% of programme participants rate the initiatives as being satisfactory or better at meeting the specific needs of the community. (5 key programmes will be evaluated)
Our community is increasingly prepared for a <b>civil defence emergency</b> <sup>1</sup>	75% of households are prepared for a civil defence emergency

<sup>1</sup> Annual Community Survey 'To be prepared for a Civil Defence emergency, households should have an emergency kit, which includes stored food, water, a radio, batteries and a torch, and also an emergency plan of what to do'

<sup>2</sup> In-house monitoring

<sup>3</sup> Annual Community Group Survey

## Works programme

		Forecast LTP Year 3 2014 – 15 (\$000)	Forecast Annual Plan Year 3 2014 – 15 (\$000)	Forecast Variation Year 3 2014 – 15 (\$000)	Source of Funding 2014 – 15
	<b>Asset management – to replace existing assets</b>				
EM	Vehicles	21	16	(5)	Special fund – plant renewal
	<b>Capital works – to improve the level of service</b>				
EM	Riverstone Recreation Hall seismic upgrade	266	80	(186)	Loans
	<b>Projects</b>				
CS	Youth strategy	9	13	4	Rates
CS	Safe and healthy cities	21	22	1	Rates
CS	Focus on community safety <sup>1</sup>	69	12	(57)	Rates (Personnel costs not included)
AC	Activation	218	242	24	Rates
	<b>Total community services works programme</b>	<b>604</b>	<b>385</b>	<b>(219)</b>	

CS = Community Services

AC = Activation

EM = Emergency Management

RF = Rural Fire

<sup>1</sup> This project, shown in the LTP as “Increased capacity: graffiti and safety,” has been broken up to be shown as two separate components, \$57,000 for personnel costs and \$12,000 for related projects.

## Approved carryover projects from previous years budgets

Projects	Budget (\$ 000)	Funded by
EM Relocate Emergency Operations Centre equipment	50	Loans
EM New Emergency Operations Centre seismic upgrade	153	Loans
RF Rural fire vehicles	166	Special funds
<b>Total</b>	<b>369</b>	

## Cost of service statement

<b>Amalgamations:</b>	<b>Forecast Annual Plan Year 2 2013 – 14 (\$ 000)</b>	<b>Forecast LTP Year 3 2014 – 15 (\$ 000)</b>	<b>Forecast Annual Plan Year 3 2014 – 15 (\$ 000)</b>	<b>Forecast Variation Year 3 2014 – 15 (\$ 000)</b>
• Community Services				
• Activation				
• Emergency Management				
<b>Operating statement</b>				
Rates	1,403	1,471	1,371	(100)
Operating income	206	127	122	(5)
<b>Total operating revenue</b>	<b>1,609</b>	<b>1,598</b>	<b>1,493</b>	<b>(105)</b>
Operating costs	1,468	1,427	1,414	(13)
Interest	10	18	21	3
Depreciation	74	76	79	3
<b>Total operating costs</b>	<b>1,552</b>	<b>1,521</b>	<b>1,514</b>	<b>(7)</b>
<b>Operating surplus/ (deficit)</b>	<b>57</b>	<b>77</b>	<b>(21)</b>	<b>(98)</b>
<b>Capital and reserves funding statement</b>				
Capital expenditure	686	287	96	(191)
Loans repayments	0	18	0	(18)
Operating (surplus)/ deficit	(57)	(77)	21	98
Transfer to funds	134	138	60	(78)
<b>Total funding required</b>	<b>763</b>	<b>366</b>	<b>177</b>	<b>(189)</b>
Funding for depreciation and other non-cash items	77	79	81	2
Loans raised	350	0	80	80
Transfer from funds	336	287	16	(271)
Accumulated funds	0	0	0	0
<b>Transfer from funds applied</b>	<b>763</b>	<b>366</b>	<b>177</b>	<b>(189)</b>

# Facilities

## What does this activity do and why is Council involved?

This activity ensures that a number of leisure facilities are provided in Upper Hutt, including H<sup>2</sup>O Xstream, the City and Pinehaven Libraries, Expressions Arts and Entertainment Centre and a wide range of playgrounds, parks, reserves, public gardens and the Akatarawa Cemetery.

## Key projects



### Library resources

\$255,000 in 2014 – 2015 (time span of project – ongoing)

To ensure that library collections, both paper and electronic, keep pace with community expectations and technological advances.



### New and enhanced public spaces (Geange Street and Logan Street)

\$264,000 in 2014 – 2015 (time span of project – 1 year)

This project looks to improve the appearance of Geange Street and Logan Street within the city centre.



### Upgrading of Hutt River Trail

\$79,000 in 2014 – 2015 (year 2 of a 4 year project)

Over a four year timespan, various sections of the Hutt River Trail, from Silverstream Amenity Reserve to Bridge Road, will be upgraded.





### New paths and walkways

\$15,000 in 2014 – 2015 (timespan of project – 1 year)

These funds will be used to create a new walkway link from the end of Pumpkin Cottage Reserve to the Silverstream Amenity Reserve.



### Community environmental education and action project

This project will focus on informing, promoting and supporting local action in the areas of:

- water conservation and quality (building on current work by Greater Wellington Regional Council)
- waste minimisation through reduction, recycling and composting
- sustainable living and food growing
- sustainable transport promotion (schools).



### Maidstone Park (strengthening our sporting hub)

\*\$3,732,000 in 2014 – 2015

This project seeks to further develop the Maidstone Park facilities and turn the park into a key community sporting hub for a wider range of popular sporting codes. This would be achieved through the construction of an additional dual use artificial turf and a natural turf (possibly sand based), in addition to the provision of tennis courts. The provision of all-weather turfs with lights will allow for longer playing hours and increased player numbers. It will also enable Upper Hutt to host and run national tournaments.

**\*Please note:** this project will be funded through the sale of surplus land (as summarised on the following page) and as such; its timing, for the 2014-15 financial year, is not guaranteed.



### **Community asset development through the sale of surplus land**

One way of ensuring that our rates remain manageable and our debt remains prudent is by selling land that is surplus to Council's requirement. Multiple sites across the city have been identified as being underutilised and no longer required for Council use.

The funds generated from the land sales will allow Council to provide facilities for the public, which would not otherwise be possible. This includes the provision of additional sporting facilities at Maidstone Park, which will not be progressed via an alternative funding source.

Where required, Council will undertake due process to ensure legislative expectations are met when selling individual sites of land.



## Level of service objectives and performance measures

### Objective

Our facilities and leisure opportunities attract visitors and residents, while our parks and rich native surrounds enrich our quality of life.

Performance measures	Target 2014 – 2015
<b>H<sup>2</sup>O Xtream</b>	
1. Community satisfaction with the range of high quality aquatic leisure opportunities provided for people of all ages and abilities by <b>H<sup>2</sup>O Xtream</b> <sup>1</sup>	95% of respondents are satisfied or very satisfied
2. <b>H<sup>2</sup>O Xtream</b> will meet or exceed all required compliance standards for swimming pool operation <sup>2</sup>	PoolSafe Accreditation
3. <b>H<sup>2</sup>O Xtream</b> annual attendance figures	At least 230,000 people visit over the year
<b>Library</b>	
4. Community satisfaction with the level of customer service provided by <b>library</b> staff <sup>1</sup>	95% of respondents are satisfied or very satisfied
5. Number of issues and physical visits in the 12 months to 30 June <sup>3,4,5</sup>	Increase the number of issues, physical visits, and website visits from that of the previous year
NOTE: Council will no longer be aiming to increase <u>items issued</u> and this measure will be removed from the next LTP. The number will be collected and reported on internally, but it is no longer relevant as a performance target as physical issues across the library sector worldwide are reducing, as libraries are being used as community hubs rather than book suppliers.	
<b>Expressions Arts and Entertainment Centre</b>	
6. Community satisfaction with the range and number of arts opportunities provided at <b>Expressions Arts and Entertainment Centre</b> <sup>1</sup>	90% of respondents are satisfied or very satisfied
7. Number of visitors to the <b>Expressions Arts and Entertainment Centre</b> <sup>6</sup>	65,000 visitors
<b>Parks and reserves</b>	
8. Community satisfaction with the level of provision of open space, amenities, and <b>gardens</b> <sup>1</sup>	95% of respondents are satisfied or very satisfied

<sup>1</sup> Annual Community Survey

<sup>4</sup> Foot traffic counter at entrance to library

<sup>2</sup> Pool Safe Assessment

<sup>5</sup> 'Smarter stats' website (IT)

<sup>3</sup> Horizon Database Survey

<sup>6</sup> In-house Expressions monitoring

## Works programme

	Forecast LTP Year 3 2014 – 15 (\$000)	Forecast Annual Plan Year 3 2014 – 15 (\$000)	Forecast Variation Year 3 2014 – 15 (\$000)	Source of Funding 2014 – 15
<b>Asset management to replace existing assets</b>				
PR Toilets	53	53	0	Special fund – Reserve fund contribution
PR Amenities replacement	107	101	(6)	Special fund – Reserve fund contribution
PR New roading seal	11	11	0	Special fund – Reserve fund contribution
PR Renewal roading sealing	46	43	(3)	Special fund – Reserve fund contribution
PR Underground pipe replacement	1	0	(1)	Special fund – Reserve fund contribution
PR Play equipment	132	122	(10)	Special fund – Reserve fund contribution
LB Equipment replacements	9	6	(3)	Rates
<b>Capital works – to improve the level of service</b>				
PR Walkway signage	3	3	0	Special fund – Reserve fund contribution
PR Upgrading of Hutt River Trail	79	79	0	Loans
PR New pathways and walkways	15	15	0	Special fund – Reserve fund contribution
PR Walkway asset replacement/refurbishment	0	35	35	Special fund – Reserve fund contribution
PR Enhanced public space – Geange Street and Logan Street	264	264	0	Special fund – Reserve fund contribution
LB Library resources	349	255	(94)	Rates
LB APNK – Public internet	0	21	21	Rates
SS Minor equipment	3	0	(3)	Rates
PR Maidstone Park turfs	0	3,732	3,732	Special fund – property sales (subject to receipt of land sales)
PR Tennis Courts	0	750	750	Loans then special fund – property sales (subject to receipt of land sales)

	Forecast LTP Year 3 2014 – 15 (\$000)	Forecast Annual Plan Year 3 2014 – 15 (\$000)	Forecast Variation Year 3 2014 – 15 (\$000)	Source of Funding 2014 – 15
<b>Projects</b>				
HO Maintenance of H <sup>2</sup> O Xstream	531	531	0	Rates
PR Large trees in reserves	11	10	(1)	Rates
PR Native forest management programme	3	3	0	Rates
PR Monitoring native bush	3	3	0	Rates
SS Sustainable strategy programme <sup>1</sup>	90	77	(13)	Rates (Personnel costs not included here)
SS Community environment education and action project <sup>2</sup>	0	0	0	Rates (Personnel costs not included here)
<b>Total facilities works programme</b>	<b>1,710</b>	<b>6,114</b>	<b>4,404</b>	

<sup>1</sup> Under the LTP 2012-2022 the Sustainability Strategy (\$89,569) was in Facilities under Support Services. It has now been broken down into two parts, \$77,232 has been transferred to Leadership as a project and the balance \$12,337 has been allocated to staff costs under personnel costs in Facilities.

<sup>2</sup> Under the LTP 2012-2022 the community environment education project was under Economic Development. It has now been transferred to Facilities under Support Services and has been allocated to personnel costs.

#### KEY

CE = Cemetery  
 HO = H<sup>2</sup>O Xstream  
 LB = Library  
 PP = Property  
 PR = Parks and Reserves  
 SS = Support Services

## Approved carryover projects from previous years budgets

Projects	Budget (\$ 000)	Funded by
SS Intranet and information management redevelopment	24	Rates
SS Legal fees	10	Rates
SS Financial software consultants	10	Rates
SS Drainage/water software	20	Rates
SS Drainage/water engineering services	20	Rates
SS Director Asset Management Operations and consultants	102	Rates
PR Sealing Hutt River Trail	100	Rates
PR New enhanced public space	22	Loans
HO HAPAI Club external maintenance	41	Rates
<b>Total</b>	<b>349</b>	

### Key:

HO = H2O Xstream

PR = Parks and reserves

SS = Support Services

## Cost of service statement

Facilities amalgamations:	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
<ul style="list-style-type: none"> <li>• Cemetery</li> <li>• Expressions</li> <li>• H<sup>2</sup>O Xstream</li> <li>• Library</li> <li>• Parks and Reserves</li> <li>• Property</li> <li>• Support services</li> </ul>				
<b>Operating statement</b>				
Rates	6,768	7,707	7,613	(94)
Operating income	3,720	2,482	14,867	12,385
<b>Total operating revenue</b>	<b>10,488</b>	<b>10,189</b>	<b>22,480</b>	<b>12,291</b>
Operating costs	8,621	9,418	9,178	(240)
Interest	253	254	291	37
Depreciation	1,650	1,715	1,620	(95)
<b>Total operating costs</b>	<b>10,524</b>	<b>11,387</b>	<b>11,089</b>	<b>(298)</b>
<b>Operating surplus/ (deficit)</b>	<b>(36)</b>	<b>(1,198)</b>	<b>11,391</b>	<b>12,589</b>
<b>Capital and reserves funding statement</b>				
Capital expenditure	922	1,072	5,490	4,418
Loans repayments	1,540	265	1,663	1,398
Operating (surplus)/ deficit	36	1,198	(11,391)	(12,589)
Transfer to funds	153	41	5,044	5,003
<b>Total funding required</b>	<b>2,651</b>	<b>2,576</b>	<b>806</b>	<b>(1,770)</b>
Funding for depreciation and other non-cash items	1,768	1,843	(4,553)	(6,396)
Loans raised	358	433	1,033	600
Transfer from funds	525	300	4,326	4,026
Accumulated funds	0	0	0	0
<b>Transfer from funds applied</b>	<b>2,651</b>	<b>2,576</b>	<b>806</b>	<b>(1,770)</b>

# Economic development

## What does this activity do?

Council's future focus is on targeting and attracting new businesses and employers, increasing the vibrancy of our city centre, managing industrial land for future potential, and marketing Upper Hutt's brand and assets effectively. This activity also covers promotion of the city, including the visitor industry and business liaison services.

## Key projects



### Upper Hutt marketing strategy

\$103,000 for 2014 – 2015 (timespan of project – ongoing)

The marketing strategy aims to increase new business and residential investment while enhancing the perceptions of existing residents. In 2013, Council launched phase 1 of the residential marketing campaign. 2014 will be focused on building pride with local residents and changing the perception of Wellington residents.



### City centre management

\$62,000 for 2014 – 2015 (timespan of project – ongoing)

This project will look to promote the city centre in addition to providing training workshops and improving coordination and communication with the retailers. Of this amount \$43,000 has been allocated to personnel costs.



### Economic development stimulus package

\$500,000 in 2014 – 2015

This package seeks to enhance Council's Rates Remission Policy and allow all key development charges to be reduced or waived (including rates, development fund contributions, reserve fund contributions, building and resource consent charges), in order to increasingly entice economic growth.

Grants will also be offered to encourage earthquake strengthening of buildings in the CBD.



### Increased events fund

\$12,700 in 2014 – 2015

Note: this increase will take the total events fund to \$50,000.

Upper Hutt is known for hosting many family friendly events that support and entertain the community throughout the year. Quality events are a cost effective way of engaging with an audience, creating a memorable experience.

Investing in city events and their promotion is one added mechanism that will facilitate a change in perceptions of Upper Hutt and its community. By increasing the resourcing allocated towards city events, we can improve the quality of events and increasingly promote them across the Wellington Region, (with the view to changing perceptions and showcasing our city).

## Level of service objectives and performance measures

### Objective

Council will promote Upper Hutt's assets to businesses, residents, visitors, and key stakeholders, with the view to enhancing our local wealth, jobs, and image.

Performance measures	Target 2014 – 2015
Community satisfaction with the level of support provided to support economic development <sup>1</sup>	85% of respondents are satisfied or very satisfied
Reduce the number of vacant shops in the city centre <sup>2</sup>	Decrease the number of vacant shops from that of the previous year.

<sup>1</sup> Annual Community Survey

<sup>2</sup> In-house monitoring



## Works programme

	Forecast LTP Year 3 2014 – 15 (\$000)	Forecast Annual Plan Year 3 2014 – 15 (\$000)	Forecast Variation Year 3 2014 – 15 (\$000)	Source of Funding 2014 – 15
<b>Projects</b>				
Vacant property programme	0	10	10	Rates
Upper Hutt marketing strategy	107	103	(4)	Rates
City centre and precinct visions and promotion <sup>2</sup>	10	10	0	Rates
Opportunities profile and business outreach programme <sup>2</sup>	12	12	0	Rates
New business and retail targeting campaign	32	0	(32)	Rates
City centre management <sup>3</sup>	62	19	(43)	Rates (Personnel costs not included here)
Community environment education and action plan <sup>1</sup>	11	0	(11)	Rates
Smartlinx3	4	4	0	Rates
Regional marketing initiatives	0	10	10	Rates
The Great Ride Cycleway	0	5	5	Rates
Economic development stimulus package	0	500	500	Loans
<b>Total economic development works programme</b>	<b>238</b>	<b>673</b>	<b>435</b>	

<sup>1</sup> Under the LTP 2012-2022 this project was under Economic Development. It has now been transferred to Facilities under Support Services and has been allocated to personnel costs

<sup>2</sup> After deferring these projects in 2013 – 2014, they have been included again for 2014 – 2015

<sup>3</sup> This project has been broken up to be shown as two separate components, \$43,000 has been allocated to personnel costs and \$19,000 has been allocated to city centre promotions.

## Approved carryover project from the previous year's budget

Project	Budget (\$ 000)	Funded by
Business and resident opportunity prospectus	15	Accumulated funds
Brochures and promotional design	15	Rates
<b>Total</b>	<b>30</b>	

## Cost of service statement

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
<b>Operating statement</b>				
Rates	1,050	930	1,182	252
Operating income	12	22	12	(10)
<b>Total operating revenue</b>	<b>1,062</b>	<b>952</b>	<b>1,194</b>	<b>242</b>
Operating costs	1,065	954	1,695	741
Interest	0	0	14	14
Depreciation	1	0	0	0
<b>Total operating costs</b>	<b>1,066</b>	<b>954</b>	<b>1,709</b>	<b>755</b>
<b>Operating surplus/ (deficit)</b>	<b>(4)</b>	<b>(2)</b>	<b>(515)</b>	<b>(513)</b>
<b>Capital and reserves funding statement</b>				
Capital expenditure	0	0	0	0
Loans repayments	0	0	0	0
Operating (surplus)/ deficit	4	2	515	513
Transfer to funds	0	0	0	0
<b>Total funding required</b>	<b>4</b>	<b>2</b>	<b>515</b>	<b>513</b>
Funding for depreciation and other non-cash items	4	2	2	0
Loans raised	0	0	500	500
Transfer from funds	0	0	0	0
Accumulated funds	0	0	13	13
<b>Transfer from funds applied</b>	<b>4</b>	<b>2</b>	<b>515</b>	<b>513</b>

# Financials

<b>Accounting policies and assumptions .....</b>	<b>62</b>
Accounting policies .....	62
<b>Prospective statement of comprehensive income .....</b>	<b>82</b>
<b>Prospective statement of financial position .....</b>	<b>83</b>
<b>Prospective statement on changes of equity .....</b>	<b>84</b>
<b>Prospective cashflow statement .....</b>	<b>85</b>
<b>Notes to the financial statements .....</b>	<b>86</b>
1 – Rates .....	86
2 - Fees and charges .....	87
3 - Non-exchange income - Subsidies and grants .....	88
4 - Exchange income - Interest and dividends .....	88
5 - Other expenditure and items for disclosure .....	89
6 – Cash and cash equivalents.....	90
7 – Other financial assets .....	90
8 – Derivative financial instruments .....	91
9 - Trade and other receivables .....	92
10a – Operational property, plant and equipment.....	94
10b – Restricted property, plant and equipment.....	95
11 – Infrastructure assets.....	96
12 – Hutt Valley Wastewater Scheme .....	96
13 – Intangible assets .....	97
14 – Trade and other payables.....	98
15 – Employee entitlements.....	99
16 – Public debt .....	99
17 – Financial instruments.....	100
18 – Accumulated funds.....	101
19 – Reserves .....	102
20 – Asset revaluation reserves .....	106
21 - Contingencies .....	107
22 – Discontinued activities .....	108
23 – Expressions Arts and Entertainment Centre .....	108
24 – Net operating surplus .....	108
25 – Inflation.....	108
26 – Reconciliation of surplus before appropriation to cashflow from operating activities .....	109
<b>Schedule of special funds.....</b>	<b>110</b>
<b>Performance ratios.....</b>	<b>111</b>
<b>Annual plan disclosure statement.....</b>	<b>112</b>
Annual plan disclosure statement for year ending 30 June 2014 .....	112
<b>Funding impact statement .....</b>	<b>114</b>
Funding impact statement for groups of activities .....	114
Differential definitions .....	129
Rates remission.....	132
Definition of “Separately used or inhabited parts” of a rating unit.....	133
Upper Hutt urban drainage map used for stormwater rates .....	134
<b>Indicative rates.....</b>	<b>135</b>
Indicative rates – standard .....	135
Indicative rates – business <sup>2</sup> .....	135
Indicative rates – rural .....	135

# Accounting policies and assumptions

## Accounting policies

### Reporting entity

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

The primary objective of Upper Hutt City Council is to provide goods and services for the local community or social benefit rather than making a financial return.

These financial policies are prepared in accordance with the requirements of Section 98 of the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practices. The forecast financial statements are those which have been adopted by Council to meet the requirements of Clause 8 of Schedule 10 of the Local Government Act 2002.

### Basis of preparation

#### Statement of compliance

The Council is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

The prospective financial statements of Upper Hutt City Council are for the period year ended 30 June 2014 to 2015. The prospective financial statements were adopted for issue by Council on 25 June 2014.

The Council will update the prospective financial statements, following consultation, submissions and decisions that are included in the final plan that the Council adopts.

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

#### Measurement base

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain fixed assets. The statements are based on New Zealand generally accepted accounting practice and comply with New Zealand equivalents of international reporting standards for the first time.

### Accounting policies

The particular accounting policies applied are as follows:

#### Forecast figures

The forecast 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 process. The forecast figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Council for the preparation of financial statements and in

accordance with Financial Reporting Standard No. 42 PBE (FRS 42) which applies to Prospective Financial Statements.

The financial statements, associated notes and accounting policies have been prepared under NZIFRS standards, as applying for a Public Benefit Entity ('PBE'). This is an entity whose primary objective is to provide goods or services for community or social benefit and where equity has been provided with a view to supporting that primary objective rather than for a financial return.

A 'forecast' means prospective financial information prepared on the basis of assumptions as to future events which Council reasonably expects to occur at the date the information is prepared. A forecast differs from a 'projection'. A projection contains financial information prepared on the basis of more hypothetical assumptions (or "what if" scenarios).

### **Significant risks**

It should be noted that:

1. Actual results achieved during the 2012-13 year are likely to vary from the forecasts presented in this document and the variations may prove to be material.
2. The information in this document may not be appropriate for purposes other than as described herein.
3. The rate of inflation and interest rates may differ significantly from the assumptions used in preparing these forecast financial statements. The actual results are likely to vary materially depending upon other circumstances that arise during the period.

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).

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand (\$'000). The functional currency of Upper Hutt City Council is New Zealand dollars.

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 Prospective Statement of Financial Performance.

### **Judgements and estimations**

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

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

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

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

## Changes in accounting policies

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

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

#### (i) Description of the nature of the entity's current operation and its principal activities

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

#### (ii) Purpose for which the prospective financial statements are prepared

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

#### (iii) Bases for assumptions, risks and uncertainties

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

#### (iv) Cautionary Note

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

#### (v) Other Disclosures

The prospective financial statements were authorised for issue on 25 June 2014 by Upper Hutt City Council. The Council is responsible for the prospective financial statements presented, including the assumptions underlying prospective financial statements and all other disclosures. The Annual Plan is prospective and as such contains no actual operating results.

### Standards, amendments, and interpretations issued that are not yet effective and have not been early adopted

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

- NZ IFRS 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016.

However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Council is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current international Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Council expects to transition to the new standards in preparing its 30 June 2015 financial statements. The Council has not assessed the implications of the new Accounting Standings Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

## **Revenue**

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

### **Exchange transactions**

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

### **Non-exchange transactions**

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

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

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

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

## **Rates**

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

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

Revenue from water rates 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.

## **Operating activities**

### **Traffic and parking infringements**

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

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

### **Grants, subsidies and reimbursements**

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

### **Rendering of services**

Revenue from the rendering of services (eg building consent fees) is recognised by reference to the stage of completion of the transaction, based on the actual service provided as a percentage of the total services to be provided. Under this method, revenue is recognised in the accounting periods in which the services are provided. Within rendering of services most activities are at least partially funded by rates and therefore classified as non-exchange.

### **Sale of goods**

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

### **Vested assets**

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as non exchange revenue. Assets vested in Upper Hutt City Council are recognised as income when control over the assets is obtained.

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

### **Gains**

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



## **Investment revenues**

### **Interest and dividends**

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

### **Dividends**

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

Dividends are recognised on an accrual basis net of imputation credits.

### **Donations – permanent collection – Expressions**

Donations of works 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 payment is made which occurs when the subdivision is substantially complete or when the Council provides the service for which the contribution is charged. 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.

## **Expenses**

### **Finance expense**

#### **Interest**

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

## **Operating activities**

### **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 the 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 the Council's decision.

### **Depreciation and amortisation**

Depreciation of property, plant and equipment and amortisation of intangible assets are charged on a straight-line basis and diminishing value over the estimated useful life of the associated assets.

### **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 significant activity 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.

### **Taxation**

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

### **Cash and cash equivalents**

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

### **Trade and other receivables**

Rates arrears and debtors, "Trade receivables" are initially measured at fair value less any provision for impairment.

Loans, including loans to community organisations made by Upper Hutt City Council at nil, or below market value interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset/investment. They are subsequently measured at amortised cost using the effective interest method.

The difference between face value and present value of expected future cash flow, of the loan is recognised in the Prospective Statement of Comprehensive Income as a grant.

A provision for impairment of receivables is established when there is objective evidence that Upper Hutt City 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.

### **Goods and Services Tax (GST)**

The Financial Statements have been prepared exclusive of GST, with the exception of accounts payable and accounts 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.

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 Prospective Statement of Financial Position.

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

Contingencies are disclosed inclusive of GST.

## Inventories

Inventories held for consumption in the provision of services that are not supplied on a commercial basis are recorded at the lower of cost or current replacement cost.

The write down from cost to current replacement cost is recognised in the Prospective Statement of Comprehensive Income.

## Financial assets

Upper Hutt City Council classifies its financial assets into the following four categories:

- financial assets at fair value through other comprehensive revenue and expenses
- held to maturity investments
- loans and receivables
- financial assets at fair value through equity.

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 and liabilities are initially measured at fair value plus transactions costs unless they are carried at fair value through profit or loss, in which case the transaction costs are recognised in the Prospective Statement of Comprehensive Income.

Purchases and sales of investments are recognised on trade-date, the date on which Upper Hutt City Council commits to purchases or sales of the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Upper Hutt City Council has transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Upper Hutt City Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The four categories for financial assets are:

### 1. Financial assets at fair value through other comprehensive revenue and expenses

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 the Prospective Statement of Comprehensive Income.

Financial assets in this category include shares and bonds.

Currently, Upper Hutt City Council does not hold any financial assets in this category.

## **2. Loans and receivables**

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the Prospective Statement of Comprehensive Income. Loans and receivables are classified as "Trade and Other Receivables" in the Statement of Financial Position.

Investments in this category include term deposits.

## **3. Held to maturity investments**

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that Upper Hutt City Council has positive intention and ability to hold to maturity.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the Prospective Statement of Comprehensive Income.

Investments in this category include local authority and government stock. Currently, Upper Hutt City Council does not hold any financial assets in this category.

## **4. Financial assets at fair value through equity**

Financial assets at fair value through equity are those that are designated as fair value through equity or are not classified in any of the other categories above.

This category encompasses:

- Investment that Upper Hutt City Council intends to hold long term but which may be realised before maturity; and
- Shareholdings that Upper Hutt City Council holds for strategic purposes.

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

Gains and losses are recognised directly in equity except for impairment losses which are recognised in the Prospective Statement of Comprehensive Income. In the event of impairment, any cumulative losses previously recognised in equity will be removed from equity and recognised in the Prospective Statement of Comprehensive Income even though the asset has not been derecognised.

On de-recognition, the cumulative gain or loss previously recognised in equity is recognised in the Prospective Statement of Comprehensive Income.

### **Impairment of financial assets**

At each balance sheet date Upper Hutt City Council assess whether there is any objective evidence that financial asset or group of assets is impaired. Any impairment losses are recognised in the Prospective Statement of Comprehensive Income.

### Accounting for Derivative Financial Instruments

Upper Hutt City Council uses derivative financial instruments to hedge 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.

Fair value is determined by reference to quoted prices for similar instruments in active markets. Derivatives that do not qualify for hedge accounting are classified as non-hedged and fair value gains or losses are recognised within surplus or deficit.

Recognition of fair value gains or losses on derivatives that qualify for hedge accounting depends on the nature of the item being hedged. Where a derivative is used to hedge variability of cash flows (cash flow hedge), the effective part of any gain or loss is recognised within other comprehensive revenue and expense while the ineffective part is recognised within surplus or deficit. Gains or losses recognised in other comprehensive revenue and expense transfer to surplus or deficit in the same periods as when the hedged item affects the surplus or deficit. Where a derivative is used to hedge variability in the fair value of the Council's fixed rate borrowings (fair value hedge), the gain or loss is recognised within surplus or deficit.

As per the International Swap Dealers' Association (ISDA) master agreements, all swap payments or receipts are settled net.

Upper Hutt City Council has a series of policies providing risk management for interest rates and the concentration of credit risk. Upper Hutt City Council is risk averse and seeks to minimise exposure from its treasury activities. Upper Hutt City Council has an established Borrowing and Investment policy specifying what transactions can be entered into. The policy does not allow any transactions that are speculative in nature to be entered into.

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could particularly impact on the cost of borrowing or the return from an investment.

The actual management policies are set out in the separate policy document, Upper Hutt City Council Treasury Risk Management Policy (including Liability Management and Investment Policies).

Credit risk is the risk that a third party will default on its obligation to Upper Hutt City Council, causing Upper Hutt City Council to incur a loss.

The maximum amount of credit risk for each class is the carrying amount in the Prospective Statement of Financial Position.

Upper Hutt City Council has minimal credit risk in its holdings of various financial instruments. These financial instruments include bank balances, Local government funding agency, local authority stock, and accounts receivable.

Upper Hutt City Council invests funds only in deposits with registered banks and Local government funding agency, and limits the amount of credit exposure to any one institution or organisation. Accordingly, the Upper Hutt City Council does not require any collateral or security to support the financial instruments with organisations it deals with.

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties, in an arm's length transaction.

### **Investment properties**

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its costs, including transactions costs.

After initial recognition, Upper Hutt City Council measures all investment property at fair value as determined annually by an independent valuer. At 30 June 2013, Upper Hutt City Council held no investment properties.

Gains and losses arising from a change in the fair value of investment property are recognised in the Prospective Statement of Comprehensive Income.

### **Non-current assets classified as held for sale**

Non-current assets held for sale are separately classified as their carrying amount will be recovered through a sale transaction rather than through continuing use. A non-current asset is classified as held for sale where:

- the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets;
- a plan to sell the asset is in place and an active programme to locate a buyer has been initiated;
- the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value;
- the sale is expected to occur within one year or beyond one year where a delay has occurred which is caused by events beyond the Council's control and there is sufficient evidence the Council remains committed to sell the asset; and
- actions required to complete the sale indicate it is unlikely that significant changes to the plan will be made or the plan will be withdrawn.
- A non-current asset classified as held for sale is recognised at the lower of its carrying amount or fair value less costs to sell. Impairment losses on initial classification are included within surplus or deficit.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributed to the liabilities of a disposal group as held for sale continue to be recognised.

### **Intangible assets**

#### **Software acquisition and development**

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

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by Upper Hutt City Council, are recognised as intangible assets. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

### **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 uses and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Prospective Statement of Comprehensive Income.

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 non-financial assets**

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amounts exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

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

If an asset's carrying amount exceeds its recoverable amount the asset is 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 asset. Where that results in a debit balance in the revaluation reserve; that balance is recognised in the Prospective Statement of Comprehensive Income.

For assets not carried at a revalued amount, the total impairment loss is recognised in the Prospective Statement of Comprehensive Income.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class was previously recognised in the Prospective Statement of Comprehensive Income, a reversal of the impairment loss is also recognised in the Prospective Statement of Comprehensive Income.

For assets not carried at revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the Prospective Statement of Comprehensive Income.

### **Property, plant and equipment**

Property, plant and equipment consists of operational assets, restricted assets and infrastructure assets.

Council has Asset Management Plans for all major assets. These plans have provided the base for development of the forecast financial statements.

Fixed assets include:

- a. **Operational property, plant and equipment:** These include land, buildings, improvements, library books, plant and equipment and motor vehicles.
- b. **Restricted property, plant and equipment:** Restricted assets are parks and reserves owned by the Council which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.
- c. **Infrastructure assets:** Infrastructure assets are the fixed utility network systems owned by Council and include roading, water, stormwater and wastewater piping.
- d. **Vested assets** are those assets where ownership and control is transferred to the Council from a third party (eg infrastructure assets constructed by developers and transferred to the Council on completion of a subdivision). Vested assets are recognised within their respective asset classes as above.
- e. **Heritage assets** are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. The Council does not recognise these assets within these financial statements or place a value on them, as they are generally irreplaceable and their value cannot be reliably measured.

### **Recognition**

Expenditure is capitalised as property, plant and equipment when it creates a new asset or increases the economic benefits of an existing asset. Costs that do not meet the criteria for capitalisation are expensed.

### **Measurement**

Property, plant and equipment is recognised initially at cost, unless acquired for nil or nominal cost (eg vested assets), in which case the asset is recognised at fair value at the date of transfer. The initial cost of property, plant and equipment includes the purchase consideration (or the fair value in the case of vested assets), and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose.

### **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 Upper Hutt City 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.

### **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 Prospective Statement of Comprehensive Income. Where revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.



### 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 Upper Hutt City Council and the cost of the item can be measured reliably.

### Revaluations

Those assets classes that are revalued are valued on a five yearly valuation cycle on the basis 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.

- **land, buildings, plant, furniture and equipment** have been revalued as at 30 June 2009 by Ken Tonks, Registered Valuer of TSE Group Limited, except for minor structures, vehicles, computers and minor miscellaneous office equipment. Minor structures, vehicles, computers and minor miscellaneous office equipment are valued at historical cost. The revalued assets were valued depending on their nature on either a depreciated replacement cost or optimised depreciated replacement basis. Land valuation under \$120,000 was not revalued. This land is based on Quotable Value valuation as at 1 August 2007
- **infrastructure assets** are the fixed utility network systems owned by council and include roading, water, stormwater, land under roads, reservoir reserve land and wastewater piping. These assets are valued on the depreciated replacement value basis as at 30 June 2010 by the City Engineers. The valuation of these assets was independently reviewed by two valuers as at 30 June 2008. Infrastructural Assets under Stormwater, Wastewater, Telemetry and Roding was independently reviewed by Graham Hughson, Sector Director, Advisory services of Maunsell Limited. Infrastructure assets are reassessed every year as at 30 June by city engineers
- **Hutt Valley Wastewater Scheme** was valued on the depreciated replacement value basis as at 1 July 2008. The valuation of these assets was valued by Capacity and independently reviewed by AECOM Limited as at 1 July 2008. The valuer was Graham Hughson, BE (Civil), DIP Mgmt, CPEng, MIPENZ. Other infrastructure assets were valued by Capacity and independently reviewed by AECOM Limited as at 31 December 2011. The valuer was Colin Gerrard (BSc, MSc, GIPENZ) and was reviewed by Ian Martin (BSc, BE (Hons), CPEng, CEng (UK), MIPENZ, MCIWEM)
- **land under roads** was valued based on fair value. Under NZIFRS Upper Hutt City Council has elected to use the fair value of land under roads as at 30 June 2004 as deemed cost. Land under roads is no longer revalued
- **restricted assets** are assets that cannot be disposed of because of legal and other restrictions. These assets have been revalued as at 30 June 2009 by Ken Tonks, Registered Valuer of TSE Group Limited. Revaluations will be carried out five yearly
- **Library collection** has been revalued at depreciated replacement cost as at 30 June 2011 in accordance with the guidelines released by the New Zealand Library Association and the National Library of NZ using the readily available market prices to determine fair value. Library valuations are performed by the City Librarian and the methodology is checked by Peter Trewern of New Zealand Book Auctions. The library collection and heritage book collection was revalued as at 30 June 2011 by the City Librarian. The valuation was independently checked by Peter Trewern in 2011. Revaluations are carried out four yearly

- **vested assets** have been valued on the actual quantities of infrastructure components vested and the current in the ground cost of providing identical services. The vested assets have been valued by the developer's engineers and council's engineering staff
- **works of art** are revalued every three years based on an estimate of current market value by an independent registered valuer.

Revaluations are conducted more frequently if, at any balance date, the fair value differs materially from the carrying amount. Increases in the value of works of art are transferred to the asset revaluation reserve. A decrease in value is recognised in the surplus or deficit in the period it arises where it exceeds the increase previously recognised in the asset revaluation reserve. In subsequent periods, any revaluation surplus that reverses previous revaluation deficits is recognised as a credit to expenditure in the Prospective Statement of Comprehensive Income up to its original value.

### **Accounting for revaluations**

Upper Hutt City 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 income. 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 income.

### **Depreciation**

- all assets, except for land and road formations, have been depreciated on either a Straight Line or Diminishing Value 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 property, plant and equipment are:

<b>Depreciation</b>		
	<b>Years</b>	<b>Rate</b>
<b>Straight-line depreciation</b>		
Bridges	20 to 100 years	1% to 5%
Buildings	10 to 100 years	1% to 10%
Buildings fitout and services	10 to 40 years	2.5% to 10%
Computer equipment	3 to 5 years	20% to 33.3%
Furniture and office equipment	5 to 15 years	6.67% to 20%
Library books	2 to 10 years	10% to 50%
Parks and reserves services	10 to 100 years	1% to 10%
Plant and equipment	4 to 50 years	2% to 25%
<b>Infrastructure assets</b>		
<b>Roading</b>		
Carparks	50 years	2%
Culverts	50 to 80 years	1.25% to 2%
Footpaths / accessways	35 years	2.86%
Roads (except land and formation)	7 to 20 years	5% to 14%
Road formation	80 to 150 years	0.5% to 1.25%
Road marking	2 to 10 years	10% to 50%
Road signs	10 years	10%
Roundabouts	50 years	2%
Stormwater channels	35 to 60 years	1.66% to 2.8%
Street and traffic lights	5 to 50 years	2% to 20%
Street furniture and other features	15 to 25 years	4% to 6.67%
Subways	80 years	1.25%
Sumps	60 years	1.66%
<b>Water</b>		
Civil Works	80 to 100 years	1% to 1.25%
Mechanical and electrical plant, outlets, pumps	20 to 50 years	1% to 5%
Pipe work, appurtenances and associated structures	50 to 100 years	1% to 2%
Reservoirs, intake structure	100 years	1%
<b>Stormwater</b>		
Civil works	80 to 100 years	1% to 1.25%
Mechanical and electrical plant, outlets, pumps	20 to 50 years	1% to 5%
Pipe work, appurtenances and associated structures	50 to 100 years	1% to 2%
<b>Wastewater</b>		
Civil works	80 to 100 years	1% to 1.25%
Electronic equipment	10 to 20 years	5% to 10%
Mechanical and electrical plant, outlets, pumps	15 to 50 years	1% to 7%
Pipe work, wastewater mains	50 to 100 years	1% to 2%
<b>Telemetry</b>		
Civil works	80 to 100 years	1% to 1.25%
Electronic equipment	10 to 20 years	5% to 10%

Depreciation		
	Years	Rate
<b>Straight-line depreciation</b>		
Mechanical and electrical plant, outlets, pumps	20 to 50 years	1% to 5%
Pipe work, appurtenances and associated structures	50 to 100 years	1% to 2%
<b>Diminishing value depreciation</b>		
Furniture and office equipment	2 to 15 years	6.67% - 50%
Plant and equipment	4 to 50 years	2% to 25%
Vehicles and plant	5 to 20 years	6.67% - 20%

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

## 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. Upper Hutt City 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.

The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that Upper Hutt City Council anticipates it will be used by staff to cover those future absences.

### 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.

## Leases

### Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to the ownership of an asset, whether or not title is eventually transferred. At the commencement of the lease term, Upper Hutt City Council recognised finance lease as assets and liabilities in the Prospective Statement of Financial Position at the lower of the fair value of the leased items or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life. If there is no uncertainty as to whether Upper Hutt City Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

### Operating leases

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

## Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

## Equity

Equity is the community's interest as measured as the difference between total assets less total liabilities. Public equity is disaggregated and classified into a number of reserves to enable clearer identification of specified uses that Council makes of accumulated surpluses.

Components of equity are:

- Retained earnings
- Restricted reserves
- Asset revaluation reserve

## 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 the Council.

Restricted reserves are those reserves subject to specific conditions accepted as binding by the Council and which may not be revised by the 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.

Council created reserves are reserves established by Council decision. The Council is legally allowed to alter them without reference to any third party. Transfers to and from these reserves are at the discretion of the Council.

### **Property revaluation reserves**

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

### **Fair value through other comprehensive income reserves**

This reserve comprises the cumulative net change in the fair value of fair value through other comprehensive income instruments.

### **Statement of cash flows**

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Council invests as part of its day-to-day cash management.

The prospective statement of cashflows has been prepared using the direct approach subject to the netting of certain cash flows. Cashflows in respect of investments and borrowings that have been rolled-over under arranged finance facilities have been netted in order to provide more meaningful disclosures.

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 the Council.

### **Critical accounting estimates and assumptions**

In preparing these financial statements Upper Hutt City 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 physical deterioration and condition of an asset, for example the 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 those that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and
- 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 Upper Hutt City Council could be over or under estimating the annual depreciation

charge recognised as an expense in the Prospective Statement of Comprehensive Income. To minimise this risk Upper Hutt City Council infrastructural asset useful lives have been determined with reference to the NZ 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 the Upper Hutt City Council's asset management planning activities, which gives Upper Hutt City Council further assurance over its useful life estimates.

- Experienced independent valuer's perform the Council's infrastructural asset revaluations.

## Accounting and significant forecasting assumptions

The accounting and significant forecasting assumptions on which this document is based are set out in the next section headed respectively, '**Accounting assumptions**' and '**Significant forecasting assumptions**'.

## Related Parties

Related parties arise where one entity has the ability to affect the financial and operating policies of another through the presence of control or significant influence. Related parties include key management personnel. Key management personnel include the Mayor and Councillors as directors, the Chief Executive and all members of the Executive Leadership Team as key advisors.

The Mayor and Councillors are considered directors as they occupy the position of a member of the governing body of the Council reporting entity. Directors' remuneration comprises any money, consideration or benefit received or receivable or otherwise made available, directly or indirectly, to a director during the reporting period. Directors' remuneration does not include reimbursement of authorised work expenses or the provision of work-related equipment such as cellphones and laptops.

## Comparatives

To ensure consistency with the current year, certain comparative information has been reclassified where appropriate. This has occurred:

- where classifications have changed between periods;
- where the Council has made additional disclosure in the current year, and where a greater degree of disaggregation of prior year amounts and balances is therefore required; and
- where there has been a change of accounting policy.

## Prospective statement of comprehensive income

	NOTES	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
<b>Income</b>					
Rates	1	31,646	33,844	32,831	(1,013)
Fees and charges	2	9,589	8,638	13,792	5,154
Development and financial contributions		664	672	662	(10)
Subsidies and grants	3	2,810	2,924	3,015	91
Interest and dividends	4	174	186	181	(5)
<b>Total income</b>		<b>44,883</b>	<b>46,264</b>	<b>50,481</b>	<b>4,217</b>
<b>Expenditure</b>					
Personnel costs		8,665	8,919	9,154	235
Depreciation and amortisation expense		12,245	12,464	12,347	(117)
Finance costs		1,483	1,727	1,691	(36)
Bulk drainage levy		2,711	2,675	2,590	(85)
Bulk water levy		2,579	2,863	2,525	(338)
Other expenses	5	21,030	20,640	21,519	879
<b>Total operating expenditure</b>		<b>48,713</b>	<b>49,288</b>	<b>49,826</b>	<b>538</b>
Surplus / (Deficit) before tax		(3,830)	(3,024)	655	3,679
Income tax expense		0	0	0	0
<b>Surplus/(deficit) before and after tax</b>	24	<b>(3,830)</b>	<b>(3,024)</b>	<b>655</b>	<b>3,679</b>
<b>Other comprehensive income</b>					
Gains / (losses) on infrastructure assets revaluation	11	(1,326)	20,335	(735)	(21,070)
Financial assets at fair value through equity		0	0	0	0
Gains on operational and restricted assets revaluation	10A & 10B	8,226	113	46	(67)
<b>Total other comprehensive income for the year, net of tax</b>		<b>6,900</b>	<b>20,448</b>	<b>(689)</b>	<b>(21,137)</b>
<b>Total comprehensive income for the year</b>		<b>3,070</b>	<b>17,424</b>	<b>(34)</b>	<b>(17,458)</b>

The accompanying Accounting Policies and Notes form part of these Financial Statements.



## Prospective statement of financial position

	Notes	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
<b>Equity</b>					
Accumulated funds	18	237,204	231,195	234,963	3,768
Restricted reserves	19	3,779	2,540	4,644	2,104
Asset revaluation reserve	20	392,778	399,542	394,372	(5,170)
<b>Total equity</b>		<b>633,761</b>	<b>633,277</b>	<b>633,979</b>	<b>702</b>
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	683	518	635	(117)
Other financial assets	7	7,253	6,834	4,389	(2,445)
Trade and other receivables	9	3,188	3,317	3,303	(14)
<b>Total current assets</b>		<b>11,124</b>	<b>10,669</b>	<b>8,327</b>	<b>(2,342)</b>
<b>Non-current assets</b>					
Non-current financial assets	7	226	206	206	0
Derivative financial instruments	8	0	0	0	0
Trade and other receivables	9	68	31	45	14
Operational property, plant and equipment	10a	53,784	46,952	51,025	4,073
Restricted property, plant and equipment	10b	36,094	35,697	34,200	(1,497)
Infrastructural assets	11	567,263	578,884	578,991	107
Intangible assets	13	0	0	67	67
<b>Total non-current assets</b>		<b>657,435</b>	<b>661,770</b>	<b>664,534</b>	<b>2,764</b>
<b>Total assets</b>		<b>668,559</b>	<b>672,439</b>	<b>672,861</b>	<b>422</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	14	6,096	6,320	6,320	0
Employee entitlements	15	561	586	550	(36)
Borrowings - current	16	1,494	1,494	1,599	105
<b>Total current liabilities</b>		<b>8,151</b>	<b>8,400</b>	<b>8,469</b>	<b>69</b>
<b>Non current liabilities</b>					
Derivatives financial instruments	8	0	0	0	0
Employee entitlements	15	179	187	175	(12)
Borrowings - term portion	16	26,468	30,575	30,238	(337)
<b>Total non current liabilities</b>		<b>26,647</b>	<b>30,762</b>	<b>30,413</b>	<b>(349)</b>
<b>Total liabilities</b>		<b>34,798</b>	<b>39,162</b>	<b>38,882</b>	<b>(280)</b>
<b>NET ASSETS</b>		<b>633,761</b>	<b>633,277</b>	<b>633,979</b>	<b>702</b>

The accompanying Accounting Policies and Notes form part of these Financial Statements.

## Prospective statement on changes of equity

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
Equity at the start of the year	630,691	615,854	634,013	18,159
Net surplus(deficit) for the year	(3,830)	(3,024)	655	3,679
Increase (decrease) in asset revaluation reserves	6,900	20,448	(689)	(21,137)
<b>Total recognised revenues and expenses for the period</b>	<b>3,070</b>	<b>17,424</b>	<b>(34)</b>	<b>(17,458)</b>
Total transfer to trust accounts	0	(1)	0	1
<b>Prospective equity at end of year</b>	<b>633,761</b>	<b>633,277</b>	<b>633,979</b>	<b>702</b>
Accumulated funds	237,204	231,195	234,963	3,768
Revaluation reserves	392,778	399,542	394,372	(5,170)
Restricted reserves	3,779	2,540	4,644	2,104
<b>Prospective statement of financial position equity</b>	<b>633,761</b>	<b>633,277</b>	<b>633,979</b>	<b>702</b>

The opening balance of year three (2014 – 2015) may not agree to closing balance of year two (2013 – 2014) due to Council taking into account events occurring this year.

The accompanying Accounting Policies and Notes form part of these Financial Statements.

## Prospective cashflow statement

	Notes	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
<b>Cash flow from operating activities</b>					
<b>Cash was provided from:</b>					
Rates and other receipts		42,433	43,651	41,657	(1,994)
Interest received	4	174	186	181	(5)
		<u>42,607</u>	<u>43,837</u>	<u>41,838</u>	<u>(1,999)</u>
<b>Cash was applied to:</b>					
Payments to suppliers and employees		(34,607)	(34,293)	(34,920)	(627)
Interest paid		(1,483)	(1,727)	(1,691)	36
Goods and services tax (net)		0	0	0	0
		<u>(36,090)</u>	<u>(36,020)</u>	<u>(36,611)</u>	<u>(591)</u>
<b>Net cash inflow (outflow) from operating activities</b>	<b>26</b>	<b>6,517</b>	<b>7,817</b>	<b>5,227</b>	<b>(2,590)</b>
<b>Cash flow from investing activities</b>					
<b>Cash was provided from:</b>					
Proceeds from sale of fixed assets		607	20	8,520	8,500
Decrease in investments		65	0	0	0
		<u>672</u>	<u>20</u>	<u>8,520</u>	<u>8,500</u>
<b>Cash was applied to:</b>					
Increase in investments		0	(357)	(1,154)	(797)
Purchase of fixed assets		(9,991)	(10,594)	(18,003)	(7,409)
		<u>(9,991)</u>	<u>(10,951)</u>	<u>(19,157)</u>	<u>(8,206)</u>
<b>Net cash inflow (outflow) from investing activities</b>		<b>(9,319)</b>	<b>(10,931)</b>	<b>(10,637)</b>	<b>294</b>
<b>Cash flow from financing activities</b>					
<b>Cash was provided from:</b>					
Loan raised	15	5,342	4,428	8,229	3,801
<b>Cash was applied to:</b>					
Loan repayments	15	(2,303)	(1,327)	(2,425)	(1,098)
<b>Net cash inflow (outflow) from financing activities</b>		<b>3,039</b>	<b>3,101</b>	<b>5,804</b>	<b>2,702</b>
Cash, cash equivalents and bank overdrafts as at 01 July		446	531	241	(290)
Net increase (decrease) in cash equivalents and bank overdrafts		237	(13)	394	407
<b>Cash, cash equivalents and bank overdrafts as at 30 June</b>		<b>683</b>	<b>518</b>	<b>635</b>	<b>117</b>

The opening balance of year three (2014 – 2015) may not agree to closing balance of year two (2013 – 2014) due to Council taking into account events occurring this year.

The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying Accounting Policies and Notes form part of these Financial Statements.

# Notes to the financial statements

## 1 – Rates

<b>Non exchange income rates</b>	<b>Forecast Annual Plan Year 2 2013 – 14 (\$ 000)</b>	<b>Forecast LTP Year 3 2014 – 15 (\$ 000)</b>	<b>Forecast Annual Plan Year 3 2014 – 15 (\$ 000)</b>	<b>Forecast Variation Year 3 2014 – 15 (\$ 000)</b>
General rates	18,188	19,464	19,523	59
Regional amenity rate	0	119	0	(119)
Targeted rates water fire protection	1,156	1,259	1,189	(70)
Targeted rates stormwater	2,272	2,311	1,544	(767)
Targeted rates wastewater	6,221	6,487	6,696	209
Targeted rate Karapoti Bridge	2	2	0	(2)
Rates penalties	200	247	166	(81)
<b>Total non exchange income - rates</b>	<b>28,039</b>	<b>29,889</b>	<b>29,118</b>	<b>(771)</b>

<b>Exchange income - rates</b>				
Targeted rates water supply	3,607	3,955	3,713	(242)
<b>Total rates income</b>	<b>31,646</b>	<b>33,844</b>	<b>32,831</b>	<b>(1,013)</b>

### Rates remission

Rates revenue is shown net of rate remissions.

Upper Hutt City Council's rate remission policy allows Upper Hutt City Council to remit or postpone rate or penalties on condition of Ratepayer's extreme hardship, land used for sport, and land protected for historical or cultural purposes and general rate under selected criteria for the Upper Hutt City Council's Economic Development Policy.

<b>Rates remissions</b>	<b>Forecast Annual Plan Year 2 2013 – 14 (\$ 000)</b>	<b>Forecast LTP Year 3 2014 – 15 (\$ 000)</b>	<b>Forecast Annual Plan Year 3 2014 – 15 (\$ 000)</b>	<b>Forecast Variation Year 3 2014 – 15 (\$ 000)</b>
Total gross rates revenue	31,760	33,965	32,945	(1,020)
<b>Less rates remission</b>				
Land used for sport	96	102	96	(6)
Rate penalties remission	18	19	18	(1)
Remission economic development policy	0	0	0	0
<b>Rates revenue net of remissions</b>	<b>31,646</b>	<b>33,844</b>	<b>32,831</b>	<b>(1,013)</b>

### 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.

Rating information required by law. Under current legislation these are the parameters used in the calculation of rates as at 19 June 2014:

Total land valuations of rateable properties for the city	\$3,045,040,200.
Total capital valuation of rateable properties for the city	\$6,896,835,800
Total number of rateable properties	16,671

## 2 - Fees and charges

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
<b>Non-exchange income – Fees and charges</b>				
Permit and licence fees	1,661	1,829	1,635	(194)
Vested assets	2,289	2,347	2,347	0
<b>Total non-exchange income – Fees and charges</b>	<b>3,950</b>	<b>4,176</b>	<b>3,982</b>	<b>(194)</b>
<b>Exchange income – Fees and charges</b>				
Metered water charges	996	1,056	1,019	(37)
Property rentals	1,653	265	239	(26)
H <sup>2</sup> O Xstream and Expression Charges	1,326	1,332	1,174	(158)
Library, parks, cemetery and community charges	535	646	500	(146)
Rubbish and recycling solid waste charges	590	673	523	(150)
Other charges	539	490	6,355	5,865
<b>Total exchange income - Fees and charges</b>	<b>5,639</b>	<b>4,462</b>	<b>9,810</b>	<b>5,348</b>
<b>Total Fees and charges income</b>	<b>9,589</b>	<b>8,638</b>	<b>13,792</b>	<b>5,154</b>

### Note

Metered water charges, although levied and recoverable under the Local Government (Rating) Act, are included with fees and charges as this more accurately represents the nature of the charge.

Metered properties are properties that consume more than 230 cubic metres of water per year.

### 3 - Non-exchange income - Subsidies and grants

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
Roading subsidies - NZ Transport Agency (NZTA <sup>1</sup> )	1,750	2,255	2,417	162
Petrol tax (Crown)	150	160	160	0
Rural fire subsidies (GWRC <sup>2</sup> and NRFA <sup>3</sup> )	85	0	0	0
Subsidies for Activation	103	110	59	(51)
Other grants and subsidies	722	399	379	(20)
<b>Total Subsidies and Grants Income</b>	<b>2,810</b>	<b>2,924</b>	<b>3,015</b>	<b>91</b>

<sup>1</sup> NZTA - New Zealand Transport Agency

<sup>2</sup> GWRC - Greater Wellington Regional Council

<sup>3</sup> NFRA - National Rural Fire Authority

### 4 - Exchange income - Interest and dividends

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
Interest on general funds	127	126	127	1
Interest on special funds	47	60	54	(6)
Dividends	0	0	0	0
<b>Total Interest and Dividend Income</b>	<b>174</b>	<b>186</b>	<b>181</b>	<b>(5)</b>

## 5 - Other expenditure and items for disclosure

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
Insurance	762	553	632	79
Disaster fund insurance	286	263	187	(76)
Audit fees	126	133	130	(3)
Audit fees - LTP	0	85	85	0
Rental	236	261	241	(20)
Loss on sale of assets	461	628	848	220
Rates remissions - sports clubs and other non-profit bodies	95	102	97	5
Penalty remissions	18	19	18	(1)
Consultants	735	729	749	(20)
Printing, photocopying and stationary	295	309	277	(32)
Telephone rental, mobile and tolls	156	189	149	(40)
Motor vehicle expenses	306	336	295	(41)
Electricity/ gas energy costs (includes street lighting and maintenance)	851	881	901	20
Rates on UHCC properties	1,645	1,597	1,733	136
Land transport general maintenance	1,394	1,296	2,161	865
Water reticulation maintenance	565	596	567	(29)
Sewer maintenance	474	546	550	4
Drain maintenance	279	241	224	(17)
Other costs	12,346	11,876	11,675	(201)
<b>Total other expenses</b>	<b>21,030</b>	<b>20,640</b>	<b>21,519</b>	<b>879</b>

## 6 – Cash and cash equivalents

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
Cash on hand	3	2	4	2
Bank balances (overdrafts)	380	216	331	115
Call account	300	300	300	0
Short term deposits maturing three months or less from data of acquisition	0	0	0	0
<b>Total cash and cash equivalents</b>	<b>683</b>	<b>518</b>	<b>635</b>	<b>117</b>

The estimated carry value of short term deposits with maturity dates of three months of less approximates their fair value.

Refer to note 7 on estimated weighted average effective interest rate for cash and cash equivalents

The bank overdraft is unsecured. The facility totals \$600,000 (2014), \$600,000 (2013). The current interest rate on the facility is 11.40% per annum.

In the table above in note 6, cash and bank overdrafts are estimated as the same for the purposes of the Prospective Cash Flow Statement.

## 7 – Other financial assets

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
<b>Current portion</b>				
<i>Loans and receivables</i>				
Short-term deposits with maturities of 4-12 months	7,253	6,834	4,389	(2,445)
<b>Total current portion</b>	<b>7,253</b>	<b>6,834</b>	<b>4,389</b>	<b>(2,445)</b>
<b>Non-current portion</b>				
<i>Fair value through equity- unlisted shares</i>				
Investment in Civic Assurance Ltd	46	26	26	0
Investment in Smartlinx <sup>3</sup> Ltd	30	30	30	0
Capacity	150	150	150	0
<b>Total non-current portion</b>	<b>226</b>	<b>206</b>	<b>206</b>	<b>0</b>

Estimated carry value of short term equates to estimated fair value.

Valuation of unlisted shares is based on the carrying value which approximates their fair value.



There were no impairment provisions for other financial assets.

The estimated maturity dates for all financial assets with the exception of equity investments are as follows:

<b>Estimated maturity analysis and effective interest rates</b>	<b>Forecast Annual Plan Year 2 2013 – 14 (\$ 000)</b>	<b>Forecast LTP Year 3 2014 – 15 (\$ 000)</b>	<b>Forecast Annual Plan Year 3 2014 – 15 (\$ 000)</b>	<b>Forecast Variation Year 3 2014 – 15 (\$ 000)</b>
The estimated maturity dates for all financial assets with the exception of equity investments are as follows:				
Short term deposits (with maturities 3 months or less)	0	0	0	0
Estimated weighted average effective interest rate	2.00%	2.00%	3.00%	1%
Short term deposits ( with maturities of 4-12 months or less)	7,253	6,834	4,389	(2,445)
Estimated weighted average effective interest rate	2.00%	2.00%	3.00%	1%
Call account	300	300	300	0
Estimated weighted average effective interest rate	2.50%	2.50%	2.50%	0

## 8 – Derivative financial instruments

	<b>Forecast Annual Plan Year 2 2013 – 14 (\$ 000)</b>	<b>Forecast LTP Year 3 2014 – 15 (\$ 000)</b>	<b>Forecast Annual Plan Year 3 2014 – 15 (\$ 000)</b>	<b>Forecast Variation Year 3 2014 – 15 (\$ 000)</b>
<b>Current asset portion</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Non-current asset portion</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Current liability portion</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Non-current liability portion</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The notional principal amounts of the outstanding interest rate swap contracts at 30 June 2014 were \$5.500M (2013. \$nil). The swaps mature 26 January 2018 (\$1M), 17 December 2018 (\$1M), 16 December 2019 (\$1M), 15 December 2020 (\$1M), and 15 November 2021 (\$1.5M).

## 9 - Trade and other receivables

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
Rates receivable	742	775	744	(31)
Sundry debtors	1,110	1,159	1,159	0
Community loans	102	55	86	31
GST	346	361	361	0
Accrued revenue	822	859	859	0
Prepayments	216	226	226	0
	3,338	3,435	3,435	0
Less provision for impairment of receivables	(82)	(87)	(87)	0
<b>Total trade and other receivables</b>	<b>3,256</b>	<b>3,348</b>	<b>3,348</b>	<b>0</b>
<b>Less non-current portion:</b>				
Community loans	68	31	45	14
<b>Total non-current portion</b>	<b>68</b>	<b>31</b>	<b>45</b>	<b>14</b>
<b>Current portion</b>	<b>3,188</b>	<b>3,317</b>	<b>3,303</b>	<b>(14)</b>
Fair value has been determined using cashflows discounted at a rate of 2.5% to 7.25%				
<b>The fair value of community loans over the 10 years is:</b>	<b>102</b>	<b>55</b>	<b>86</b>	<b>31</b>
<b>The face value of community loans over the 10 years is:</b>	<b>116</b>	<b>52</b>	<b>133</b>	<b>81</b>

The estimated 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.

Upper Hutt City 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.

Upper Hutt City Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
<b>Movements in the provision for impairment of receivables and community loans</b>				
Opening balance as at 1 July	82	82	85	3
Additional provisions made during the year	0	5	2	(3)
Receivables written off during the period	0	0	0	0
<b>Closing balance as at 30 June</b>	<b>82</b>	<b>87</b>	<b>87</b>	<b>0</b>

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
<b>Estimated age of rates receivables. The age of rates receivables overdue that have not been impaired are as follows:</b>				
Current 90 days over	637	673	673	0
1-2 years old	100	24	24	0
2-3 years old	5	5	5	0
Greater than 3 years old	0	73	42	(31)
<b>Carrying amount as at 30 June</b>	<b>742</b>	<b>775</b>	<b>744</b>	<b>(31)</b>

## 10a – Operational property, plant and equipment

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
Opening cost/ valuation as at 1 July	57,402	56,222	53,448	(2,774)
Accumulated depreciation and impairment charge	(7,666)	(8,860)	(4,869)	3,991
<b>Opening book value as at 1 July</b>	<b>49,736</b>	<b>47,362</b>	<b>48,579</b>	<b>1,217</b>
Current years additions	1,528	1,153	5,996	4,843
Current years disposals	(251)	(20)	(2,231)	(2,211)
Current year revaluation	4,392	113	46	(67)
Current year depreciation	(1,621)	(1,656)	(1,365)	291
WIP transferred	0	0	0	0
<b>Closing book value as at 30 June</b>	<b>53,784</b>	<b>46,952</b>	<b>51,025</b>	<b>4,073</b>
Closing cost/ valuation	63,072	56,200	57,259	1,059
Closing accumulated depreciation	(9,288)	(9,248)	(6,234)	3,014
<b>Closing book value as at 30 June</b>	<b>53,784</b>	<b>46,952</b>	<b>51,025</b>	<b>4,073</b>

The opening balance of year three (2014 – 2015) may not agree to closing balance of year two (2013 – 2014) due to Council taking into account events occurring this year.

## 10b – Restricted property, plant and equipment

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
Opening cost/ valuation as at 1 July	33,236	36,757	34,560	(2,197)
Accumulated depreciation and impairment charge	(838)	(1,026)	0	1,026
<b>Opening book value as at 1 July</b>	<b>32,398</b>	<b>35,731</b>	<b>34,560</b>	<b>(1,171)</b>
Current years additions	59	206	0	(206)
Current years disposals	0	0	0	0
Current year revaluation	3,834	0	0	0
Current year depreciation	(197)	(240)	(360)	(120)
WIP transferred	0	0	0	0
<b>Closing book value as at 30 June</b>	<b>36,094</b>	<b>35,697</b>	<b>34,200</b>	<b>(1,497)</b>
Closing cost/ valuation	37,128	36,962	34,560	(2,402)
Closing accumulated depreciation	(1,034)	(1,265)	(360)	905
<b>Closing book value as at 30 June</b>	<b>36,094</b>	<b>35,697</b>	<b>34,200</b>	<b>(1,497)</b>

The opening balance of year three (2014 - 2015) may not agree to closing balance of year two (2013 – 2014) due to Council taking into account events occurring this year.

## 11 – Infrastructure assets

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
Opening cost/ valuation as at 1 July	571,139	569,180	580,702	11,522
Accumulated depreciation and impairment charge	(2,355)	(11,016)	(3,859)	7,157
<b>Opening book value as at 1 July</b>	<b>568,784</b>	<b>558,164</b>	<b>576,843</b>	<b>18,679</b>
Current years additions	10,693	11,582	14,353	2,771
Current years disposals	(461)	(629)	(848)	(219)
Current year revaluation	(1,326)	20,335	(735)	(21,070)
Current year depreciation	(10,427)	(10,568)	(10,622)	(54)
WIP transferred	0	0	0	0
<b>Closing book value as at 30 June</b>	<b>567,263</b>	<b>578,884</b>	<b>578,991</b>	<b>107</b>
Closing cost/ valuation	580,045	591,439	593,471	2,032
Closing accumulated depreciation	(12,782)	(12,555)	(14,480)	(1,925)
<b>Closing book value as at 30 June</b>	<b>567,263</b>	<b>578,884</b>	<b>578,991</b>	<b>107</b>

The opening balance of year three (2014 - 2015) may not agree to closing balance of year two (2013 – 2014) due to Council taking into account events occurring this year.

## 12 – Hutt Valley Wastewater Scheme

The Local Government (Wellington Region) Reorganisation Order 1989 transferred the functions of the Hutt Valley Drainage Board to the Hutt City Council. In so doing, the reorganisation provided for a joint committee to be established between the Upper Hutt and Hutt City Councils 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 in particular.

The joint Hutt Valley Wastewater Scheme has been constructed to improve the operation of the system and quality of the discharge. Upper Hutt pays an annual levy to the Hutt City Council, which manages the Wastewater system, based on an apportionment of between 26% and 31% for Upper Hutt City Council.

Upper Hutt City Council is funding the Hutt Valley Wastewater Scheme in line with the Strategic Plan Funding model.

While Upper Hutt City Council 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 2011. The valuation of these assets was independently reviewed by Colin Gerrard (BSc, MSc GIPENZ) associate director of AECOM (NZ) Limited.

Upper Hutt City Council has an equitable interest in the total asset of \$41.463M 2013, (\$42.393M 2012) which is recognised as part of Infrastructural assets.

This is the assessed net book value of the Upper Hutt City Council share.

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
Drainage levy	2,711	2,675	2,590	(85)
Capital contributions	533	648	624	(24)
Trade waste income	(128)	(122)	(98)	24

### 13 – Intangible assets

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
<b>Balance at 01 July</b>				
Cost	0	0	314	314
Accumulated amortisation and impairment	0	0	(213)	(213)
<b>Open carrying amount</b>	<b>0</b>	<b>0</b>	<b>101</b>	<b>101</b>
<b>Year ended 30 June</b>				
Additions	0	0	0	0
Amortisation charge	0	0	(34)	(34)
<b>Closing carrying amount at 30 June</b>	<b>0</b>	<b>0</b>	<b>67</b>	<b>67</b>
Cost balance at 30 June	0	0	314	314
Accumulated amortisation and impairment	0	0	(247)	(247)
<b>Total closing amount at 30 June</b>	<b>0</b>	<b>0</b>	<b>67</b>	<b>67</b>

## 14 – Trade and other payables

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
Trade creditors	3,309	3,459	3,459	0
Rates In advance	411	430	430	0
Greater Wellington Regional Council rates	226	237	237	0
Fees in advance	867	906	906	0
Accrued interest payable	49	49	49	0
Payroll liability	108	113	113	0
Other liabilities	40	40	40	0
Deposits and trust accounts	1,086	1,086	1,086	0
<b>Total trade and other payables</b>	<b>6,096</b>	<b>6,320</b>	<b>6,320</b>	<b>0</b>
<b>Provisions weathertightness claims</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>0</b>

Four claims have been lodged with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2013 (four claims in 2012).

These claims relate to weathertightness issues of homes in the Upper Hutt area and name the Council as well as other parties.

A provision for these three claims has been established based at 20% on the actuarial assessment of claims based on historical average claim level and other information held. The Council has insurance in place that covers one claim.



## 15 – Employee entitlements

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
Accrued pay	105	110	110	0
Annual leave	431	451	415	(36)
Sick leave	25	25	25	0
Long service leave	0	0	0	0
<b>Total current portion</b>	<b>561</b>	<b>586</b>	<b>550</b>	<b>(36)</b>
<b>Non current liabilities</b>				
Retirement and long service leave	179	187	175	(12)
<b>Total non-current portion</b>	<b>179</b>	<b>187</b>	<b>175</b>	<b>(12)</b>
<b>Total employee entitlements</b>	<b>740</b>	<b>773</b>	<b>725</b>	<b>(48)</b>

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

A discount rate of 2.65% (2012 - 2.61%) and an inflation rate of 0.70% (2012 - 1%).

## 16 – Public debt

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
Opening balance	24,923	28,968	26,033	(2,935)
Loans raised during the year	5,342	4,428	8,229	3,801
Less repayments during the year	(2,303)	(1,327)	(2,425)	(1,098)
Balance as at 30 June	27,962	32,069	31,837	(232)
Less current borrowings repayable in 12 months	(1,494)	(1,494)	(1,599)	(105)
<b>Closing balance for non-current borrowings</b>	<b>26,468</b>	<b>30,575</b>	<b>30,238</b>	<b>(337)</b>

The opening balance of year three (2014 – 2015) may not agree to closing balance of year two (2013 – 2014) due to Council taking into account events occurring this year.

**Fixed-rate debt**

Upper Hutt City Council's secured debt of \$15.033M 2014 (\$20.442M 2013) is issued at fixed rates of interest based on information as at 25 June 2014.

**Floating-rate debt**

Upper Hutt City Council's secured debt of \$11.000M 2013 (\$4.143M 2013) is issued at floating rates of interest based on information as at 25 June 2014.

**Interest free loan**

Upper Hutt City Council has no interest free loans

**Security**

The overdraft is unsecured. The maximum amount that can be drawn against the overdraft facility is \$600,000 (2013 \$600,000). There are no restrictions on the use of this facility.

Council has a multi option credit line facility available to it; currently it is \$170,000 2014 (2013: \$60,985).

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

Upper Hutt City Council has issued security stock to the value of \$28.187M as at 30 June 2014(\$30.208M 2013), under its Debenture Trust Deed. This stock has been issued to three banking institutions, as security for existing committed funds of \$26.333M 2014 (\$24.587M 2013) and uncommitted facilities available to the value of \$0.62M 2013 (\$0.62M 2012) and additional security stock is issued to cover all new debt.

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

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
<b>Interest expenses rates</b>				
The weighted average interest rate on loans outstanding ( current and non-current) at 30 June is estimated as:	5.4%	6.4%	4.9%	(1.4%)

The loans are secured by a rate pursuant to Section 115 of the Local Government Act 2002 upon the rateable property of the City of Upper Hutt.

**17 – Financial instruments**

The financial instruments which expose the Council to credit risk are principally bank balances, investments, accounts receivable, creditors and term loans.

The Council's main bank accounts are held with the ANZ National Bank Limited. The credit risk is reduced by ensuring that the balances in the accounts are at sufficient levels to fund day to day operations of the Council. Surplus funds are invested with trading banks and organisations with credit ratings of not less than AA.

The level and spread of accounts receivable minimises the Council's exposure to credit risk. Council does not engage in any material transactions in foreign currencies and therefore is not exposed to any material foreign currency risk.

Council's term loans are borrowed at fixed and floating interest rates. The main interest rate risk Council is exposed to is that interest rates will fluctuate during the currency of the loans. In addition, many of Council's term loans are refinanced before ultimate repayment. Council is exposed to a risk that interest rates will have increased at the time loans are refinanced.

The fair value of other financial instruments (except for Stocks and Bonds) is equivalent to the carrying amount disclosed in the Prospective Statement of Financial Position.

## 18 – Accumulated funds

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
Opening balance	240,846	234,579	234,906	327
Net operating surplus( deficit)	(3,830)	(3,024)	655	3,679
	237,016	231,555	235,561	4,006
<b>Transfer to:</b>				
Restricted reserves	(1,033)	(946)	(5,854)	(4,908)
Accounts restricted by law	0	(1)	0	1
Asset revaluation reserve on disposal of property, plant and equipment	0	0	0	0
	(1,033)	(947)	(5,854)	(4,907)
<b>Transfer from:</b>				
Restricted reserves	861	587	4,782	4,195
Accounts restricted by law	360	0	474	474
Asset revaluation reserve on disposal of property, plant and equipment	0	0	0	0
	1,221	587	5,256	4,669
<b>Closing balance as at 30 June</b>	<b>237,204</b>	<b>231,195</b>	<b>234,963</b>	<b>3,768</b>

The opening balance of year two(2014 – 2015) may not agree to closing balance of year one (2013 – 2014) due to Council taking into account events occurring this year.

## 19 – Reserves

The 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 the Council to manage its revenues, expenses, assets, liabilities, investment and general financial dealings 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 the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full costs of long term assets that will benefit ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its Annual Plan (where) applicable to meet the expenditure need identified in those plans, and the Act sets out the factors that the 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 the Council's LTP.

Upper Hutt City Council has the following Council reserves:

- Reserves for different benefit
- Special Reserves
- Reserves for different areas of benefit 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. Special reserves are set up where Council has defined a specific purpose. Interest is added to these reserves where applicable and deductions made when funds have been used for the purpose they were created.

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
<b>Restricted reserve funds</b>				
(A) Special funds	1,546	2,065	2,238	173
(B) Other accounts restricted by law	2,233	475	2,406	1,931
<b>Total restricted reserves</b>	<b>3,779</b>	<b>2,540</b>	<b>4,644</b>	<b>2,104</b>

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
<b>(A) Special funds</b>				
Opening balance	1,375	1,707	1,166	(541)
Transfer from net surplus	985	885	5,800	4,915
Transfer from accumulated funds	0	0	0	0
Transfers from trust	0	0	0	0
Interest received	47	60	54	(6)
	2,407	2,652	7,020	4,368
Transfer to accumulated funds	0	0	0	0
Transfers to net surplus	(861)	(587)	(4,782)	(4,195)
<b>Total special funds balance as at 30 June</b>	<b>1,546</b>	<b>2,065</b>	<b>2,238</b>	<b>173</b>

The opening balance of year three (2014 – 2015) may not agree to closing balance of year two (2013 – 2014) due to Council taking into account events occurring this year.

<b>Special funds closing balances as at 30 June consists of:</b>	<b>Forecast Annual Plan Year 2 2013 – 14 (\$ 000)</b>	<b>Forecast LTP Year 3 2014 – 15 (\$ 000)</b>	<b>Forecast Annual Plan Year 3 2014 – 15 (\$ 000)</b>	<b>Forecast Variation Year 3 2014 – 15 (\$ 000)</b>
General reserve <sup>1</sup>	1	2	6	4
Amenities fund <sup>2</sup>	370	447	347	(100)
Civic amenities fund <sup>2</sup>	1	0	1	1
Plant renewal <sup>3</sup>	85	78	135	57
Reserve fund contribution <sup>4</sup>	245	57	189	132
Cash in lieu parking <sup>5</sup>	2	2	2	0
Property sales <sup>6</sup>	48	56	708	652
Sierra Way subdivision <sup>7</sup>	119	122	124	2
Harcourt Park maintenance fund <sup>8</sup>	4	9	8	(1)
Akatarawa roading levy <sup>7</sup>	84	126	76	(50)
Kaitoke roading levy <sup>7</sup>	75	156	101	(55)
Mangaroa roading levy <sup>7</sup>	175	166	198	32
Katherine Mansfield levy <sup>7</sup>	78	244	78	(166)
Blue Mountain levy <sup>7</sup>	73	218	55	(163)
Moonshine Hill levy <sup>7</sup>	23	86	35	(51)
Alexander Road levy <sup>7</sup>	83	239	76	(163)
Swamp Road levy <sup>7</sup>	0	17	17	0
Library development <sup>9</sup>	0	0	0	0
Cemetery development <sup>9</sup>	0	0	0	0
Trench resealing levy <sup>10</sup>	39	40	40	0
Kurth Crescent development levy <sup>11</sup>	41	0	42	42
<b>Total special funds</b>	<b>1,546</b>	<b>2,065</b>	<b>2,238</b>	<b>173</b>

### Special fund purposes:

The Council has Special Funds to cover the following situations:

1. **General reserve** – available for any appropriate purpose.
2. **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.
3. **Plant renewal** – funds allocated from rates to replace/upgrade plant assets in the activity charged with the original allocation.

4. **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.
5. **Cash in lieu of parking** – funds collected instead of requiring the provision of parking by developers and used for parking purposes.
6. **Property sales** – profits generated by the sale of property and available to assist in the funding of council work programme.
7. **Roading levies** – funds raised from sub-divisions in specific catchments and available for roading projects only in the catchment that provide the funds.
8. **Harcourt Park maintenance** – funds collected from this activity and only available for approved maintenance purposes in that park.
9. **Library and Cemetery development** – funds collected for or generated by the specific activity and only available for projects in that activity.
10. **Trench resealing levy** – funds collected to ensure the correct re-instatement of trenching work by third parties.
11. **Kurth Crescent development levy** – funds to be collected from developers to provide stormwater upgrade in Kurth Crescent.

<b>(B) Other accounts restricted by law</b>	<b>Forecast Annual Plan Year 2 2013 – 14 (\$ 000)</b>	<b>Forecast LTP Year 3 2014 – 15 (\$ 000)</b>	<b>Forecast Annual Plan Year 3 2014 – 15 (\$ 000)</b>	<b>Forecast Variation Year 3 2014 – 15 (\$ 000)</b>
Opening balance	2,593	474	2,880	2,406
Transfer from net surplus	0	1	0	(1)
Transfer from accumulated funds	0	0	0	0
	2,593	475	2,880	2,405
Transfer to accumulated Funds	(360)	0	(474)	(474)
Transfers to net surplus	0	0	0	0
<b>Total other accounts restricted by law as at 30 June</b>	<b>2,233</b>	<b>475</b>	<b>2,406</b>	<b>1,931</b>

The opening balance of year three (2014 – 2015) may not agree to closing balance of year two (2013 – 2014) due to Council taking into account events occurring this year.

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
<b>(B) Other accounts restricted by law</b>				
Dog control account	22	17	2	(15)
Water rate account	283	90	334	244
Stormwater rate account	1,023	327	1,143	816
Wastewater rate account	905	41	927	886
<b>Total other accounts restricted by law</b>	<b>2,233</b>	<b>475</b>	<b>2,406</b>	<b>1,931</b>

## 20 – Asset revaluation reserves

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
Opening balance	385,878	379,094	395,061	15,967
Change in asset revaluation	6,900	20,448	(689)	(21,137)
Less revaluation attributed to assets sold	0	0	0	0
<b>Closing balance as at 30 June</b>	<b>392,778</b>	<b>399,542</b>	<b>394,372</b>	<b>(5,170)</b>
<b>Consists of :-</b>				
General asset revaluation reserve	33,190	32,769	26,688	(6,081)
Land asset revaluation reserve	22,195	22,574	22,195	(379)
Roading asset revaluation reserve	104,206	103,501	112,233	8,732
Stormwater asset revaluation reserve	80,446	78,194	83,919	5,725
Hutt Valley Wastewater Scheme	26,186	32,619	26,713	(5,906)
Wastewater asset revaluation reserve	68,978	73,044	65,729	(7,315)
Water asset revaluation reserve	57,577	56,841	56,895	54
<b>Total asset revaluation reserves</b>	<b>392,778</b>	<b>399,542</b>	<b>394,372</b>	<b>(5,170)</b>

The opening balance of year three (2014 – 2015) may not agree to closing balance of year two (2013 – 2014) due to Council taking into account events occurring this year.



## 21 - Contingencies

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
<b>Contingent liabilities</b>				
(A) Guarantees	2,150	0	0	0
(B) Other legal proceedings	278	119	119	0
<b>Total contingent liabilities</b>	<b>2,428</b>	<b>119</b>	<b>119</b>	<b>0</b>

### Guarantees

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

The Council owns significant infrastructural assets. In a catastrophe local authorities are required to meet 40% of the cost of the damage to these assets and central government will meet the other 60%. The contribution from central government is contingent on local authorities having a mechanism in place to fund their 40% share. Councils do this through commercial insurance membership of LAPP (Local Authority Protection Programme).

LAPP's funding was exhausted by the Christchurch earthquakes and it is now focused on rebuilding the fund. In order to do this the LAPP trustees decided, after consulting members, to introduce a degree of mutual liability to the operation of the fund.

In association with its insurance broker and neighbouring councils (Hutt City, Porirua, and Kapiti Coast) the council has been able to secure commercial insurance for (underground) infrastructure assets from 1 July 2014. This arrangement provides the Council with both better and more economic cover. As a consequence the Council has confirmed to LAPP its intention to resign from the fund. There is thus no contingent liability in regard to infrastructure insurance from 1 July 2014.

### Unquantified claims

Upper Hutt City Council has nine claims outstanding; six have proceedings issued on them. (2011 six claims, four proceedings)

### Contingent assets

Upper Hutt City 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 Upper Hutt City 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 2013 there are 33 facilities having an approximate value of \$7.036 million (2012 34 facilities - \$7.045 million). This estimate has been based on government valuations for the area.

## 22 – Discontinued activities

In the previous LTP 2009-2019 Activation ceased in the fifth year 2013 – 2014. In this LTP 2012-2022 Activation cost centre continues, no other activity ceases during this LTP.

## 23 – Expressions Arts and Entertainment Centre

Expressions Arts and Entertainment Centre is managed by an independent trust however Upper Hutt City Council owns the building assets.

## 24 – Net operating surplus

In accordance with Section 100 of the Local Government Act 2002, Council must ensure that each year's projected operating revenues are set at a level sufficient to meet that years projected operating expenses. However, council may set projected operating revenues at a different level from that required by section 100 if it resolves that it is financially prudent to do so, having regard to:

- the estimated expenses of achieving and maintaining the predicted levels of service provision set out in the Long Term Plan (LTP), including the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life; and
- the projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life; and
- the equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life; and
- the funding and financial policies adopted under section 102.

As covered in Council's 2012-2022 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 most 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.

## 25 – Inflation

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
<b>Compounding average general inflation rate</b>	0.00%	6.63%	0%	(6.63%)
<b>General inflation per year</b>	0.00%	3.17%	0%	(3.17%)
<b>Previous LTP per year</b>	0.00%	2.67%	0%	(2.67%)

Council uses the BERL local government cost inflation indices (LGCI) rather than CPI as these are more in line with our business sector, unless there is a specific reason not to. The average percentages, as shown above, have been applied to most items within the published accounts for the years shown. Refer also to the note on Inflation, Accounting Assumptions, Section 4 Policies, in the LTP 2022.

## 26 – Reconciliation of surplus before appropriation to cashflow from operating activities

	Forecast Annual Plan Year 2 2013 – 14 (\$ 000)	Forecast LTP Year 3 2014 – 15 (\$ 000)	Forecast Annual Plan Year 3 2014 – 15 (\$ 000)	Forecast Variation Year 3 2014 – 15 (\$ 000)
<b>Surplus/ (deficit) before appropriations</b>	(3,830)	(3,024)	655	3,679
<b>Add/less non-cash items</b>				
Depreciation	12,245	12,464	12,347	(117)
Intangible assets amortisation	0	0	34	34
Vested assets	(2,289)	(2,347)	(2,347)	0
Community loans interest amortisation	(3)	(4)	(8)	(4)
Increase/(decrease) in bad debts	(3)	3	0	(3)
Loss on derivative	0	0	0	0
Gain on derivative	0	0	0	0
Amortisation of premium	0	0	0	0
	<b>9,950</b>	<b>10,116</b>	<b>10,026</b>	<b>(90)</b>
<b>Add/less items classified as investing or financing activities</b>				
Loss on disposal of fixed assets	461	628	848	220
Profit on sale of fixed assets	0	0	(6,287)	(6,287)
	461	628	(5,439)	(6,067)
<b>Movements in working capital items</b>				
(Increase)/decrease in trade receivables	17	(79)	0	79
(Increase)/decrease in inventories	0	0	0	0
Increase /(decrease) in employee Entitlements	(11)	23	(15)	(38)
Increase/(decrease) in trade and other payables	(70)	153	0	(153)
	(64)	97	(15)	(112)
<b>Net inflow /(outflow) from operating activities</b>	<b>6,517</b>	<b>7,817</b>	<b>5,227</b>	<b>(2,590)</b>

# Schedule of special funds

	LTP 2014-2015 YEAR					Annual Plan 2014-2015 YEAR					Variation Balance Year 3 30/06/15 (\$,000)
	Forecast Balance Year 3 1 July 2014 (\$,000)	Forecast Transfers Year 3 In (\$,000)	Forecast Interest Year 3 In Income (\$,000)	Forecast Transfers Year 3 Out (\$,000)	Forecast Balance Year 3 30/06/15 (\$,000)	Forecast Balance Year 3 1/7/2014 (\$,000)	Forecast Transfers Year 3 In (\$,000)	Forecast Interest Year 3 In Income (\$,000)	Forecast Transfers Year 3 Out (\$,000)	Forecast Balance Year 3 30/06/15 (\$,000)	
General reserve	2	0	0	0	2	6	0	0	0	6	4
Amenities fund	398	37	12	0	447	301	36	10	0	347	(100)
Civic amenities fund	0	0	0	0	0	1	0	0	0	1	1
Plant renewal	187	174	4	(287)	78	85	94	3	(47)	135	57
Reserve fund contribution	36	320	1	(300)	57	253	310	7	(381)	189	132
Cash in lieu parking	2	0	0	0	2	2	0	0	0	2	0
Property sales	51	0	5	0	56	43	5,004	15	(4,354)	708	652
Sierra Way subdivision	119	0	3	0	122	120	0	4	0	124	2
Harcourt Park maintenance fund	6	3	0	0	9	5	3	0	0	8	(1)
Akatarawa roading levy	104	19	3	0	126	55	19	2	0	76	(50)
Kaitoke roading levy	86	66	4	0	156	33	66	2	0	101	(55)
Mangaroa roading levy	135	26	5	0	166	167	26	5	0	198	32
Katherine Mansfield levy	160	77	7	0	244	0	77	1	0	78	(166)
Blue Mountain levy	164	48	6	0	218	5	49	1	0	55	(163)
Moonshine hill levy	55	29	2	0	86	5	29	1	0	35	(51)
Alexander Road levy	163	69	7	0	239	5	70	1	0	76	(163)
Swamp Road levy	0	17	0	0	17	0	17	0	0	17	0
Library development	0	0	0	0	0	0	0	0	0	0	0
Cemetery development	0	0	0	0	0	0	0	0	0	0	0
Trench resealing levy	39	0	1	0	40	39	0	1	0	40	0
Kurth Crescent development levy	0	0	0	0	0	41	0	1	0	42	42
<b>Total special funds</b>	<b>1,707</b>	<b>885</b>	<b>60</b>	<b>(587)</b>	<b>2,065</b>	<b>1,166</b>	<b>5,800</b>	<b>54</b>	<b>(4,782)</b>	<b>2,238</b>	<b>173</b>

## Performance ratios

		Annual Plan Forecast Year 2 2013-14	LTP Forecast Year 3 2014-15	Annual Plan Forecast Year 3 2014-15
<b><u>Liquidity ratios:</u></b>				
These ratios measures the council's ability to meet its maturing short term obligations				
<b>-Current ratio</b>	Times	1.4:1	1.3:1	1.0:1
This ratio measures the council ability to pay off short term obligations.				
<b><u>Leverage ratios:</u></b>				
This ratio measures the extent to which the council has been financed by debt.				
<b>-Debt ratio</b>	%	5.2%	5.8%	5.8%
This ratio, of total debt to total assets, measures the percentage of total funds provided by liabilities				
<b><u>Activity ratios:</u></b>				
This ratio measures how effectively the council is using its resources.				
<b>-Average collection period</b>	Days	26	26	24
This represents the average length of time the council must wait after making a charge before receiving payment.				
<b><u>Borrowing and investment policy ratios:</u></b>				
-Total interest expense will not exceed 10 percent of annual rates	%	4.7%	5.1%	5.1%
-Ratio of public debt to annual rates and levies will not exceed 150 percent	Times	62.3%	69.3%	63.1%
-Public debt per assessable ratepayer properties will not exceed \$2,500	\$	\$1,696	\$1,905	\$1,910
-Public debt per capita will not exceed \$1,000.	\$	\$674	\$773	\$792

# Schedule 4

## Annual plan disclosure statement

### Annual plan disclosure statement for year ending 30 June 2014

#### What is the purpose of this statement?

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

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

Benchmark		Planned	Met [Yes/No]
Rates and affordability benchmark			
• income	Quantified limit on rates = \$33,069,596	\$32,830,879	Yes
• increases	LGCI* plus 2% = 4.5%	2.87%	Yes
Debt affordability benchmark	Quantified limit on borrowing = Council will stay within four debt parameters		
Interest expense on net public debt will not exceed 10% of annual rates.	10%	5.15%	Yes
Net external public debt will not exceed 150% of annual rates and levies.	150%	62%	Yes
External public debt per ratepayer will not exceed \$3,000.	\$3,000	\$1,874.23	Yes
External public debt per capita will not exceed \$1,250.	\$1,250	\$750.87	Yes
Balanced budget benchmark	100%	110%	Yes
Essential services benchmark	100%	113%	Yes
Debt servicing benchmark	10%	3.14%	Yes

\* LGCI = Local Government Cost Index as provided by Business and Economic Research Limited (BERL)

## Notes

### 1 Rates affordability benchmark

- (1) For this benchmark,—
- (a) the Council's planned rates income for the year is compared with a quantified limit of LGCI plus 2% in dollar terms on rates contained in the financial strategy included in the Council's long-term plan; and
  - (b) the Council's planned rates increases for the year are compared with a quantified limit of LGCI plus 2% on rates increases for the year contained in the financial strategy included in the Council's long-term plan.
- (2) The Council meets the rates affordability benchmark if—
- (a) its planned rates income for the year equals or is less than each quantified limit on rates; and
  - (b) its planned rates increases for the year equal or are less than each quantified limit on rates increases.

### 2 Debt affordability benchmark

- (1) For this benchmark, the Council's planned borrowing is compared with a quantified limit that Council will stay within four debt parameters on borrowing contained in the financial strategy included in the Council's long-term plan. These are:
- interest expense on net public debt will not exceed 10% of annual rates.
  - net external public debt will not exceed 150% of annual rates and levies
  - external public debt per ratepayer will not exceed \$3,000
  - external public debt per capita will not exceed \$1,250.
- (2) The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

### 3 Balanced budget benchmark

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

### 4 Essential services benchmark

- (1) For this benchmark, the Council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.
- (2) The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

### 5 Debt servicing benchmark

- (1) For this benchmark, the Council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).
- (2) Because Statistics New Zealand projects that the Council's population will grow slower than the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.

# Funding impact statement

## 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 Income are excluded and some items not in the Statement of Comprehensive Income 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. "APlan" indicates Annual Plan.



## All activities

<b>Upper Hutt City Council: Funding impact statements for 30 June 2015 (whole of Council)</b>	<b>Forecast Annual Plan Year 2 2013-14 (\$ 000)</b>	<b>Forecast LTP Year 3 2014-15 (\$ 000)</b>	<b>Forecast Annual Plan Year 3 2014-15 (\$ 000)</b>
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	18,163	19,438	19,589
Targeted rates (other than a targeted rate for water supply)	13,256	14,131	13,142
Subsidies and grants for operating purposes	1,334	1,331	1,690
Fees, charges and targeted rates for water supply	7,151	6,122	11,731
Interest and dividends from investments	174	186	181
Local authority fuel tax, fines, infringement fees, and other receipts	935	1,018	982
<b>Total operating funding (A)</b>	<b>41,013</b>	<b>42,226</b>	<b>47,315</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	34,440	34,370	34,812
Finance costs	1,478	1,723	1,686
Other operating funding applications	163	169	100
<b>Total applications of operating funding (B)</b>	<b>36,081</b>	<b>36,262</b>	<b>36,598</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>4,932</b>	<b>5,964</b>	<b>10,717</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	1,327	1,433	1,314
Development and financial contributions	354	352	352
Increase (decrease) in debt	3,050	3,113	5,801
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>4,731</b>	<b>4,898</b>	<b>7,467</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	31	0	4,506
- to improve the level of service	3,561	4,016	7,827
- to replace existing assets	6,345	6,575	5,259
Increase (decrease) in reserves	(448)	85	411
Increase (decrease) of investments	174	186	181
<b>Total applications of capital funding (D)</b>	<b>9,663</b>	<b>10,862</b>	<b>(18,184)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(4,932)</b>	<b>(5,964)</b>	<b>(10,717)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Upper Hutt City Council: Funding impact statements for 30 June 2015</b>	<b>Forecast Annual Plan Year 2 2013-14 (\$ 000)</b>	<b>Forecast LTP Year 3 2014-15 (\$ 000)</b>	<b>Forecast Annual Plan Year 3 2014-15 (\$ 000)</b>
<b>Leadership</b>			
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	2,243	2,402	2,329
Targeted rates (other than a targeted rate for water supply)	0	119	0
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	73	0	0
Internal charges and overheads recovered	27	35	31
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>2,343</b>	<b>2,556</b>	<b>2,360</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	885	856	784
Finance costs	0	0	0
Internal charges and overheads applied	1,458	1,700	1,576
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>2,343</b>	<b>2,556</b>	<b>2,360</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Sources of capital funding</b>			
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
<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- 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 investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Upper Hutt City Council: Funding impact statements for 30 June 2015</b>	<b>Forecast Annual Plan Year 2 2013-14 (\$ 000)</b>	<b>Forecast LTP Year 3 2014-15 (\$ 000)</b>	<b>Forecast Annual Plan Year 3 2014-15 (\$ 000)</b>
<b>Land transport</b>			
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	5,200	5,419	5,220
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	1,108	1,181	1,457
Fees, charges and targeted rates for water supply	45	43	43
Internal charges and overheads recovered	85	113	109
Local authority fuel tax, fines, infringement fees, and other receipts	150	160	160
<b>Total operating funding (A)</b>	<b>6,588</b>	<b>6,916</b>	<b>6,989</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3,200	4,149	4,456
Finance costs	362	521	515
Internal charges and overheads applied	1,057	1,158	1,111
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>4,619</b>	<b>5,828</b>	<b>6,082</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>1,969</b>	<b>1,088</b>	<b>907</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	1,327	1,433	1,314
Development and financial contributions	354	352	352
Increase(decrease) in debt	1,448	2,385	5,149
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>3,129</b>	<b>4,170</b>	<b>6,815</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	24	0	25
- to improve the level of service	2,420	2,258	5,359
- to replace existing assets	2,300	2,648	2,395
Increase (decrease) in reserves	354	352	(57)
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>5,098</b>	<b>5,258</b>	<b>7,722</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(1,969)</b>	<b>(1,088)</b>	<b>(907)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Upper Hutt City Council: Funding impact statements for 30 June 2015</b>	<b>Forecast Annual Plan Year 2 2013-14 (\$ 000)</b>	<b>Forecast LTP Year 3 2014-15 (\$ 000)</b>	<b>Forecast Annual Plan Year 3 2014-15 (\$ 000)</b>
<b>Water supply</b>			
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates (other than a targeted rate for water supply)	4,763	5,214	4,902
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	1,017	1,077	1,045
Internal charges and overheads recovered	75	86	82
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>5,855</b>	<b>6,377</b>	<b>6,029</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,074	4,379	4,115
Finance costs	34	43	42
Internal charges and overheads applied	763	814	775
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>4,871</b>	<b>5,236</b>	<b>4,932</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>984</b>	<b>1,141</b>	<b>1,097</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(71)	255	362
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>(71)</b>	<b>255</b>	<b>362</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	0	0	0
- to improve the level of service	119	0	1,123
- to replace existing assets	894	1,396	503
Increase (decrease) in reserves	(100)	0	(167)
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>913</b>	<b>1,396</b>	<b>1,459</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(984)</b>	<b>(1,141)</b>	<b>(1,097)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Upper Hutt City Council: Funding impact statements for 30 June 2015</b>	<b>Forecast Annual Plan Year 2 2013-14 (\$ 000)</b>	<b>Forecast LTP Year 3 2014-15 (\$ 000)</b>	<b>Forecast Annual Plan Year 3 2014-15 (\$ 000)</b>
<b>Wastewater</b>			
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates (other than a targeted rate for water supply)	6,221	6,487	6,696
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	139	133	109
Internal charges and overheads recovered	103	113	108
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>6,463</b>	<b>6,733</b>	<b>6,913</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3,814	3,827	3,719
Finance costs	753	785	775
Internal charges and overheads applied	620	625	608
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>5,187</b>	<b>5,237</b>	<b>5,102</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>1,276</b>	<b>1,496</b>	<b>1,811</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	350	451	429
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>350</b>	<b>451</b>	<b>429</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	0	0	0
- to improve the level of service	5	648	624
- to replace existing assets	1,804	1,299	1,916
Increase (decrease) in reserves	(183)	0	(300)
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>1,626</b>	<b>1,947</b>	<b>2,240</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(1,276)</b>	<b>(1,496)</b>	<b>(1,811)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Upper Hutt City Council: Funding impact statements for 30 June 2015</b>	<b>Forecast Annual Plan Year 2 2013-14 (\$ 000)</b>	<b>Forecast LTP Year 3 2014-15 (\$ 000)</b>	<b>Forecast Annual Plan Year 3 2014-15 (\$ 000)</b>
<b>Stormwater</b>			
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates (other than a targeted rate for water supply)	2,272	2,311	1,544
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	0	0	0
Internal charges and overheads recovered	27	37	35
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>2,299</b>	<b>2,348</b>	<b>1,579</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,146	1,060	1,082
Finance costs	0	7	0
Internal charges and overheads applied	440	428	436
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>1,586</b>	<b>1,495</b>	<b>1,518</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>713</b>	<b>853</b>	<b>61</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	134	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>134</b>	<b>0</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	0	0	0
- to improve the level of service	9	134	5
- to replace existing assets	754	853	56
Increase (decrease) in reserves	(50)	0	0
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>713</b>	<b>987</b>	<b>61</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(713)</b>	<b>(853)</b>	<b>(61)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Upper Hutt City Council: Funding impact statements for 30 June 2015</b>	<b>Forecast Annual Plan Year 2 2013-14 (\$ 000)</b>	<b>Forecast LTP Year 3 2014-15 (\$ 000)</b>	<b>Forecast Annual Plan Year 3 2014-15 (\$ 000)</b>
<b>Solid waste</b>			
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	(443)	(523)	(346)
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	590	673	523
Internal charges and overheads recovered	2	2	2
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>149</b>	<b>152</b>	<b>179</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	42	43	80
Finance costs	0	0	0
Internal charges and overheads applied	107	109	99
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>149</b>	<b>152</b>	<b>179</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Sources of capital funding</b>			
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
<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- 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 investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Upper Hutt City Council: Funding impact statements for 30 June 2015</b>	<b>Forecast Annual Plan Year 2 2013-14 (\$ 000)</b>	<b>Forecast LTP Year 3 2014-15 (\$ 000)</b>	<b>Forecast Annual Plan Year 3 2014-15 (\$ 000)</b>
<b>Planning and regulatory services</b>			
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,967	2,057	2,207
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	1,722	1,882	1,692
Internal charges and overheads recovered	68	40	40
Local authority fuel tax, fines, infringement fees, and other receipts	250	267	253
<b>Total operating funding (A)</b>	<b>4,007</b>	<b>4,246</b>	<b>4,192</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,656	2,340	2,437
Finance costs	67	95	28
Internal charges and overheads applied	1,145	1,215	1,366
Other operating funding applications	0	2	0
<b>Total applications of operating funding (B)</b>	<b>5,868</b>	<b>3,652</b>	<b>3,831</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>(1,861)</b>	<b>594</b>	<b>361</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital purposes	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	2,143	(274)	(89)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>2,143</b>	<b>(274)</b>	<b>(89)</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- 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	282	320	272
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>282</b>	<b>320</b>	<b>272</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>1,861</b>	<b>(594)</b>	<b>(361)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>



<b>Upper Hutt City Council: Funding impact statements for 30 June 2015</b>	<b>Forecast Annual Plan Year 2 2013-14 (\$ 000)</b>	<b>Forecast LTP Year 3 2014-15 (\$ 000)</b>	<b>Forecast Annual Plan Year 3 2014-15 (\$ 000)</b>
<b>Community Services</b>			
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,403	1,472	1,371
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	188	110	59
Fees, charges and targeted rates for water supply	1	1	48
Internal charges and overheads recovered	18	16	16
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>1,610</b>	<b>1,599</b>	<b>1,474</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,066	1,028	1,010
Finance costs	10	18	21
Internal charges and overheads applied	400	397	403
Other operating funding applications	134	138	60
<b>Total applications of operating funding (B)</b>	<b>1,610</b>	<b>1,581</b>	<b>1,494</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>0</b>	<b>18</b>	<b>0</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	350	(18)	80
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>350</b>	<b>(18)</b>	<b>80</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	0	0	0
- to improve the level of service	410	267	80
- to replace existing assets	276	21	16
Increase (decrease) in reserves	(336)	(288)	(16)
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>350</b>	<b>0</b>	<b>80</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>0</b>	<b>(18)</b>	<b>0</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Upper Hutt City Council: Funding impact statements for 30 June 2015</b>	<b>Forecast Annual Plan Year 2 2013-14 (\$ 000)</b>	<b>Forecast LTP Year 3 2014-15 (\$ 000)</b>	<b>Forecast Annual Plan Year 3 2014-15 (\$ 000)</b>
<b>Facilities</b>			
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	6,743	7,681	7,613
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	38	41	174
Fees, charges and targeted rates for water supply	3,565	2,298	8,271
Internal charges and overheads recovered	117	143	134
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>10,463</b>	<b>10,163</b>	<b>16,192</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	6,959	7,699	7,559
Finance costs	253	254	291
Internal charges and overheads applied	1,544	1,591	1,502
Other operating funding applications	29	29	40
<b>Total applications of operating funding (B)</b>	<b>8,785</b>	<b>9,573</b>	<b>9,392</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>1,678</b>	<b>590</b>	<b>6,800</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(1,171)	180	(630)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>(1,171)</b>	<b>180</b>	<b>(630)</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	7	0	4,482
- to improve the level of service	598	710	636
- to replace existing assets	317	360	373
Increase (decrease) in reserves	(415)	(300)	679
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>507</b>	<b>770</b>	<b>6,170</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(1,678)</b>	<b>(590)</b>	<b>(6,800)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Upper Hutt City Council: Funding impact statements for 30 June 2015</b>	<b>Forecast Annual Plan Year 2 2013-14 (\$ 000)</b>	<b>Forecast LTP Year 3 2014-15 (\$ 000)</b>	<b>Forecast Annual Plan Year 3 2014-15 (\$ 000)</b>
<b>Economic development</b>			
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,050	930	1,195
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	0	16	0
Internal charges and overheads recovered	12	6	12
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>1,062</b>	<b>952</b>	<b>1,207</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	874	768	1,480
Finance costs	0	0	14
Internal charges and overheads applied	188	184	213
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>1,062</b>	<b>952</b>	<b>1,707</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>0</b>	<b>0</b>	<b>(500)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	500
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>0</b>	<b>500</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- 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 investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>0</b>	<b>0</b>	<b>500</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Differential and targeted rating schedule

This schedule defines the detail that will apply for the 2014 – 2015 rating year and is to be read in conjunction with Council's Revenue and Financing Policy and the rest of the Funding Impact Statement.

### 1. General rates

General rates are calculated on the capital value of all rateable properties in the city and assessed on a differential basis. Under differential rating, all property is allocated to one or more of the following differential rating groups based on zoning or usage and a differential, based on a factor of 100 for the standard differential group, is used for the calculation of general rates as follows.

For 2014 – 2015 Council will apply the following differential factors:

Differential rating group <sup>1</sup>	Factor
Standard	100
Residential high value <sup>2</sup>	Scaled factor from 99.91 to 59.82
Rural	73
Rural high value	Scaled factor from 72.48 to 59.82
Business <sup>3</sup>	270
Utilities and Three waters utilities <sup>3</sup>	230

### NOTES

<sup>1</sup> The categories are as defined in this document.

<sup>2</sup> Refer to the Residential high value sub-group table below for the scaled factors.

<sup>3</sup> Council reviewed the Business and Utilities differential rating categories in February 2014 and created a new Three waters utilities differential and will maintain the individual relativity of general rates levied from those categories.

High value sub-group Residential/Rural	Capital value range		Differential factor
101 / 201	1,025,000	1,049,999	99.91
106 / 206	1,050,000	1,074,999	97.77
111 / 211	1,075,000	1,099,999	95.73
116 / 216	1,100,000	1,124,999	93.78
121 / 221	1,125,000	1,149,999	91.92
126 / 226	1,150,000	1,174,999	90.14
131 / 231	1,175,000	1,199,999	88.43
136 / 236	1,200,000	1,224,999	86.80
141 / 241	1,225,000	1,249,999	85.23
146 / 246	1,250,000	1,299,999	83.73
151 / 251	1,300,000	1,399,999	80.89
156 / 256	1,400,000	1,449,999	75.83
161 / 261	1,450,000	1,474,999	73.56
166 / 266	1,475,000	1,524,999	72.48
171 / 271	1,525,000	1,549,999	70.43
176 / 276	1,550,000	1,649,999	69.46
181 / 281	1,650,000	1,699,999	65.85
186 / 286	1,700,000	1,749,999	64.21
191 / 291	1,750,000	1,849,999	62.66
196 / 296	1,850,000	over	59.82

**NB:** Qualifying High Value properties in rural differentials 31, 32, and 33 have been placed in the appropriate "200" series sub-group for administrative convenience (refer to item 2 under differential definitions).

## 2. Targeted rates

### 2.1. Water

For 2014 – 2015 Council has resolved to collect the revenue needed for the water supply service on the following basis.

- Of the total revenue, required for the water supply service, 20% has been identified as required for fire protection purposes. This will be raised by way of a set rate per dollar, on a capital value basis, for each property, differentiated by whether the property is serviced or serviceable. If the rating unit can be but is not supplied with water and is situated within 100 metres of any part of the water works ("a serviceable property") a "serviceable" rate of 50% of the full "serviced" rate will be made.
- Of the total revenue, required for the water supply service, 60% has been identified as required for general water supply, by way of uniform annual charges on each serviced or serviceable property. If the rating unit can be but is not supplied with water and is situated within 100 metres of any part of the water works ("a serviceable property") 50% of the full "serviced" uniform annual charge will apply.
- Of the total revenue, required for the water supply service, 20% has been identified as required for general water supply, by way of a user charge set based on the quantity of water used as calculated by water meters installed on the properties concerned.

Note: 20% of the revenue required to provide the general water supply is raised by way of a user charge based on the quantity of water used as calculated by water meters installed on the properties concerned and authorised by the Water Supply Bylaw and specified in the Fees and Charges Schedule.

### 2.2. Stormwater

For 2013 – 2014 Council has resolved to collect the revenue needed for stormwater purposes by way of a set rate per dollar on capital value, on a differential basis, with businesses having a differential factor of 140 and other properties a factor of 100. This rate will apply to all rating units contained within the Upper Hutt Urban Drainage District (shown as the shaded area on the attached map labelled Upper Hutt Urban Drainage District).

### 2.3. Wastewater

The targeted rate for wastewater disposal will be a uniform annual charge, which will apply to all water-closets (pans) or urinals connected to a public sewage drain. Business properties will be assessed in accordance with Council's Revenue and Financing Policy. All residential separately used or inhabited parts are deemed to have not more than one pan or urinal under the Local Government (Rating) Act 2002 Schedule 3 Note 4. (A separately used or inhabited part is defined in Council's Revenue and Financing Policy).

For 2014 – 2015 with regard to schools in the city, Council has resolved to calculate the number of whole charges based on a formula which calculates the number of applicable charges as being the **lesser of**;

- a. the assessed number as above for non-residential rating units, and
- b. the number of charges based on the following formula:
  - Volume of water used per annum divided by 260,

- (260 being the number of cubic metres assessed as being a standard residential unit annual usage).

#### 2.4. Other targeted rates

There are no other targeted rates.

#### 2.5. Lump sum contributions

Council will not invite lump sum contributions to targeted rates in 2014 – 2015.

### Differential definitions

For 2014 – 2015 Council has resolved to define its differential rating categories, to which all rateable property in the district of Upper Hutt shall be allocated, as follows:

#### 1. Rural

A rating unit or part rating unit will be allocated to the Rural Category for rating purposes to the extent that:-

- it is situated in a rural zone; **and**
- has an area of 30ha or more.

#### 2. Rural high value

A rating unit or part rating unit will be allocated to the Rural High Value Category for rating purposes to the extent that:

- it meets all the requirements for the Rural Category in (1) above; **and**
- has a capital value of \$1,475,000 or more; **and**
- contains a single dwelling only.

#### 3. Utilities

Regardless of zoning and notwithstanding that it may meet the requirements for inclusion in another category, a rating unit or part rating unit will be allocated to the Utilities Category for rating purposes to the extent that:-

- it is owned or operated by a utility operator and is being used, principally, as part of the utility infrastructure; **and**
- it is identified as a utility in the Upper Hutt City District Valuation Roll.

#### 4. Three waters utility

A rating unit or part rating unit will be allocated to the Three Waters Utilities category for rating purposes to the extent that it:

- meets the criteria in Utilities 3a and b above, and
- it is used solely for the purpose of:
  - draining stormwater, or
  - draining wastewater from Upper Hutt City and its District into the Bulk Sewer Line, or

- iii. supplying potable water to Upper Hutt City and its District but not used to convey water directly from the reservoirs owned by Greater Wellington Regional Council.

## 5. Business

- 5.1. A rating unit or part rating unit in the Business zone or in the Special Activities zone will be allocated to the Business category for rating purposes, **unless**:
- a. it has been allocated to the Utilities category; **or**
  - b. it has been allocated to the Standard category (or the Residential High Value or the Rural High Value category) because it is being used, principally, as a single residential dwelling (used principally for private residential purposes).

- 5.2. A rating unit or part rating unit will be allocated to the Business Category for rating purposes if it is situated in a Residential, Rural or Open Space zone and has not been allocated to the Utilities category but is being used, principally, for a business activity.

For the purposes of clause 4.2:

- a. where the business activity is the principal activity on a rating unit, the whole rating unit will be allocated to the Business category;
- b. where the business activity is not the principal activity on a rating unit, but takes place in a physically discrete part of the rating unit, that part will be allocated to the Business category.

- 5.3. For the purposes of this definition:

- a. the following are **not** business activities:

- farming activities
- intensive animal farming
- forestry
- Wellington Racing Club

- b. business activities include the following:

- commercial sawmills and timber yards
- farm products processing plants
- retail nurseries and garden centres
- veterinary hospitals and clinics
- service Stations

- 5.4. A rating unit or part rating unit that is occupied by or for the purposes of a penal institution or as a defence area will be allocated to this category for rating purposes unless:

- a. it has been allocated to the Utilities category; **or**
- b. it has been allocated to the Rural category; **or**



- c. it is used principally as a single residential dwelling (used principally for private residential purposes); **or**
- d. it is being used principally for a farming activity but does not satisfy the criteria for inclusion in the Rural category.

#### **6. Residential high value**

A rating unit or part rating unit will be allocated to the Residential High Value Category for rating purposes if it contains a single dwelling only and has a capital value of \$1,025,000 or more **and:**

- a. is situated in a residential zone; **or**
- b. is situated in a rural zone and has an area of less than 30ha; **or**
- c. is situated in any other zone, and has an area of less than 30ha and is being used, principally, for a residential activity.

#### **7. Standard**

A rating unit or part rating unit will be allocated to the Standard Category to the extent that it does not meet all of the criteria for inclusion in any other category.

#### **8. Contiguous rating**

The Council will apply the provisions of the rating Valuations Act 1998, The Local Government Rating Act 2002, and any other relevant legislation to this situation.

## Rates remission

For 2014 – 2015 Council has resolved to set the following criteria for its Rates Remission for Economic Development policy.

1. New Employment Opportunities – developments for which remission is being sought are expected to create at least **20** full time equivalent jobs.
2. New Capital Investment - developments for which remission is being sought are expected to bring at least **\$1,000,000** (GST exclusive) of new capital investment into the city.
3. The maximum number of rating years for which rates remission on subdivisions will be granted is **two**.
4. A subdivision is a Subdivision under the Rates Remission for Economic Development – Subdivisions Policy IF :
  - a. Upper Hutt City Council has granted a Resource consent for it, and
  - b. It creates no less than **four additional** Lots, as defined by the Policy, and
  - c. No less than one Lot is defined as Bare Land in this Funding Impact Statement, and
5. Bare Land means any Lot that:
  - a. does not have a building on it, or
  - b. the building or buildings are constructed in satisfaction of a condition of the subdivision Resource Consent, or
  - c. there is an existing building and a condition of the subdivision Resource Consent requires that the building or buildings be demolished, removed or relocated or
  - d. the Lot is zoned residential under the District Plan and any building on the Lot is not a dwelling, or
  - e. The Lot is zoned other than residential under the District Plan and the building is not a permitted use for the Lot under the District Plan.
6. The number of Lots (X) a granted remission will apply to is determined by the formula:
 

X = N-A, where:

  - a. N = total Lots of Subdivision
  - b. In the case that all Lots are Bare Land :
 

A = the Lot with the highest valuation, or

A = One of the Lots with the highest valuation when the highest valuation applies to more than one Lot, OR
  - c. In the case that one or more Lots are not Bare Land :
 

A = all the Lots that are not Bare Land

## Definition of “Separately used or inhabited parts” of a rating unit

Separately used or inhabited parts of a rating unit shall be such parts of a property that can be separately used or occupied in addition to the principal habitation or use, except where the use of the part is ancillary to principal use. In the situation where a rating unit contains both commercial or industrial uses, and a residential or agricultural use, they will be treated as two or more separate uses except where the residential part is occupied for the purposes of the principal use of the rating unit.

For example:

### **Not separately used parts of a rating unit:**

- a residential sleep-out to “granny flat” without independent kitchen facilities
- an hotel room with or without independent kitchen facilities
- a motel room with or without independent kitchen facilities
- rooms in a residential dwelling or hostel with common kitchens
- separately leased commercial areas with shared access reception or other facilities.

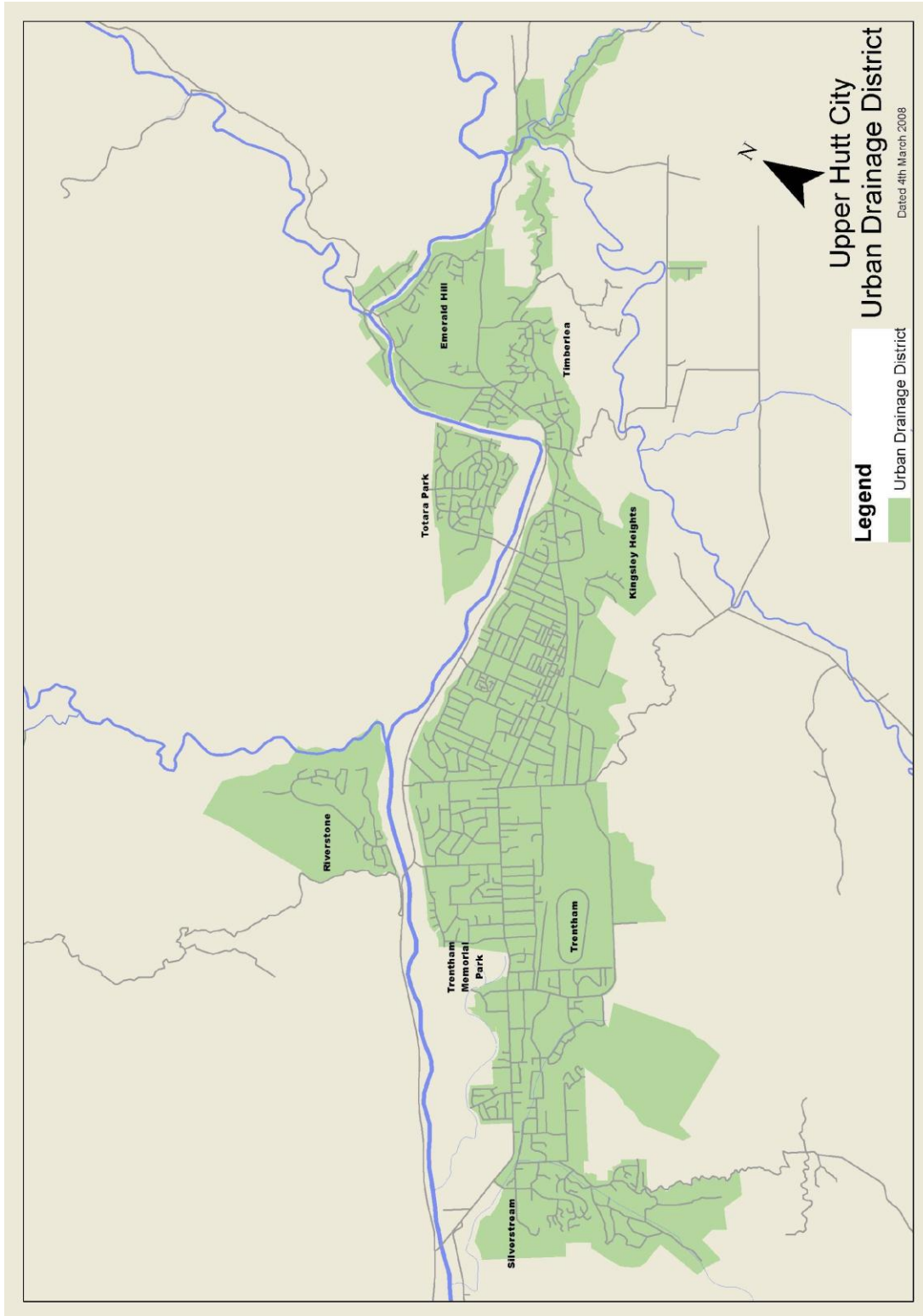
### **These are separately used parts of a rating unit**

- flats, apartments and other residential units with independent kitchen facilities
- separately leased commercial access, sanitary or other facilities

**These are separately used parts of a rating unit:**

- Flats, apartments and other residential units with independent kitchen facilities
- Separately leased commercial access, sanitary or other facilities.

**Upper Hutt urban drainage map used for stormwater rates**



# Indicative rates

## Indicative rates – standard

	CV \$200,000	CV \$300,000	CV \$400,000	CV \$500,000	CV \$600,000
General rates	555	833	1,111	1,388	1,666
Water – uniform charge	265	265	265	265	265
Water - fire protection	51	77	103	128	154
Stormwater	64	96	128	160	192
Wastewater	443	443	443	443	443
<b>Total indicative rates [Upper Hutt City]<sup>1</sup></b>	<b>1,378</b>	<b>1,714</b>	<b>2,050</b>	<b>2,384</b>	<b>2,720</b>

## Indicative rates – business<sup>2</sup>

	CV \$500,000	CV \$700,000	CV \$900,000	CV \$1,000,000	CV \$1,200,000
General rates	3,748	5,248	6,747	7,497	8,996
Water – uniform charge	265	265	265	265	265
Water - fire protection	128	180	231	257	308
Stormwater	224	314	403	448	538
Wastewater	1,330	1,330	1,330	1,330	1,330
<b>Total indicative rates [Upper Hutt City]<sup>1</sup></b>	<b>5,695</b>	<b>7,337</b>	<b>8,976</b>	<b>9,797</b>	<b>11,437</b>

## Indicative rates – rural

	CV \$500,000	CV \$700,000	CV \$900,000	CV \$1,000,000	CV \$1,200,000
General rates	1,013	1,419	1,824	2,027	2,432
<b>Total indicative rates [Upper Hutt City]<sup>1</sup></b>	<b>1,013</b>	<b>1,419</b>	<b>1,824</b>	<b>2,027</b>	<b>2,432</b>

<sup>1</sup> Includes GST at the current rate of 15% but no Greater Wellington Regional Council rates

<sup>2</sup> Includes one water connection and three pan charges

CV = Capital value of the property

# Upper Hutt City Council

OUR CORPORATE MANAGEMENT TEAM



LACHLAN WALLACH

TAM SIN SOMERVILLE

CHRIS UPTON

IAN JOHNSON

RICHARD HARBORD

**Chris Upton CHIEF EXECUTIVE**

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 Human Resources  
 Democratic Services  
 Executive Support

**Lachlan Wallach**

**ASSET MANAGEMENT AND OPERATIONS**

- Engineering consents
- Emergency response and management
- Rural fire
- Contract safety
- Solid waste
- Subdivisions
- Parks and reserves
- Roading management
- Traffic management
- Fleet management
- Drainage
- Water Supply

**Tamsin Somerville**

**BUSINESS DEVELOPMENT SERVICES**

- Economic development
- Marketing and communications
- Strategic planning
- Policy and reporting
- Corporate policy

**Director to be appointed**

**COMMUNITY SERVICES**

- Central Government liaison
- Expressions
- City Library
- Community Development
- Recreation Services
- H<sup>2</sup>O Xstream

**Ian Johnson**

**CORPORATE SERVICES**

- Insurances
- Administration
- Legal Services
- Customer Services
- Finance
- Information Systems

**Richard Harbord**

**PLANNING AND REGULATORY SERVICES**

- Building control, consents, and compliance
- Resource consents and compliance
- Urban and rural planning
- Compliance services
- Environmental health
- Animal control
- Noise control
- Abandoned vehicles
- Parking enforcement



# Upper Hutt City Council

OUR MAYOR AND COUNCILLORS



MARY ARCHIBALD   BLAIR GRIFFITHS   PAUL LAMBERT   GLENN MCARTHUR   JOHN GWILLIAM   WAYNE GUPPY   ANGELA MCLEOD   DEAN RABBITT   HELLEN SWALES   STEVE TAYLOR   DAVE WHEELER

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