

UPPER HUTT CITY

Annual Plan 2016 – 2017

1 JULY 2016 – 30 JUNE 2017



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A message from the Mayor

I am proud to present Council's Annual Plan 2016 –2017, continuing the work described in our Long Term Plan 2015 – 2025. Our progress is steady and I am satisfied that our intended plan for the coming year represents excellent value for our ratepayers.

In preparing this year's Annual Plan, two new projects were proposed to what was already committed under the Long Term Plan. Both of these proposed projects answer to our strategic priorities and work towards our city vision of '*Life. Leisure. Live it!*' while responding to the needs of the community today.

In consulting with our community over these two proposed projects, we provided information in local media, special publications, online, at our Libraries and civic centre, and in person. A record number of residents participated in this consultation, highlighting how important it is for Council to engage with our community to inform the decision making process.

We will be installing a rates-funded recycling drop-off point, providing households with an alternative means to recycle. This will help conserve our landfill space, preserve our natural resources, and control rising waste disposal costs – a great outcome for our entire community.

The second proposed project, the creation of a bridle-way, will be subject to further consultation and engagement. Council will investigate the viability of a multi-use pathway, as well as road safety concerns raised through submissions. This process will provide opportunities for design, route location and timing to be finalised in consultation with those directly affected.

In 2016 we're celebrating Upper Hutt's 50th anniversary as a city. So far we've enjoyed celebrating 50 of our local heroes and recreating some of our old memories with a civic ball. Still to come is the *Little City, Big Bash* event which will showcase our diverse community and celebrate all that we enjoy as New Zealand's youngest city.

By investing wisely in our future, and continuing to protect and enhance our natural assets, we are becoming a city in demand, where people want to live and enjoy life.



Wayne Guppy | MAYOR



50TH ANNIVERSARY
UPPER HUTT CITY 1966 – 2016

Summary

Annual Plan 2016 – 2017

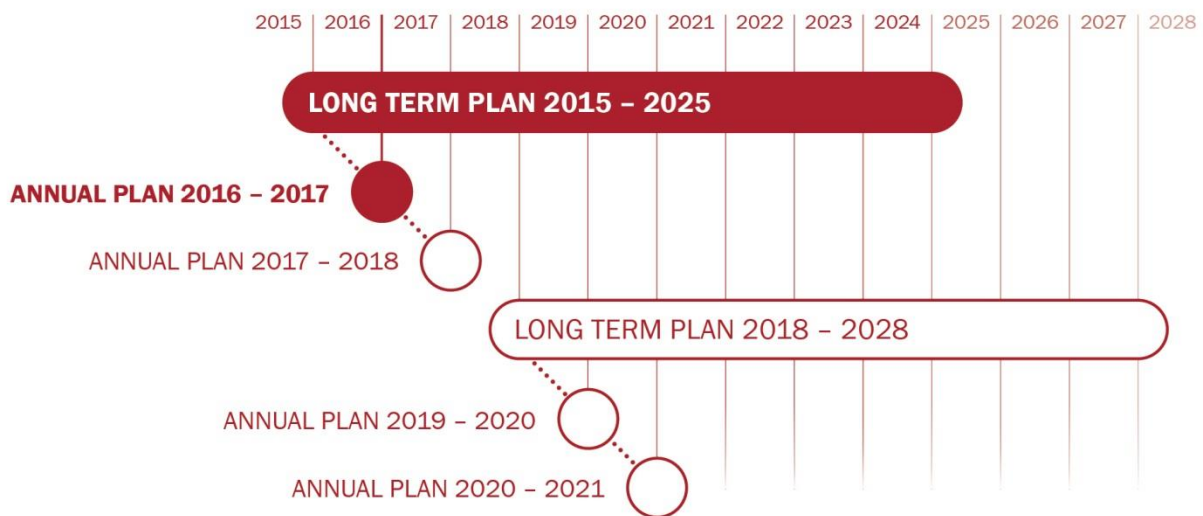
This Annual Plan represents year two of the Long Term Plan 2015 – 2025.

Every three years Council produces a Long Term Plan (LTP) which sets out the projects, activities, and services that will be invested in and developed by Council over the following ten years.

The Annual Plan is Council's budget for each financial year¹. It explains how the Council will fund projects, activities and services identified in the Long Term Plan

The Long Term Plan 2015 - 2025 was adopted in June 2015. You can view it on our website at www.upperhuttcity.com/publication.

People who are familiar with previous Annual Plans will notice some differences this year. Amendments to the Local Government Act (2002) simplify how councils consult and the documents produced. The current Long Term Plan is now the primary source for information about Council operations. This Annual Plan will only include significant changes to the current Long Term Plan, meaning less duplication and a more concise, easy to follow document.



¹ The financial year begins 1 July and ends 30 June

Our vision

Priority areas for our city

Environment	Community	City Centre	Economy	Infrastructure
We're immersed in natural beauty, we love our river, our stunning parks, and we feel alive in our great outdoors.	We celebrate our heritage, culture, heroes, and uniqueness. We're a caring, safe and healthy community.	Our city centre is alive, attractive, and vibrant.	We attract new investment and offer opportunities for people and businesses to prosper.	Built on stable foundations we have reliable and efficient networks supporting growth opportunities.



We're Upper Hutt

We're a scenic playground.

We're Upper Hutt

We're family.

We're Upper Hutt

We're a centre for opportunity.

We're Upper Hutt

We're enabling growth and success.

We're Upper Hutt

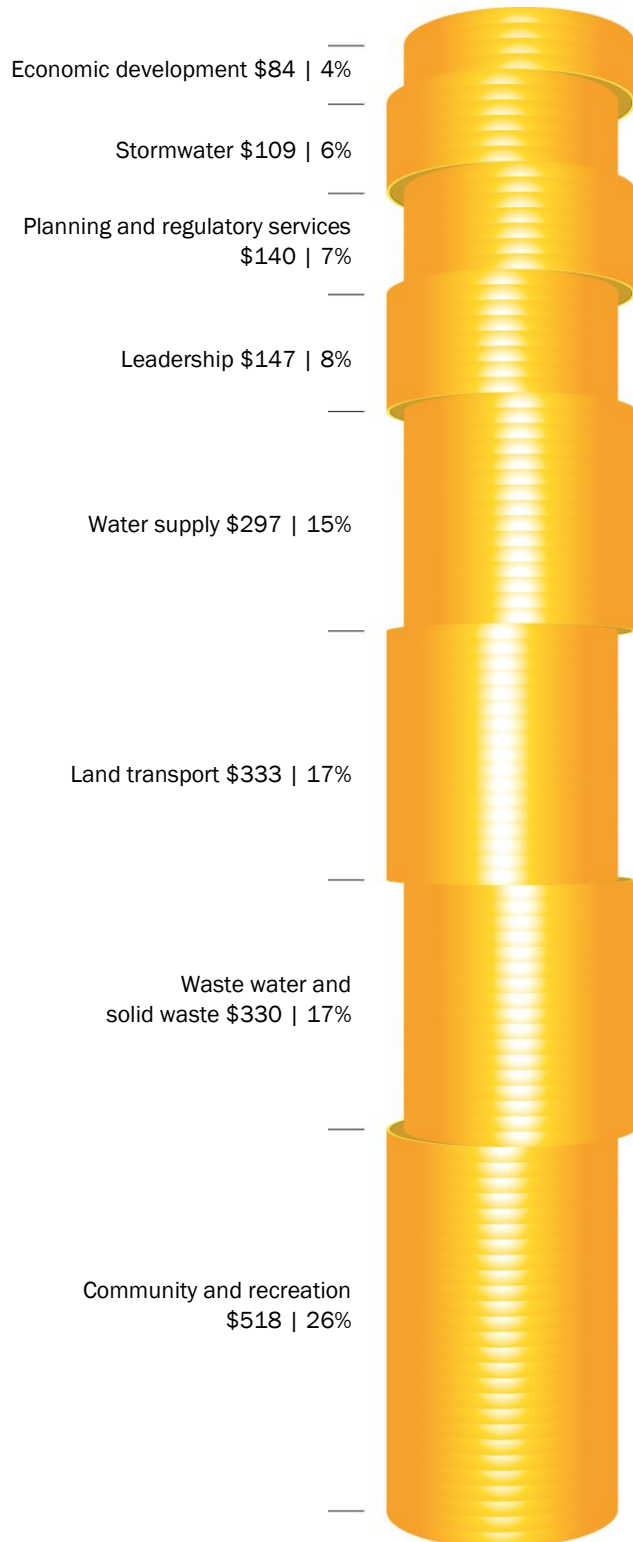
We're connected.

Life. Leisure.
Live it!

Financials summarised

Where does your rates money go?

The average total residential rates for 2016 – 2017 will be \$1,958. This is broken down in more detail below.



How much will it cost?

RATES INCREASE

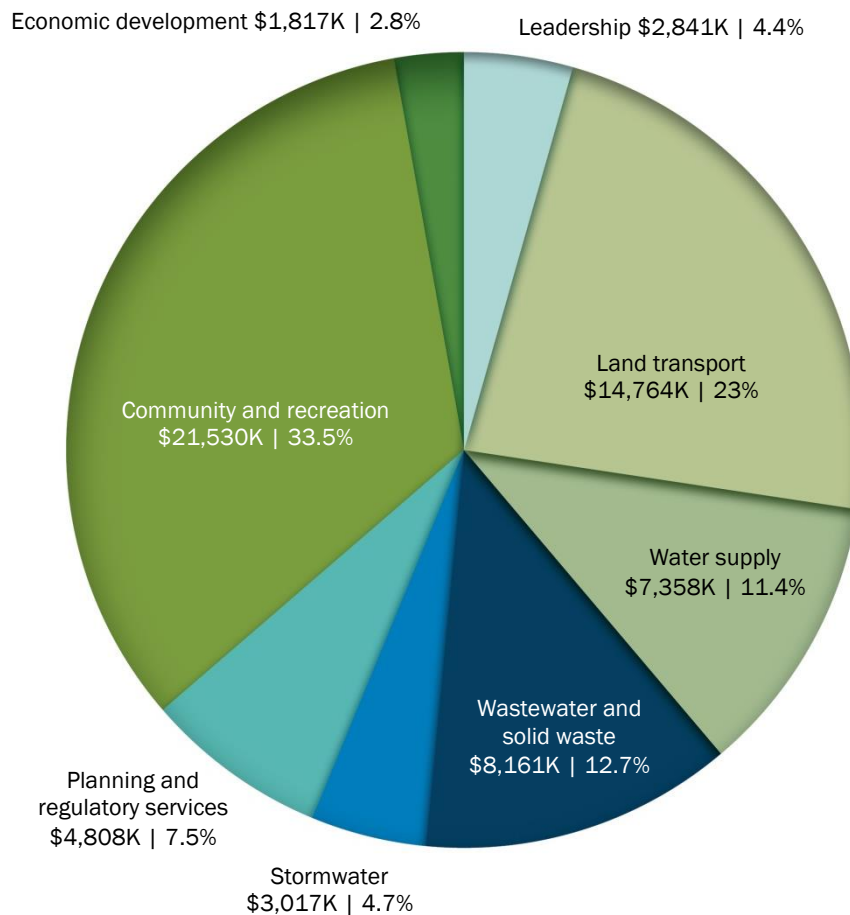
The proposed increase in rates for 2016 – 2017 is 4.39%. This will cover everything proposed in the LTP for 2016 - 2017 plus two new projects – a Recycling drop-off point, and Multi-use pathway

Expenditure

Total expenditure (excluding depreciation)

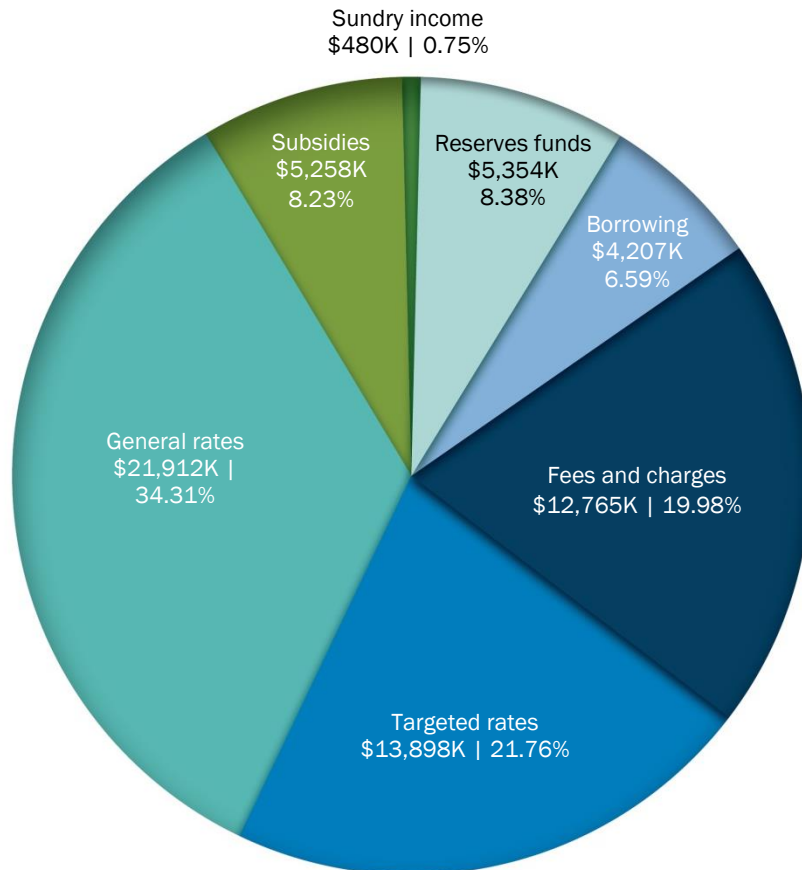
The total council expenditure for 2016 – 2017 is \$64.296 million (this excludes depreciation). Of this, capital expenditure (e.g. renewal of roading and water/drainage infrastructure) is estimated to cost \$18.037 million.

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



Sources of operating revenue and funding

The total operating revenue and funding required to undertake Council's activities for the year is \$63.874 million, as shown below.



Financial impact for 2016 – 2017

The total rate funding requirement for the activities and works programme for 2016 – 2017 is \$35.810 m. This equates to an average rates increase of 4.39% including an adjustment for city growth. Examples of how this is likely to affect specific properties are shown in the table on the next page. These properties illustrate the rating requirement for a property of average or median value for that rating category. These estimates include GST at 15%.

Your rates 2016 – 2017

The table below shows how an increase in rates will affect residential, rural and business properties. These estimates exclude rates collected on behalf of the Greater Wellington Regional Council. For the average residential rate payer, the proposed increase is equivalent to \$1.50 per week.

GENERAL RATE

This is a rate based on the capital value of your property

TARGETED RATE

Targeted rate in Upper Hutt covers the costs for water supply, wastewater, and stormwater. Some rural areas do not receive these services so those residents are not charged a targeted rate

	Residential CV \$333,000		Rural CV \$719,000		Business* CV \$899,000	
	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17
General rates	\$962	\$1,015	\$1,516	\$1,599	\$7,010	\$7,396
Targeted rates (water, wastewater, and stormwater)	\$918	\$938	No charge	No charge	\$2,263	\$2,305
Total rates (incl. GST)	\$1,880	\$1,953	\$1,516	\$1,599	\$9,273	\$9,701

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

Key financial adjustments from the Long Term Plan 2015 – 2025

The LTP originally forecast a net debt of \$41.281 million and a rates requirement increase of 4.46%. The Council is now proposing that the net debt as at 30 June 2016 will be \$39.716 million and the rates requirement increase will be 4.39%. The proposed interest Upper Hutt City Council is currently paying on debt is \$2.150 million per annum.

In comparison to the LTP Year 2 forecast, there is a \$25,000 decrease in the rate funding requirement and a \$50,000 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.

Long Term Plan 2015 – 2025 project adjustments

Project	Cost	Funding	Deferred / removed or change in funding
Additional sports turfs at Maidstone Park	\$3,833,500	Sale of property and special funds	This project has been rolled over from the 2015 – 2016 financial year to 2016 – 2017. The delivery of this project is dependent on the sale of surplus land and may be delayed further.
Enhanced cycleways	\$3,099,485 in total	Urban Cycle Fund (UCF)/NZTA/Reserve fund contribution	This programme of work includes the upgrade to the Hutt River Trail. The Hutt River Trail upgrade has benefited from Urban Cycle Fund (UCF) and NZ Transport Agency (NZTA) funding and will now be delivered over three years instead of ten.

Long Term Plan 2015 – 2025 budget carryovers

Project	Budget (\$000)	Funded by
Bridge Road bridge replacement	500	Accumulated funds/NZTA
Maidstone Park football/rugby turf	3,834	Special funds

A - Rate funding requirement for each significant activity

	Forecast Annual Plan Year 1 2015-16 (\$ 000)	Forecast LTP Year 2 2016-17 (\$ 000)	Forecast Annual Plan Year 2 2016-17 (\$ 000)	Forecast Variation Year 2 2016-17 (\$ 000)
Leadership	2,433	2,473	2,700	227
Land transport	5,225	5,804	6,137	333
Water supply	5,183	5,477	5,473	(4)
Wastewater	6,503	6,610	6,411	(199)
Stormwater	1,777	2,103	2,013	(90)
Solid waste	(274)	(276)	(341)	(65)
Planning and Regulatory Services:				
- City planning	1,713	1,635	1,752	117
- Building and Compliance Services	835	821	830	9
Community and recreation:				
- Community development	636	654	603	(51)
- Activation	283	294	306	12
- Emergency management	641	653	658	5
- Parks and reserves	2,474	2,527	2,234	(293)
- H ² O Xtream	1,597	1,852	1,962	110
- Library	2,659	2,697	2,823	126
- Expressions	912	874	849	(25)
- Property	181	150	143	(7)
- Akatarawa Cemetery	7	9	(72)	(81)
- Support services	42	50	27	(23)
Economic development	1,287	1,428	1,547	119
Total rate funding requirement	34,114	35,835	36,055	220
Funded by				
Accumulated general fund	135	0	245	245
Rates	33,979	35,835	35,810	(25)
Total	34,114	35,835	36,055	220
Change in rate funding requirement	4.03%	5.46%	5.39%	-0.07%
Less forecast growth in the rating database	1.00%	1.00%	1.00%	0.00%
Forecast in net change in overall rate funding requirement	3.03%	4.46%	4.39%	-0.07%
Less forecast Inflation	0.00%	2.46%	0.00%	-2.46%
Forecast real change in rates funding requirement	3.03%	2.00%	4.39%	2.39%

Rate funding adjustments

Activity	Increase/decrease	Reason
Leadership	Increase of \$227,000	Increased overhead allocation
Wastewater and Stormwater	Combined decrease of \$289,000	Increase in reserves funding.
City planning	Increase of \$117,000	Increases to allocation, resourcing, and scheme review cost.
Community development	Decrease of \$51,000	Reduction in personnel costs
Parks and reserves	Decrease of \$293,000	Reductions to general reserve maintenance costs, allocations and capital expenditure.
H ² O Xstream	Increase of \$110,000	Increased resource and allocation costs coupled with a reduction in income.
Library	Increase of \$126,000	Increased capital expenditure, resource and allocation costs
Economic Development	Increase of \$119,000	Increase in allocations and a transfer of personnel costs.

There are variances to other activities, all of which are less than \$100,000. These are detailed in the financial statements.

B - Rates

Non exchange revenue - rates	Forecast Annual Plan Year 1 2015-16 (\$ 000)	Forecast LTP Year 2 2016-17 (\$ 000)	Forecast Annual Plan Year 2 2016-17 (\$ 000)	Forecast Variation Year 2 2016-17 (\$ 000)
General rates	20,516	21,645	21,912	267
Targeted rates water fire protection	1,245	1,309	1,303	(6)
Targeted rates water supply	3,939	4,168	4,170	2
Targeted rates stormwater	1,777	2,103	2,013	(90)
Targeted rates wastewater	6,503	6,610	6,412	(198)
Rates penalties	173	177	174	(3)
Total non-exchange revenue - rates	34,153	36,012	35,984	(28)

C - Public debt

	Forecast Annual Plan Year 1 2015-16 (\$ 000)	Forecast LTP Year 2 2016-17 (\$ 000)	Forecast Annual Plan Year 2 2016-17 (\$ 000)	Forecast Variation Year 2 2016-17 (\$ 000)
Opening balance	34,618	39,222	37,807	(1,415)
Loans raised during the year	6,492	3,778	4,207	429
Less repayments during the year	(1,888)	(1,719)	(2,298)	(579)
Total public debt	39,222	41,281	39,716	(1,565)

The opening balance of year two (2016 – 2017) may not agree to closing balance of year one (2015 – 2016) due to Council taking into account events occurring this year.

New loans consist of:

Land transport	2,983	2,042	2,214	172
Water supply	35	133	133	0
Stormwater	170	564	564	0
Wastewater	2,107	481	494	13
Parks and reserves	565	308	472	164
Cemetery	25	0	0	0
Economic development	500	250	250	0
Management support	107	0	80	80
Total new loans	6,492	3,778	4,207	429
Interest expenses	1,892	2,200	2,150	(50)

D - Restricted reserve funds

	Forecast Annual Plan Year 1 2015-16 (\$ 000)	Forecast LTP Year 2 2016-17 (\$ 000)	Forecast Annual Plan Year 2 2016-17 (\$ 000)	Forecast Variation Year 2 2016-17 (\$ 000)
Special funds	2,540	3,358	2,894	(464)
Other accounts restricted by law	1,838	1,011	1,875	864
Total restricted reserves	4,378	4,369	4,769	400

E - Comparison of key funding indicators

	Forecast Annual Plan Year 1 2015-16 (\$ 000)	Forecast LTP Year 2 2016-17 (\$ 000)	Forecast Annual Plan Year 2 2016-17 (\$ 000)	Forecast Variation Year 2 2016-17 (\$ 000)
Rate funding requirement	34,114	35,835	35,810	(25)
Public debt	39,222	41,281	39,716	(1,565)
Restricted reserves	4,378	4,369	4,769	400

Key changes to the Schedule of Fees and Charges 2016 - 2017

Abandoned vehicles, building services, and regulatory services

A 3% increase has been applied to reflect actual costs.

Akatarawa Cemetery

Following a review and analysis of interment charges, changes have been made to accurately reflect the actual cost associated with Saturday (8am to 1pm) interments.

Compliance services

There is no change for disability assistance dog registration and Police dog registration, parking fees, and amusement devices and shooting galleries. All other compliance fees are proposed to increase by 3.0% to keep pace with increased costs with two exceptions – Security alarm daytime attendance is now \$100.00, and after hours attendance is now \$150.00.

HAPAI Building

A cancellation fee of 50% the cost of the hireage has been introduced for bookings cancelled within 48 hours of the event. This will prevent potential loss of earnings.

H²O Xtream

A new option is now available to hire lanes at \$10.20 per lane per hour for general hireage, and \$8.20 for schools and community groups.

Land transport

Several increases have occurred to cover operational costs.

Two new charges have been introduced:

1. unauthorised excavation fee of \$150.00, and
2. registration of delegated authority - to cover the administration costs of registering the delegation of a Site Traffic Management Supervisor for Traffic Management Plan approvals, registration fee \$75.00, and renewal of delegation \$38.00.

Library

A few very minor changes have occurred, plus members of the public can now hire Ukuleles for \$5.00/four weeks.

Resource management

Generally changes are +3% reflecting increased operational costs. Where increases are greater they represent a review of consent processing times and increased deposits based on experience of actual time/costs incurred in the interest of reducing post decision refunds or additional charges.

Trade waste

All trade waste consent and user charges have been brought into line with Hutt City Council's current charges, indexed by the latest CPI annual change of 0.4%. (Hutt City administers the Trade Waste bylaw)

Water supply

Water charges are generally indexed by the contract cost increase for maintenance (~0.3%) with the exception of:

1. Water volumetric charges – indexed by the forecast increase in the bulk water levy in the LTP (7.5%)
2. Rounding in some instances results in no change to the current fee or charge.

New projects

Investing in a multi-use pathway

Background

Council received significant feedback from our rural community during consultation for the 2014 Rural Strategy about the need to provide pedestrians and horse riders with better access in rural areas.

When it was time to hear submissions on the Long Term Plan 2015 - 2025, Council was presented with a number of submissions requesting the development of bridleways in Mangaroa and Whitemans Valley.

A bridleway feasibility study was carried out in 2015. The study showed that the development of a bridleway network through the Mangaroa and Whitemans Valleys is technically feasible. The main issues highlighted in the report that need to be considered include:

- resolution of existing occupation by adjoining land owners
- topographical constraints
- physical construction, including achieving a safe route, and
- maintenance.

Consultation on the Annual Plan 2016 - 2017 raised a number of similar concerns associated with potential route alignments, safety and the desire for improved connectivity for other users such as pedestrians and off road cyclists.

Next steps

Council is committed to consulting with the community about a multi-use pathway. This will include identifying adverse impacts on residents who may be directly affected, and investigating ways to address road safety concerns raised through the submission process.

Further research and consultation will form the basis of recommendations to Council about route alignment, and surfacing and staging, prior to proceeding with the proposed project.

If implemented, the pathway would need to be monitored to determine the level of use to support further stages of development.

How the project fits with Council's strategic direction

LTP CITY VISION

The proposed project strongly supports our environmental priority area as identified in the Long Term Plan City Vision, *'We're immersed in natural beauty, we love our river, our stunning parks, and we feel alive in our great outdoors. We're Upper Hutt. We're a scenic playground'*

Objective

To provide our residents with a safe means of passing through areas of Mangaroa and Whitemans Valley roads.

Proposal

It is proposed to develop a multi-use pathway in four stages, across four financial years, as outlined below.

Council will consult with the community on each stage as it is scheduled to happen. E.g. consultation for stage three would be included in the Long Term Plan 2018 - 2028.

Financials below are indicative and are subject to change. Any significant deviations to costs would be required to be approved by Council.

STAGE	YEAR	CAPITAL COSTS	ANNUAL OPERATING COSTS
1	2016 -2017	\$198,310	\$29,520
2	2017 - 2018 <i>Consultation: Annual Plan 2017 -2018</i>	\$38,475	\$25,000
3	2018 - 2019 <i>Consultation: Long Term Plan 2018 - 2028</i>	\$191,500	\$34,500
4	2019 -2020 <i>Consultation: Long Term Plan 2018 -2028</i>	\$363,000	\$41,700

Benefits

- Provision of safer connectivity for pedestrians and non-motorised traffic, including horse riders.
- The pathway has the potential to be extended in the future and could link up with other cycle and walking networks.

Recycling drop-off point

Description

This project was identified during a November 2015 Councillor workshop on recycling.

A 2015 survey of 469 Upper Hutt households was conducted to research recycling behaviour. The survey enabled Council to understand rates of recycling participation in our community, and to identify potential ways to increase the number of households recycling.

95% of those surveyed agreed that recycling was important. 62% said they did recycle, of those:

- 65% subscribed to a kerbside service,
- 27% said they took recyclables to a drop off site outside of Upper Hutt,

Of those who didn't subscribe to a kerbside service, the majority indicated a reluctance to pay for a kerbside service.

This project will provide a recycling drop-off point on the footpath outside the Council depot on Park Street. It is hoped that this will increase overall recycling participation rates in Upper Hutt.

The project will be trialled for one year. At the end of the trial, costs and benefits, recycling rates, and uptake will be assessed and a decision made about whether to continue.

Operating cost (gross) \$35,000

Capital cost (gross) \$20,000

Objectives

1. Encourage waste minimisation through recycling.
2. Provide the community with an additional means to recycle.

How the project fits with Council's strategic direction

LTP CITY VISION

The project addresses:

- The LTP objective: 'Encourage waste minimisation through reduction, re-use, recycling and treatment.'
- The performance measure: 'Promote recycling within Upper Hutt, with the goal of increasing the participation rate of households.'
- The target to annually increase the number of participating households who recycle, on a regular basis.

This project is also consistent with Council's Sustainability Strategy and the Regional Waste Management and Minimisation Plan

Council activities: Works programmes

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

Leadership

	Forecast LTP Year 2 2016 - 17 (\$000)	Forecast Annual Plan Year 2 2016 - 17 (\$000)	Forecast Variation Year 2 2016 - 17 (\$000)	Source of Funding 2016 - 17
Regional Amenities Fund	119	106	(13)	Rates
Total Leadership works programme	119	106	(13)	

Land transport

	Forecast LTP Year 2 2016 - 17 (\$000)	Forecast Annual Plan Year 2 2016 - 17 (\$000)	Forecast Variation Year 2 2016 - 17 (\$000)	Source of Funding 2016 - 17
Asset management - to replace existing assets				
Street drainage	334	334	0	Rates/NZTA ¹
Resealing	1,132	1,143	11	Rates/NZTA
Street lighting upgrade	50	50	0	Rates/NZTA
Minor safety	182	182	0	Rates/NZTA
Footpaths	562	562	0	Rates
Carparks and bus shelters	19	19	0	Rates
Litter bin replacement	5	5	0	Rates
Structures component replacement	26	26	0	Rates/NZTA
Traffic services renewals	407	316	(91)	Rates/NZTA
Miscellaneous work	27	27	0	Rates
Capital works - to meet additional demand				
Fergusson / Ward / Whakatiki intersection	61	61	0	Loans/NZTA
Capital works - to improve level of service				
Enhance cycle and walkway -rail corridor St Patricks to Silverstream Bridge cycleway and pedestrian walkway	1,242	2,517	1,275	Loans/NZTA/UCF
Enhance cycle and walkway - subway under State Highway 2	279	329	50	Loans/NZTA/UCF
Footbridge replacement - Beechwood Lane	51	51	0	UCF
Eastern Hutt/Fergusson Drive and access to County Lane	99	99	0	Loans
Gateway improvements	51	51	0	Loans/NZTA
LED street lighting upgrade	107	107	0	Loans
Sealing/widening Hutt River Trail cycle/ walkway	75	75	0	Rates/NZTA
Pedestrian link between railway station and Main Street	0	582	582	UCF/NZTA/Reserve Fund Contribution
Main Street decorative lighting	1,040	1,040	0	Loans
	77	77	0	Rates
Total land transport works programme	5,826	7,653	1,827	

¹ NZTA = New Zealand Transport Agency

UCF = Urban Cycling Fund

Water supply

	Forecast LTP Year 2 2016 - 17 (\$000)	Forecast Annual Plan Year 2 2016 - 17 (\$000)	Forecast Variation Year 2 2016 - 17 (\$000)	Source of Funding 2016 - 17
Asset management – to replace existing assets				
Pipeline renewal	917	917	0	Targeted rates
Reservoir upgrade	215	215	0	Loans
Miscellaneous works	185	185	0	Targeted rates
Capital works – to improve the level of service				
Pressure management	82	82	0	Loans
Total water supply works programme	1,399	1,399	0	

Wastewater

	Forecast LTP Year 2 2016 - 17 (\$000)	Forecast Annual Plan Year 2 2016 - 17 (\$000)	Forecast Variation Year 2 2016 - 17 (\$000)	Source of Funding 2016 - 17
Asset management – to replace existing assets				
Pipeline renewal upgrade	1,724	1,715	(9)	Targeted rates/Loans
Miscellaneous works	49	58	9	Targeted rates
Capital works – to improve the level of service				
Wastewater project capital ¹	481	494	13	Loans
Total wastewater works programme	2,254	2,267	13	

Stormwater

	Forecast LTP Year 2 2016 - 17 (\$000)	Forecast Annual Plan Year 2 2016 - 17 (\$000)	Forecast Variation Year 2 2016 - 17 (\$000)	Source of Funding 2016 - 17
Asset management – to replace existing assets				
Pipeline renewal	469	265	(204)	Targeted rates
Telemetry upgrade	28	52	24	Targeted rates
Pump station renewal	24	205	181	Targeted rates
Capital works – to improve the level of service				
Pinehaven Stream capacity upgrade (joint project with GWRC)	564	564	0	Targeted rates
Total water supply works programme	1,085	1,086	1	

Solid waste

	Forecast LTP Year 2 2016 - 17 (\$000)	Forecast Annual Plan Year 2 2016 - 17 (\$000)	Forecast Variation Year 2 2016 - 17 (\$000)	Source of Funding 2016 - 17
Asset management				
Drop-off recycling bins	0	20	20	Waste levy
Project				
Waste management and minimisation plan – Wellington regional projects	4	4	0	Waste levy
Waste management and minimisation plan - Upper Hutt projects	50	50	0	Waste levy
Review of regional waste minimisation plan	15	7	(8)	Waste levy
Recycling drop-off point	0	35	35	Waste levy
Total solid waste works programme	69	116	47	

Planning and regulatory services

	Forecast LTP Year 2 2016 – 17 (\$000)	Forecast Annual Plan Year 2 2016 – 17 (\$000)	Forecast Variation Year 2 2016 – 17 (\$000)	Source of Funding 2016 – 17
CP Scheme review – Reprioritisation of the District Plan	70	120	50	Rates
CP Reprioritisation of the District Plan, UGS/rural implementation*	33	33	0	Rates
CP Rural Strategy*	125	125	0	Rates
Total city planning works programme	228	278	50	

* The Reprioritisation of the District Plan, UGS/rural implementation and Rural include the 'Land Use Strategy'.

Community and recreation

	Forecast LTP Year 2 2016 – 17 (\$000)	Forecast Annual Plan Year 2 2016 – 17 (\$000)	Forecast Variation Year 2 2016 – 17 (\$000)	Source of Funding 2016 – 17
Asset management – to replace existing assets				
EM Vehicles	17	17	0	Special fund – plant renewal
PR Toilets	95	93	(2)	Special fund – Reserve fund
PR Shower and changing room upgrades	4	4	0	Special fund – Reserve fund
PR Amenities replacement	141	137	(4)	Special fund – Reserve fund
PR New roading seal	8	8	0	Special fund – Reserve fund
PR Renewal roading resealing	17	16	(1)	Special fund – Reserve fund
PR Play equipment	150	146	(4)	Special fund – Reserve fund

		Forecast LTP Year 2 2016 - 17 (\$000)	Forecast Annual Plan Year 2 2016 - 17 (\$000)	Forecast Variation Year 2 2016 - 17 (\$000)	Source of Funding 2016 - 17
PR	Walkway asset replacement / refurbishment	46	46	0	Special fund – Reserve fund
PR	City entranceway planting	37	0	(37)	Rates
LB	Equipment replacements	7	72	65	Rates
Capital works - to improve the level of service					
PR	Parks building upgrade	8	8	0	Special fund – Reserve fund
PR	Walkway signage	3	3	0	Special fund – Reserve fund
PR	Sealing of Hutt River Trail programme	58	0	(58)	Transfer to Land transport NZTA/UCF/special fund/reserve fund contribution
PR	National cycleway - widening the Hutt River Trail	31	0	(31)	Transfer to Land transport NZTA/UCF/special fund/reserve fund contribution
PR	Sculpture Trail	26	26	0	Loans
PR	City environmental improvement	77	77	0	Loans
PR	Citywide recreational walkway/cycleway network	26	26	0	Loans
PR	New pathways and walkways	24	49	25	Special fund – Reserve fund
PR	Multi-use pathway	0	198	198	Loans
LB	Library resources	209	230	21	Rates
LB	APNK - Public Internet	22	23	1	Rates
PP	CCTV security cameras (All city cameras)	12	12	0	Rates
PP	Depot extraordinary (AMP) renewals capex	0	8	8	Rates
SS	Minor equipment	3	3	0	Rates
SS	Document management software	0	80	80	Loans

		Forecast LTP Year 2 2016 - 17 (\$000)	Forecast Annual Plan Year 2 2016 - 17 (\$000)	Forecast Variation Year 2 2016 - 17 (\$000)	Source of Funding 2016 - 17
Projects					
CS	Youth strategy	13	13	0	Rates
CS	Safe and healthy cities	23	22	(1)	Rates
AC	Activation	294	306	12	Rates
PR	Large trees in reserves	10	10	0	Rates
PR	Native forest management programme	3	3	0	Rates
PR	Monitoring native bush	4	4	0	Rates
LB	Leases - Library IT Equipment (RFID)	0	15	15	Rates
SS	Sustainable strategy programme	86	94	8	Rates
Total community and recreation works programme		1,454	1,749	295	

CS = Community development

PR = Parks and reserves

EM = Emergency management

AC = Activation

EX = Expressions

HO = H²O Xtream

LB = Library

CE = Cemetery

PP = Property

SS = Support services

Economic development

	Forecast LTP Year 2 2016 - 17 (\$000)	Forecast Annual Plan Year 2 2016 - 17 (\$000)	Forecast Variation Year 2 2016 - 17 (\$000)	Source of Funding 2016 - 17
Projects				
Vacant property improvement programme	5	5	0	Rates
Upper Hutt marketing strategy	107	107	0	Rates
Business and residents opportunity prospectus	5	5	0	Rates
Opportunities profile	13	13	0	Rates
City centre management	19	19	0	Rates (Personnel costs not included here)
Smartlinx3	5	0	(5)	Rates
Regional marketing initiatives	10	10	0	Rates
The Great Ride cycleway	5	5	0	Rates
Economic development stimulus package	250	250	0	Rates
Total economic development works programme	419	414	(5)	

Council activities: Cost of service statements

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.

Leadership

	Forecast Annual Plan Year 1 2015 – 16 (\$ 000)	Forecast LTP Year 2 2016 – 17 (\$ 000)	Forecast Annual Plan Year 2 2016 – 17 (\$ 000)	Forecast Variation Year 2 2016 – 17 (\$ 000)
Operating statement				
Rates	2,380	2,473	2,700	227
Regional amenity fund	0	0	0	0
Operating revenue	36	120	130	10
Total operating revenue	2,416	2,593	2,830	237
Operating costs	2,472	2,598	2,841	243
Interest	0	0	0	0
Depreciation	0	0	0	0
Total operating costs	2,472	2,598	2,841	243
Operating surplus/ (deficit)	(56)	(5)	(11)	(6)
Capital and reserves funding statement				
Capital expenditure	0	0	0	0
Loans repayments	0	0	0	0
Operating (surplus)/ deficit	56	5	11	6
Transfer to funds	0	0	0	0
Total funding required	56	5	11	6
Funding for depreciation and other non-cash items	3	5	11	6
Loans raised	0	0	0	0
Transfer from funds	0	0	0	0
Accumulated funds	53	0	0	0
Transfer from funds applied	56	5	11	6

Land transport

	Forecast Annual Plan Year 1 2015 – 16 (\$ 000)	Forecast LTP Year 2 2016 – 17 (\$ 000)	Forecast Annual Plan Year 2 2016 – 17 (\$ 000)	Forecast Variation Year 2 2016 – 17 (\$ 000)
Operating statement				
Rates	5,143	5,804	5,892	88
Operating revenue	4,737	4,856	6,523	1,667
Total operating revenue	9,880	10,660	12,415	1,755
Operating costs	4,266	4,227	4,291	64
Interest	608	779	814	35
Depreciation	4,075	4,216	4,379	163
Total operating costs	8,949	9,222	9,484	262
Operating surplus/ (deficit)	931	1,438	2,931	1,493
Capital and reserves funding statement				
Capital expenditure	6,480	5,826	8,154	2,328
Loans repayments	954	790	1,168	378
Operating (surplus)/ deficit	(931)	(1,438)	(2,931)	(1,493)
Transfer to funds	332	337	337	0
Total funding required	6,835	5,515	6,728	1,213
Funding for depreciation and other non-cash items	3,361	3,473	3,644	171
Loans raised	2,983	2,042	2,214	172
Transfer from funds	409	0	625	625
Accumulated funds	82	0	245	245
Transfer from funds applied	6,835	5,515	6,728	1,213

Water supply

	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Operating statement				
Rates	5,183	5,477	5,473	(4)
Operating revenue	1,474	1,510	1,501	(9)
Total operating revenue	6,657	6,987	6,974	(13)
Operating costs	5,507	5,724	5,822	98
Interest	40	51	52	1
Depreciation	1,759	1,767	1,785	18
Total operating costs	7,306	7,542	7,659	117
Operating surplus/ (deficit)	(649)	(555)	(685)	(130)
Capital and reserves funding statement				
Capital expenditure	1,300	1,399	1,399	0
Loans repayments	80	82	82	0
Operating (surplus)/ deficit	649	555	685	130
Transfer to funds	3	3	3	0
Total funding required	2,032	2,039	2,169	130
Funding for depreciation and other non-cash items	1,817	1,778	1,808	30
Loans raised	35	133	133	0
Transfer from funds	180	128	228	100
Accumulated funds	0	0	0	0
Transfer from funds applied	2,032	2,039	2,169	130

Wastewater

	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Operating statement				
Rates	6,503	6,610	6,411	(199)
Operating revenue	749	761	770	9
Total operating revenue	7,252	7,371	7,181	(190)
Operating costs	4,638	4,655	4,679	24
Interest	828	890	802	(88)
Depreciation	3,302	3,342	3,376	34
Total operating costs	8,768	8,887	8,857	(30)
Operating surplus/ (deficit)	(1,516)	(1,516)	(1,676)	(160)
Capital and reserves funding statement				
Capital expenditure	3,829	2,254	2,266	12
Loans repayments	165	190	178	(12)
Operating (surplus)/ deficit	1,516	1,516	1,676	160
Transfer to funds	0	0	0	0
Total funding required	5,510	3,960	4,120	160
Funding for depreciation and other non-cash items	3,083	3,029	3,076	47
Loans raised	2,107	481	494	13
Transfer from funds	320	450	550	100
Accumulated funds	0	0	0	0
Transfer from funds applied	5,510	3,960	4,120	160

Stormwater

	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Operating statement				
Rates	1,777	2,103	2,013	(90)
Operating revenue	601	615	622	7
Total operating revenue	2,378	2,718	2,635	(83)
Operating costs	2,040	1,873	1,899	26
Interest	5	28	24	(4)
Depreciation	1,756	1,804	1,738	(66)
Total operating costs	3,801	3,705	3,661	(44)
Operating surplus/ (deficit)	(1,423)	(987)	(1,026)	(39)
Capital and reserves funding statement				
Capital expenditure	570	1,085	1,085	0
Loans repayments	0	9	9	0
Operating (surplus)/ deficit	1,423	987	1,026	39
Transfer to funds	0	0	0	0
Total funding required	1,993	2,081	2,120	39
Funding for depreciation and other non-cash items	1,478	1,267	1,206	(61)
Loans raised	170	564	564	0
Transfer from funds	345	250	350	100
Accumulated funds	0	0	0	0
Transfer from funds applied	1,993	2,081	2,120	39

Solid waste

	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Operating statement				
Rates	(274)	(276)	(341)	(65)
Operating revenue	523	535	577	42
Total operating revenue	249	259	236	(23)
Operating costs	249	260	216	(44)
Interest	0	0	0	0
Depreciation	0	0	0	0
Total operating costs	249	260	216	(44)
Operating surplus/ (deficit)	0	(1)	20	21
Capital and reserves funding statement				
Capital expenditure	0	0	20	20
Loans repayments	0	0	0	0
Operating (surplus)/ deficit	0	1	(20)	(21)
Transfer to funds	0	0	0	0
Total funding required	0	1	0	(1)
Funding for depreciation and other non-cash items	0	1	0	(1)
Loans raised	0	0	0	0
Transfer from funds	0	0	0	0
Accumulated funds	0	0	0	0
Transfer from funds applied	0	1	0	(1)

Planning and regulatory services

Amalgamations:	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Operating statement				
Rates	2,548	2,456	2,582	126
Operating revenue	2,069	2,154	2,210	56
Total operating revenue	4,617	4,610	4,792	182
Operating costs				
Operating costs	4,159	4,119	4,306	187
Interest	20	19	19	0
Depreciation	0	0	0	0
Total operating costs	4,179	4,138	4,325	187
Operating surplus/ (deficit)	438	472	467	(5)
Capital and reserves funding statement				
Capital expenditure	0	0	0	0
Loans repayments	60	83	83	0
Operating (surplus)/ deficit	(438)	(472)	(467)	5
Transfer to funds	385	398	400	2
Total funding required	7	9	16	7
Funding for depreciation and other non-cash items	7	9	16	7
Loans raised	0	0	0	0
Transfer from funds	0	0	0	0
Accumulated funds	0	0	0	0
Transfer from funds applied	7	9	16	7

Community and recreation

Amalgamations:				
Parks and Reserves				
Community development				
Expressions				
Library				
H ² O Xstream				
Activation				
Emergency management				
Cemetery				
Property				
Support services				
	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Operating statement				
Rates	9,432	9,760	9,533	(227)
Operating revenue	6,607	2,179	6,771	4,592
Total operating revenue	16,039	11,939	16,304	4,365
Operating costs	10,400	10,590	10,655	65
Interest	341	369	371	2
Depreciation	2,129	2,266	1,995	(271)
Total operating costs	12,870	13,225	13,021	(204)
Operating surplus/ (deficit)	3,169	(1,286)	3,283	4,569
Capital and reserves funding statement				
Capital expenditure	5,561	1,018	5,113	4,095
Loans repayments	529	368	579	211
Operating (surplus)/ deficit	(3,169)	1,286	(3,283)	(4,569)
Transfer to funds	4,553	431	4,812	4,381
Total funding required	7,474	3,103	7,221	4,118
Funding for depreciation and other non-cash items	2,155	2,272	1,940	(332)
Loans raised	697	308	552	244
Transfer from funds	4,622	523	4,729	4,206
Accumulated funds	0	0	0	0
Transfer from funds applied	7,474	3,103	7,221	4,118

Economic development

	Forecast Annual Plan Year 1 2015 – 16 (\$ 000)	Forecast LTP Year 2 2016 – 17 (\$ 000)	Forecast Annual Plan Year 2 2016 – 17 (\$ 000)	Forecast Variation Year 2 2016 – 17 (\$ 000)
Operating statement				
Rates	1,287	1,428	1,547	119
Operating revenue	12	12	16	4
Total operating revenue	1,299	1,440	1,563	123
Operating costs	1,660	1,437	1,561	124
Interest	41	56	56	0
Depreciation	0	0	0	0
Total operating costs	1,701	1,493	1,617	124
Operating surplus/ (deficit)	(402)	(53)	(54)	(1)
Capital and reserves funding statement				
Capital expenditure	0	0	0	0
Loans repayments	100	200	200	0
Operating (surplus)/ deficit	402	53	54	1
Transfer to funds	0	0	0	0
Total funding required	502	253	254	1
Funding for depreciation and other non-cash items	2	3	4	1
Loans raised	500	250	250	0
Transfer from funds	0	0	0	0
Accumulated funds	0	0	0	0
Transfer from funds applied	502	253	254	1

Financials

Accounting policies

Reporting entity

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

The Upper Hutt City Council Group (Upper Hutt City Council) consists of Upper Hutt City Council and its Council controlled charitable organisation Expressions Arts and Entertainment Trust and Upper Hutt City Council is a joint venture partner with Hutt City Council and has an interest in the Hutt Valley Wastewater Scheme (refer to 12 in the Notes to the Financial Statements for details of the accounting treatments followed).

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. Accordingly, Upper Hutt City Council has designated itself and the group as public benefit entities for a tier 1 entity for the purposes of New Zealand equivalents to IPSAS.

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

The financial statements of Upper Hutt City Council have been prepared in accordance with the requirements of Local Government Act 2002: Part 6, section 98 and Part 3 of Schedule 3 of Schedule 10, which include the requirement to comply with New Zealand's generally, accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They comply with IPSAS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities, in accordance with Tier 1 PBE accounting standards.

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 2017. The prospective financial statements were adopted for issue by Council on 29 June 2016.

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

Measurement base

The financial statements have been prepared on the historical cost basis, modified for the revaluation of certain fixed assets. The statements are based on New Zealand generally accepted accounting practice and comply with the new PBE accounting standards.

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 2015-16 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 Comprehensive Revenue and Expense.

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 29 June 2016 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.

There has been one change in the accounting policy during the financial year. As part of its enhancement programme for Parks and Reserves asset management the Council has elected to value its street trees and include them as assets in its financial statements, instead of expensing the cost. As this item is included for the first time in the statements as at 30 June 2015 no prior year adjustment is considered necessary. Further detail is provided in the Revaluations section of the accounting policies.

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 as follows:

In May 2013, the External reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. The Council has applied these standards in preparing the 30 June 2015 financial statements.

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. The Council will apply these standards in preparing its 30 June 2016 financial statements. The Council expects that there will be minimal or no change in applying these updated accounting standards.

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 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.

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

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.

New Zealand Transport Agency roading subsidies

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

Other grants received

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

Building and resource consent revenue

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

Provision of services

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

Sale of goods

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

Vested or donated physical assets

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

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

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

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.

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.

Investment revenues

Interest and dividends

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

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.

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.

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

Receivables

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

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.

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 Revenue and Expense as a grant.

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.

Commitments are disclosed exclusive 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 Revenue and Expense.

Financial assets

Other financial assets

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

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

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 Revenue and Expense.

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.

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

Financial assets at fair value through other comprehensive revenue and expense

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

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

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

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

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

The four categories for financial assets are:

1. Financial assets at fair value through surplus or deficit

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

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the Prospective Statement of Comprehensive Revenue and Expense.

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. They are included in current assets except for maturities greater than 12 months after the balance date, which are included in non-current assets.

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

surplus or deficit. Loans and receivables are classified as “Receivables” in the Prospective Statement of Financial Position.

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 surplus or deficit as a grant.

Investments in this category include term deposits, cash equivalents, debtors, community and related party loans.

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.

They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

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 Revenue and Expense.

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 other comprehensive revenue and expense

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

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

This category encompasses:

- 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 surplus and deficit in the Prospective Statement of Comprehensive Revenue and Expense. 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 Revenue and Expense even though the asset has not been derecognised.

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

Impairment of financial assets

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

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

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

Accounting for derivative financial instruments

Upper Hutt City Council uses derivative financial instruments to manage exposure to interest rate risks arising from financial activities. In accordance with its treasury policy, Upper Hutt City Council does not hold or issue derivative financial instruments for trading purposes.

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

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

- 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 Treasury Risk Management 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 interest rates on Upper Hutt City Council investments are disclosed in Note 7, Notes to the Prospective Financial Statements.

- The actual management policies are set out in the separate policy document, Treasury Risk Management Policy.
- 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 authority stock and accounts receivable.
- Upper Hutt City Council invests funds only in deposits with registered banks and local authority stock 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.

Impairment of financial assets

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

Loans receivables, and held-to-maturity investments

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

Financial assets at fair value through other comprehensive revenue and expense

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

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

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

recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

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

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

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 2016, 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.

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

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

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

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.

Staff training costs are recognised in the surplus or deficit when incurred.

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

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

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for 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 Revenue and Expense.

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

- Computer software 3 years 33%

Impairment of property, plant and equipment, and intangible assets

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

Property, plant and equipment, and intangible assets subsequently measured at cost that have an infinite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit in the Statement of Comprehensive Revenue and Expense.

Value in use for non-cash-generating assets

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

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

Value in use for cash-generating assets

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

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

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.

Property, plant and equipment include:

- a. **Operational property, plant and equipment:** These include land, buildings, street trees, 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. Each asset class includes all items that are required for the network to function.
- 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 shown at cost or valuation, less accumulated depreciation and impairment losses.

Land (operational and restricted) is measured at fair value, and buildings (operational and restricted), library books, and infrastructure assets (except land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Revaluation

Land and buildings (operational and restricted), library books, and infrastructure assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value.

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

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.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its 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 Revenue and Expense. Where revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Subsequent costs

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

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

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.

- **Operational assets**

Land, buildings, street trees and statues have been revalued as at 30 June 2015 by Ken Tonks ANZIV SPINZ - an independent Registered Valuer of TSE Value Ltd.

Plant, furniture and equipment have been revalued as at 30 June 2015 by Peter Ollivier Bsc BE (Civil) FIPENZ CPEng, IntPE MICE - an independent valuer of Calibre Consulting Ltd.

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

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

- **Infrastructure assets**

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 2015 by the City Engineers.

Roading assets were independently reviewed this year by Peter Ollivier Bsc BE (Civil) FIPENZ CPEng, IntPE MICE of Calibre Consulting Ltd.

Water, stormwater, reservoir reserve land and wastewater piping assets were independently reviewed as at 30 June 2008 by Graham Hughson, Senior Director Advisory Services of Maunsell Limited.

Infrastructure assets are reassessed every year as at 30 June by city engineers.

- **Hutt Valley Wastewater Scheme**

This was valued on the depreciated replacement value basis as at 31 December 2014. The valuation of these assets was valued by Wellington Water and independently reviewed by Aon Valuation Services Ltd. as at 31 December 2014. The valuer was Ian Henderson, (AAPI) Aon Valuation Services Ltd.

- **Land under roads**

This 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**

Restricted assets are assets that cannot be disposed of because of legal and other restrictions. These assets have been revalued as at 30 June 2015 by Ken Tonks, ANZIVS PINZ Registered Valuer of TSE Value Limited. Revaluations will be carried out every five years.

- **Street trees**

Street trees have been valued as at 30 June 2015 by Peter Olliver Bsc BE (Civil) FIPENZ CPEng, IntPE MICE an independent valuer of Calibre Consulting Ltd. The Council is currently bringing all Parks and Reserves assets into a more structured asset management regime and as part of this process has elected to value its stock of street trees and include them in its financial statements. Street trees typically have a long life and increase in size over this period. It is not generally possible to replace a large mature street tree on a like for like basis. Thus the Council has chosen to value all street trees on the typical cost that would be incurred for a young replacement tree. For this reason, street trees will not be depreciated and revaluations will be carried out five yearly.

- **Library collection**

The collection has been revalued at depreciated replacement cost as at 30 June 2015 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. The library collection and heritage book collection was revalued as at 30 June 2015 by the Upper Hutt City Library Content Team Leader. The valuation was independently checked by Peter Trewern in 2015. Revaluations are carried out four yearly.

- **Vested assets**

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**

Works of art are revalued every five 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 Revenue and Expense 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 revenue and expense.

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:

Depreciation		
Straight-line depreciation	Years	Rate
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 5 years	20% to 50%
Parks and reserves services	10 to 100 years	1% to 10%
Plant and equipment	4 to 50 years	2% to 25%
Infrastructure assets		
Roading		
Carparks	50 years	2%
Culverts	50 to 80 years	1.25% to 2%
Footpaths / accessways	30 to 60 years	1.67% to 3.33%
Roads (except land and formation)	4 to 30 years	3.33% to 25%
Road formation	40 to 150 years	0.5% to 2.5%
Road marking	2 to 10 years	10% to 50%
Road signs	10 years	10%
Roundabouts	50 years	2%
Stormwater channels	30 to 60 years	1.66% to 3.33%
Street and traffic lights	5 to 50 years	2% to 20%
Street furniture and other features	12 to 25 years	4% to 8.33%
Subways	80 years	1.25%
Sumps	60 years	1.66%
Water		
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%
Stormwater		
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%
Wastewater		
Civil works	80 to 100 years	1% to 1.25%

Depreciation		
	Years	Rate
Straight-line depreciation		
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%
Telemetry		
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	20 to 50 years	1% to 5%
Pipe work, appurtenances and associated structures	50 to 100 years	1% to 2%
Diminishing value depreciation		
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.

Payables and deferred revenue

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

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.

Presentation of employee entitlements

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Superannuation schemes

Defined contribution schemes

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

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

The amount recognised as an asset is depreciated over its useful life. If there is no 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. Borrowings are classified as current liabilities unless the council or group has an unconditional right to defer settlement of the liability for at least twelve months after balance date or if the borrowings are expected to be settled within twelve months of balance date.

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:

- accumulated funds
- restricted reserves
- asset revaluation reserve
- fair value through other comprehensive revenues and expenses.

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 revenue and expense

This reserve comprises the cumulative net change in the fair value of fair value through other comprehensive revenue and expense 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 Revenue and Expense under surplus or deficit. 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.

Critical judgments in applying accounting policies

Management has not exercised any critical judgements in applying accounting policies for the year ended 30 June 2016.

Accounting and significant forecasting assumptions

The accounting and significant forecasting assumptions on which this document is based are set out in the Long Term Plan 2015-2025 (pages 248-249) headed respectively, 'Accounting assumptions' and 'Significant forecasting assumptions'.

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 revenue and expenses

	NOTES	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Revenue					
Rates	1	34,153	36,012	35,984	(28)
Fees and charges	2	12,301	8,149	12,765	4,616
Development and financial contributions		716	734	737	3
Subsidies and grants	3	3,481	3,548	5,258	1,710
Interest and dividends	4	291	291	306	15
Total revenue		50,942	48,734	55,050	6,316
Expenditure					
Personnel costs		9,516	9,781	10,158	377
Depreciation and amortisation expense	5(b)	13,022	13,395	13,273	(122)
Finance costs		1,892	2,200	2,150	(50)
Bulk drainage levy		2,647	2,712	2,671	(41)
Bulk water levy		2,672	2,872	2,810	(62)
Other expenses	5(a)	20,543	20,112	20,620	508
Total operating expenditure		50,292	51,072	51,682	610
Surplus / (Deficit) before tax		650	(2,338)	3,368	5,706
Income tax expense		0	0	0	0
Surplus/(deficit) before and after tax	24	650	(2,338)	3,368	5,706
Other comprehensive revenue					
Gains /(losses) on infrastructure assets revaluation	11	9,397	2,815	12,830	10,015
Financial assets at fair value through equity		0	0	0	0
Gains on operational and restricted assets revaluation	10A & 10B	0	0	0	0
Total other comprehensive revenue for the year, net of tax		9,397	2,815	12,830	10,015
Total comprehensive revenue for the year		10,047	477	16,198	15,721

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

Prospective statement of financial position

	Notes	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Equity					
Accumulated funds	18	237,743	235,414	241,104	5,690
Restricted reserves	19	4,378	4,369	4,769	400
Asset revaluation reserve	20	422,488	425,303	460,878	35,575
Total equity		664,609	665,086	706,751	41,665
Assets					
Current assets					
Cash and cash equivalents	6	312	379	313	(66)
Other financial assets	7	9,535	9,511	11,533	2,022
Trade and other receivables	9	2,279	2,313	2,313	0
Total current assets		12,126	12,203	14,159	1,956
Non-current assets					
Non-current financial assets	7	343	156	516	360
Receivables	9	10	0	0	0
Operational property, plant and equipment	10a	47,729	46,475	68,896	22,421
Restricted property, plant and equipment	10b	33,971	34,025	35,959	1,934
Infrastructural assets	11	616,231	620,273	633,720	13,447
Intangible assets	13	146	97	79	(18)
Total non-current assets		698,430	701,026	739,170	38,144
Total assets		710,556	713,229	753,329	40,100
Liabilities					
Current liabilities					
Payables and deferred revenue	14	6,000	6,119	6,119	0
Derivative Financial Instruments	8	0	0	0	0
Employee Entitlements	15	550	564	564	0
Borrowings - Current	16	1,719	2,812	2,812	0
Total current liabilities		8,269	9,495	9,495	0
Non current liabilities					
Derivatives financial instruments	8	0	0	0	0
Employee entitlements	15	175	179	179	0
Borrowings - term portion	16	37,503	38,469	36,904	(1,565)
Total non current liabilities		37,678	38,648	37,083	(1,565)
Total liabilities		45,947	48,143	46,578	(1,565)
NET ASSETS		664,609	665,086	706,751	41,665

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

Prospective statement on changes of equity

	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Equity at the start of the year	654,562	664,609	690,553	25,944
Total comprehensive revenue	10,047	477	16,198	15,721
Total transfer to trust accounts	0	0	0	0
Prospective equity at end of year	664,609	665,086	706,751	41,665
Accumulated funds	237,743	235,414	241,104	5,690
Revaluation reserves	422,488	425,303	460,878	35,575
Restricted reserves	4,378	4,369	4,769	400
Total recognised revenues and expenses for the period	664,609	665,086	706,751	41,665

The opening balance of year two (2016 - 2017) may not agree to closing balance of year one (2015 - 2016) 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

		Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
	Notes				
Cash flow from operating activities					
Cash was provided from:					
Rates and other receipts		45,089	46,125	52,425	6,300
Interest received	4	291	291	306	15
		45,380	46,416	52,731	6,315
Cash was applied to:					
Payments to suppliers and employees		(34,719)	(34,709)	(35,492)	(783)
Interest paid		(1,892)	(2,200)	(2,150)	50
Goods and services tax (net)		0	0	0	0
		(36,611)	(36,909)	(37,642)	(733)
Net cash inflow (outflow) from operating activities	26	8,769	9,507	15,089	5,582
Cash flow from investing activities					
Cash was provided from:					
Proceeds from sale of fixed assets		1,027	637	630	(7)
Decrease in investments		6,919	0	243	243
		7,946	637	873	236
Cash was applied to:					
Increase in investments		0	(418)	0	418
Purchase of fixed assets		(21,607)	(11,718)	(17,937)	(6,219)
		(21,607)	(12,136)	(17,937)	(5,801)
Net cash inflow (outflow) from investing activities		(13,661)	(11,499)	(17,064)	(5,565)
Cash flow from financing activities					
Cash was provided from:					
Loan raised	15	6,492	3,778	4,207	429
Cash was applied to:					
Loan repayments	15	(1,888)	(1,719)	(2,298)	(579)
Net cash inflow (outflow) from financing activities		4,604	2,059	1,909	(150)
Cash, cash equivalents and bank overdrafts as at 01 July		600	312	379	67
Net increase (decrease) in cash equivalents and bank overdrafts		(288)	67	(66)	(133)
Cash, cash equivalents and bank overdrafts as at 30 June		312	379	313	(66)

PROSPECTIVE CASHFLOW STATEMENT

The opening balance of year two (2016 – 2017) may not agree to closing balance of year one (2015 – 2016) 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

Non-exchange revenue rates	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
General rates	20,516	21,645	21,912	267
Targeted rates water fire protection	1,245	1,309	1,303	(6)
Targeted rates water supply ^{#1}	3,939	4,168	4,170	2
Targeted rates stormwater	1,777	2,103	2,013	(90)
Targeted rates wastewater	6,503	6,610	6,412	(198)
Rates penalties	173	177	174	(3)
Total non-exchange rates revenue	34,153	36,012	35,984	(28)

^{#1} Under the LTP 2015 - 2025 targeted rates for water supply were classified as exchange revenue. However upon further investigation it now has been reclassified as non-exchange revenue.

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.

Rates remissions	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Total gross rates revenue	34,262	36,124	36,099	(25)
Less rates remission				
Land used for sport	95	98	98	0
Rate penalties remission	14	14	17	3
Remission economic development policy				
Rates revenue net of remissions	34,153	36,012	35,984	(28)

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 16 February 2016:

Rating information	Forecast Annual Plan Year 1 2015 – 16	Forecast LTP Year 2 2016 – 17	Forecast Annual Plan Year 2 2016 – 17	Forecast Variation Year 2 2016 – 17
Total land valuations of rateable properties for the city	\$3,075,490,602	\$3,106,245,508	\$3,072,679,200	\$(33,566,308)
Total capital valuation of rateable properties for the city	\$6,965,804,158	\$7,035,462,200	\$7,081,940,700	\$46,478,500
Total number of rateable properties	16,876	17,045	16,803	(242)
Estimated population of the city	42,097	42,257	40,620	(1,637)

2 - Fees and charges

Non-exchange revenue – Fees and charges	Forecast Annual Plan Year 1 2015 – 16 (\$ 000)	Forecast LTP Year 2 2016 – 17 (\$ 000)	Forecast Annual Plan Year 2 2016 – 17 (\$ 000)	Forecast Variation Year 2 2016 – 17 (\$ 000)
Permit and licence fees	1,262	1,318	1,368	50
Vested assets	2,237	2,292	2,292	0
Metered water charges	1,020	1,045	1,020	(25)
Property rentals and sale of property	211	217	4,606	4,389
H ² O Xtream and Expression Charges	1,173	1,202	1,158	(44)
Library, parks, cemetery and community charges	266	273	267	(6)
Other revenue	5,009	647	745	98
Total non-exchange revenue - Fees and charges revenue	11,178	6,994	11,456	4,462
Exchange revenue – Fees and charges				
Solid waste charges ¹	520	533	576	43
Dog charges	383	396	390	(6)
Cemetery charges	220	226	343	117
Total exchange revenue - fees and charges revenue	1,123	1,155	1,309	154
Total fees and charges revenue	12,301	8,149	12,765	4,616

Note: Metered water charges are user charges imposed under Council's Water Bylaw (2008).

¹ Under the LTP 2015-2025 Solidwaste charges were classified as non exchange revenue.

3 - Subsidies and grants

Non-exchange revenue - Subsidies and grants	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Roading subsidies - NZ Transport Agency (NZTA ¹)	2,793	2,864	4,508	1,644
Petrol tax (Crown)	150	154	154	0
Rural fire subsidies (GWRC ² and NRFA ³)	0	0	0	0
Grants for Expressions	25	0	0	0
Subsidies for Activation	0	0	0	0
Other grants and subsidies	513	530	596	66
Total subsidies and grants revenue	3,481	3,548	5,258	1,710

¹ NZTA - New Zealand Transport Agency

² GWRC - Greater Wellington Regional Council

³ NFRA - National Rural Fire Authority

4 - Interest and dividends

Exchange revenue - Interest and dividends	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Interest on general funds	134	133	185	52
Interest on special funds	157	158	121	(37)
Dividends	0	0	0	0
Total exchange interest and dividend revenue	291	291	306	15

5a - Other expenditure and items for disclosure

	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Insurance	482	494	340	(154)
Disaster fund insurance	185	190	209	19
Audit fees	130	133	130	(3)
Audit fees - LTP	0	0	0	0
Rental	239	245	73	(172)
Loss on sale of assets	1,027	637	630	(7)
Rates remissions - sports clubs and other non-profit bodies	95	98	98	0
Penalty remissions	14	14	17	3
Consultants	834	763	780	17
Printing, photocopying and stationary	250	256	252	(4)
Telephone rental, mobile and tolls	145	149	112	(37)
Motor vehicle expenses	294	304	266	(38)
Electricity/ gas energy costs (includes street lighting and maintenance)	1,162	1,019	953	(66)
Rates on UHCC properties	1,982	2,031	2,031	0
Land transport general maintenance	259	266	255	(11)
Water reticulation maintenance	634	652	719	67
Sewer maintenance	485	498	507	9
Drain maintenance	305	317	303	(14)
Other costs	12,021	12,046	12,945	899
Total other expenses	20,543	20,112	20,620	508

5b - Depreciation and amortisation expenses by group of activity

	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Leadership	0	0	0	0
Land Transport	4,075	4,216	4,379	163
Water Supply	1,759	1,767	1,785	18
Wastewater	3,302	3,342	3,376	34
Stormwater	1,756	1,804	1,738	(66)
Solidwaste	0	0	0	0
Planning and Regulatory Services	0	0	0	0
Community and Recreation	2,130	2,266	1,995	(271)
Economic Development	0	0	0	0
Total depreciation and amortisation expense	13,022	13,395	13,273	(122)

6 - Cash and cash equivalents

	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Cash on hand	4	4	4	0
Bank balances (overdrafts)	8	75	9	(66)
Call account	300	300	300	0
Short term deposits maturing three months or less from date of acquisition	0	0	0	0
Total cash and cash equivalents	312	379	313	(66)

The estimated carry value of short term deposits with maturity dates of three months or 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 (2015), \$600,000 (2014). 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 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Current portion				
<i>Loans and receivables</i>				
Short-term deposits with maturities of 4 - 12 months	9,535	9,511	11,533	2,022
Total current portion	9,535	9,511	11,533	2,022
Non-current portion				
LGFA Borrower Notes (Local Government Funding Agency)	176	0	360	360
<i>Fair value through equity- unlisted shares</i>				
Investment in Civic Assurance Ltd	57	46	46	0
Investment in Smartlinx ³ Ltd	30	30	30	0
Capacity	80	80	80	0
Total non-current portion	343	156	516	360

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:

Estimated maturity analysis and effective interest rates	Forecast Annual Plan Year 1	Forecast LTP Year 2	Forecast Annual Plan Year 2	Forecast Variation Year 2
The estimated maturity dates for all financial assets with the exception of equity				
Short term deposits (with maturities 3 months or less)	0	0	0	0
Estimated weighted average effective interest rate	3.67%	2.00%	2.00%	0%
Short term deposits (with maturities of 4-12 months or less)	9,535	9,511	11,533	2,022
Estimated weighted average effective interest rate	3.67%	2.00%	2.00%	0%
Call account	300	300	300	0
Estimated weighted average effective interest rate	2.50%	2.50%	2.00%	-0.5%

FINANCIALS

8 - Derivative financial instruments

	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Current asset portion	0	0	0	0
Non-current asset portion	0	0	0	0
Current liability portion	0	0	0	0
Non-current liability portion	0	0	0	0

Interest rate swaps - Fair value

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

Information about interest rate swaps

The notional principal amounts of the interest rate swap contracts for the Council as at 30 June 2016 is \$26.0M (2015 \$18.5M).

The swaps:	Notional principle	Fixed rate	Maturity date
Westpac	\$1,500,000	4.760%	15 November 2021
Westpac	\$1,000,000	4.710%	17 December 2018
Westpac	\$1,000,000	4.825%	15 December 2020
Westpac	\$1,000,000	4.740%	16 December 2019
Westpac	\$1,000,000	4.710%	26 January 2018
Westpac	\$1,000,000	4.715%	15 September 2024
Westpac	\$2,000,000	4.790%	1 June 2023
Westpac	\$1,000,000	4.745%	15 September 2023
Westpac	\$1,000,000	3.650%	15 October 2025
Kiwibank	\$1,000,000	4.753%	15 August 2024
Kiwibank	\$1,000,000	4.752%	15 March 2024
Kiwibank	\$1,000,000	4.729%	15 July 2020
Kiwibank	\$2,000,000	4.669%	15 July 2019
Kiwibank	\$2,000,000	4.778%	15 June 2022
Kiwibank	\$1,000,000	3.688%	15 January 2020
Kiwibank	\$1,000,000	3.793%	15 January 2025
Kiwibank	\$1,500,000	2.815%	24 December 2018
Kiwibank	\$1,000,000	2.835%	24 December 2018
Kiwibank	\$1,000,000	3.988%	16 September 2025
Kiwibank	\$1,000,000	3.465%	24 December 2020
Kiwibank	\$2,000,000	3.635%	15 December 2025

9 - Receivables

	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Rates receivable	727	745	745	0
Sundry debtors	582	595	595	0
Community loans	34	3	3	0
GST	265	272	272	0
Accrued revenue	369	378	378	0
Prepayments	362	371	371	0
	2,339	2,364	2,364	0
Less receivables	(50)	(51)	(51)	0
Total receivables	2,289	2,313	2,313	0
Less non-current portion:				
Community loans	10	0	0	0
Total non-current portion	10	0	0	0
Current portion	2,279	2,313	2,313	0
Fair value has been determined using cashflows discounted at a rate of 2.5% to 7.25%				
The fair value of community loans over the 10 years is:	34	3	3	0
The face value of community loans over the 10 years is:	31	0	0	0

The estimated carrying value of 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 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Movements in the provision for impairment of receivables and community loans				
Opening balance as at 1 July	85	87	87	0
Additional provisions made during the year	(35)	(36)	(36)	0
Receivables written off during the period	0	0	0	0
Closing balance as at 30 June	50	51	51	0

	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Estimated age of rates receivables. The age of rates receivables overdue that have not been impaired are as follows:				
Current 90 days over	625	643	643	0
1-2 years old	24	24	24	0
2-3 years old	5	5	5	0
Greater than 3 years old	73	73	73	0
Carrying amount as at 30 June	727	745	745	0

10a - Operational property, plant and equipment

	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Opening cost/ valuation as at 1 July	53,137	57,984	68,486	10,502
Accumulated depreciation and impairment charge	(8,475)	(10,255)	(3,076)	7,179
Opening book value as at 1 July	44,662	47,729	65,410	17,681
Current years additions	4,847	600	5,033	4,433
Current years disposals	0	0	0	0
Current year revaluation	0	0	0	0
Current year depreciation	(1,780)	(1,854)	(1,547)	307
WIP transferred	0	0	0	0
Closing book value as at 30 June	47,729	46,475	68,896	22,421
Closing cost/ valuation	57,984	58,584	73,519	14,935
Closing accumulated depreciation	(10,255)	(12,109)	(4,623)	7,486
Closing book value as at 30 June	47,729	46,475	68,896	22,421

The opening balance of year two (2016 - 2017) may not agree to closing balance of year one (2015 - 2016) due to Council taking into account events occurring this year.

Consists of:	Year 1	Year 2	Year 2	Year 2
Current surplus assets	955	955	1,425	470
Land	11,749	11,749	17,971	6,222
Buildings	21,962	21,201	30,041	8,840
Furniture and equipment	144	137	55	(82)
Library books	2,148	2,097	1,527	(570)
Motor vehicles	370	314	281	(33)
Plant	10,401	10,022	17,596	7,574
Total operational assets closing book value 30 June	47,729	46,475	68,896	22,421

10b - Restricted property, plant and equipment

	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Opening cost/ valuation as at 1 July	35,189	35,745	36,369	624
Accumulated depreciation and impairment charge	(1,442)	(1,774)	0	1,774
Opening book value as at 1 July	33,747	33,971	36,369	2,398
Current years additions	557	418	0	(418)
Current years disposals	0	0	0	0
Current year revaluation	0	0	0	0
Current year depreciation	(333)	(364)	(410)	(46)
WIP transferred	0	0	0	0
Closing book value as at 30 June	33,971	33,025	35,959	1,934
Closing cost/ valuation	35,745	36,163	36,369	206
Closing accumulated depreciation	(1,774)	(2,138)	(410)	1,728
Closing book value as at 30 June	33,971	34,025	35,959	1,934

The opening balance of year two (2016 - 2017) may not agree to closing balance of year one (2015 - 2016) due to Council taking into account events occurring this year.

Consists of:	Year 1	Year 2	Year 2	Year 2
Land	24,026	24,026	27,380	3,354
Buildings	2,479	2,498	4,021	1,523
Parks and reserves services	7,466	7,501	4,558	(2,943)
Total restricted assets closing book value 30 June	33,971	34,025	35,959	1,934

11 - Infrastructure assets

	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Opening cost/ valuation as at 1 July	605,423	622,805	619,054	(3,751)
Accumulated depreciation and impairment charge	(5,110)	(6,574)	(1,453)	5,121
Opening book value as at 1 July	600,313	616,231	617,601	1,370
Current years additions	18,440	12,992	15,196	2,204
Current years disposals	(1,027)	(637)	(630)	7
Current year revaluation	9,397	2,815	12,830	10,015
Current year depreciation	(10,892)	(11,128)	(11,277)	(149)
WIP transferred	0	0	0	0
Closing book value as at 30 June	616,231	620,273	633,720	13,447
Closing cost/ valuation	622,805	628,334	646,451	18,117
Closing accumulated depreciation	(6,574)	(8,061)	(12,731)	(4,670)
Closing book value as at 30 June	616,231	620,273	633,720	13,447

The opening balance of year two (2016 - 2017) may not agree to closing balance of year one (2015 - 2016) due to Council taking into account events occurring this year.

Consists of:	Year 1	Year 2	Year 2	Year 2
Land under roads at cost	88,478	88,619	88,503	(116)
Roads	200,892	203,912	214,736	10,824
Stormwater	108,105	110,012	111,392	1,380
Telemetry	277	276	472	196
Wastewater	83,380	83,675	88,443	4,768
Water	93,801	93,487	91,110	(2,377)
Hutt Valley Wastewater	41,298	40,292	39,064	(1,228)
Total infrastructure assets closing book value 30 June	616,231	620,273	633,720	13,447

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 2014. 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 \$39.729M 2015, (\$49.530M 2014) 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 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Drainage levy	2,647	2,712	2,671	(41)
Capital contributions	2,107	481	494	13
Trade waste income	(100)	(100)	(100)	0

13 - Intangible assets

	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Balance at 01 July				
Cost	292	399	399	0
Accumulated amortisation and impairment	(234)	(253)	(281)	(28)
Open carrying amount	58	146	118	(28)
Year ended 30 June				
Additions	107	0	0	0
Amortisation charge	(19)	(49)	(39)	10
Closing carrying amount at 30 June	146	97	79	(18)
Cost balance at 30 June	399	399	399	0
Accumulated amortisation and impairment	(253)	(302)	(320)	(18)
Total closing amount at 30 June	146	97	79	(18)

14 - Payables and deferred revenue

	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Trade creditors	3,244	3,324	3,324	0
Rates In advance	403	413	413	0
Greater Wellington Regional Council rates	222	227	227	0
Fees in advance	850	871	871	0
Accrued interest payable	49	49	49	0
Payroll liability	106	109	109	0
Other liabilities	40	40	40	0
Deposits and trust accounts	1,086	1,086	1,086	0
Total payables and deferred revenue	6,000	6,119	6,119	0
Provisions weathertightness claims	22	22	22	0

Four claims have been lodged with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2015 (four claims in 2014).

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 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Accrued pay	115	120	120	0
Annual leave	410	419	419	0
Sick leave	25	25	25	0
Long service leave	0	0	0	0
Total current portion	550	564	564	0
<i>Non current liabilities</i>				
Retirement and long service leave	175	179	179	0
Total non-current portion	175	179	179	0
Total employee entitlements	725	743	743	0

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 3.33% (2014 - 3.65%) and an inflation rate of 0.10% (2014 - 1.6%).

16 - Public debt

	Forecast Annual Plan Year 1 2015 – 16 (\$ 000)	Forecast LTP Year 2 2016 – 17 (\$ 000)	Forecast Annual Plan Year 2 2016 – 17 (\$ 000)	Forecast Variation Year 2 2016 – 17 (\$ 000)
Opening balance	34,618	39,222	37,807	(1,415)
Loans raised during the year	6,492	3,778	4,207	429
Less repayments during the year	(1,888)	(1,719)	(2,298)	(579)
Balance as at 30 June	39,222	41,281	39,716	(1,565)
Less current borrowings repayable in 12 months	(1,719)	(2,812)	(2,812)	0
Closing balance for non-current borrowings	37,503	38,469	36,904	(1,565)

The opening balance of year two (2016 – 2017) may not agree to closing balance of year one (2015 – 2016) due to Council taking into account events occurring this year.

FIXED-RATE DEBT

Upper Hutt City Council's secured debt of \$12.549M 2015 (\$2014, \$14.427M) is issued at fixed rates of interest as at 25 June 2015.

FLOATING-RATE DEBT

Upper Hutt City Council's secured debt of \$18.0M 2015 (2014, \$11.0M) is issued at floating rates of interest.

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 (2015 \$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 \$1,624,000 (\$2014 \$60,420).

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 \$50.208M as at 30 June 2015 (2014, \$41.208M), under its Debenture Trust Deed. This stock has been issued to four institutions, as security for existing committed funds of \$30.549M 2015 (2014 \$24.587M) and uncommitted facilities available to the value of \$1.8M 2015 (2014, \$41,394). 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 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
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Interest expenses rates	5.2%	5.4%	5.4%	0
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The weighted average interest rate on loans outstanding (current and non-current) at 30 June is estimated as:

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.

To minimise this risk, loans are structured to avoid a concentration of refinancing at one time, and a portion of the current loans are covered by interest rate swaps to the value of \$18.5M 2015 (2014, 1.5M).

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 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Opening balance	236,677	237,743	236,943	(800)
Net operating surplus(deficit)	650	(2,338)	3,368	5,706
	237,327	235,405	240,311	4,906
Transfer to:				
Restricted reserves	(5,459)	(1,341)	(5,689)	(4,348)
Accounts restricted by law	(1)	(1)	0	1
Asset revaluation reserve on disposal of property, plant and equipment	0	0	0	0
	(5,460)	(1,342)	(5,689)	(4,347)
Transfer from:				
Restricted reserves	5,031	523	5,354	4,831
Accounts restricted by law	845	828	1,128	300
Asset revaluation reserve on disposal of property, plant and equipment	0	0	0	0
	5,876	1,351	6,482	5,131
Closing balance as at 30 June	237,743	235,414	241,104	5,690

The opening balance of year two (2016 - 2017) may not agree to closing balance of year one (2015 - 2016) 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 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Restricted reserve funds				
(A) Special funds	2,540	3,358	2,894	(464)
(B) Other accounts restricted by law	1,838	1,011	1,875	864
Total restricted reserves	4,378	4,369	4,769	400

	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
(A) Special funds				
Opening balance	2,112	2,540	2,559	19
Transfer from net surplus	5,302	1,183	5,568	4,385
Transfer from accumulated funds	0	0	0	0
Transfers from trust	0	0	0	0
Interest received	157	158	121	(37)
	7,571	3,881	8,248	4,367
Transfer to accumulated funds	0	0	0	0
Transfers to net surplus	(5,031)	(523)	(5,354)	(4,831)
Total special funds balance as at 30 June	2,540	3,358	2,894	(464)

The opening balance of year two (2016 – 2017) may not agree to closing balance of year one (2015 – 2016) due to Council taking into account events occurring this year.

Special funds closing balances as at 30 June consists of:	Forecast Annual Plan Year 1 2015 – 16 (\$ 000)	Forecast LTP Year 2 2016 – 17 (\$ 000)	Forecast Annual Plan Year 2 2016 – 17 (\$ 000)	Forecast Variation Year 2 2016 – 17 (\$ 000)
General reserve ¹	9	9	9	0
Amenities fund ²	419	462	466	4
Civic amenities fund ²	1	1	1	0
Plant renewal ³	362	539	551	12
Reserve fund contribution ⁴	489	403	354	(49)
Cash in lieu parking ⁵	2	2	2	0
Property sales ⁶	3	4	28	24
Sierra Way subdivision ⁷	132	139	134	(5)
Harcourt Park maintenance fund ⁸	6	9	7	(2)
Akatarawa roading levy ⁷	110	136	120	(16)
Kaitoke roading levy ⁷	157	234	153	(81)
Mangaroa roading levy ⁷	265	306	277	(29)
Katherine Mansfield levy ⁷	162	251	118	(133)
Blue Mountain levy ⁷	140	197	149	(48)
Moonshine Hill levy ⁷	56	89	54	(35)
Alexander Road levy ⁷	135	198	119	(79)
Swamp Road levy ⁷	35	54	35	(19)
Library development ⁹	0	0	0	0
Cemetery development ⁹	0	0	0	0
Trench resealing levy ¹⁰	12	13	11	(2)
Kurth Crescent development levy ¹¹	45	48	46	(2)
H ₂ O Xstream plant renewal fund ¹²	0	264	260	(4)
Maidstone Park artificial turf renewal fund ¹³	0	0	0	0
Total special funds	2,540	3,358	2,894	(464)

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.
12. **H²O Xstream plant renewal** – funds allocated from rates to replace/upgrade H²O Xstream plant assets.
13. **Maidstone Park artificial turf renewal fund** - funds allocated from rates and fees and charges to replace/upgrade the artificial turf.

	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
(B) Other accounts restricted by law				
Opening balance	2,682	1,838	3,003	1,165
Transfer from net surplus	1	1	0	(1)
Transfer from accumulated funds	0	0	0	0
	2,683	1,839	3,003	1,164
Transfer to accumulated funds	(845)	(828)	(1,128)	(300)
Transfers to net surplus	0	0	0	0
Total other accounts restricted by law as at 30 June	1,838	1,011	1,875	864

The opening balance of year two (2016 - 2017) may not agree to closing balance of year one (2015 - 2016) due to Council taking into account events occurring this year.

	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
(B) Other accounts restricted by law				
Dog control account	1	1	0	(1)
Water rate account	385	257	459	202
Stormwater rate account	386	136	158	22
Wastewater rate account	1,066	617	1,258	641
Total other accounts restricted by law	1,838	1,011	1,875	864

20 - Asset revaluation reserves

	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Opening balance	413,091	422,488	448,047	25,559
Change in asset revaluation	9,397	2,815	12,831	10,016
Less revaluation attributed to assets sold	0	0	0	0
Closing balance as at 30 June	422,488	425,303	460,878	35,575
Consists of :-				
General asset revaluation reserve	20,965	20,965	29,921	8,956
Land asset revaluation reserve	22,661	22,661	33,371	10,710
Roading asset revaluation reserve	118,437	119,221	127,647	8,426
Stormwater asset revaluation reserve	91,910	93,856	96,044	2,188
Hutt Valley Wastewater Scheme	26,915	26,915	26,259	(656)
Wastewater asset revaluation reserve	70,435	70,471	77,117	6,646
Water asset revaluation reserve	71,165	71,214	70,519	(695)
Total asset revaluation reserves	422,488	425,303	460,878	35,575

The opening balance of year two (2016 - 2017) may not agree to closing balance of year one (2015 - 2016) due to Council taking into account events occurring this year.

21 - Contingencies

	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast Variation Year 2 2016 - 17 (\$ 000)
Contingent liabilities				
(A) Guarantees	0	0	0	0
(B) Other legal proceedings	446	446	446	0
Total contingent liabilities	446	446	446	0

Guarantees

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

Local Government Funding Agency

The Council is a guarantor of the New Zealand Government Funding Agency (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating of Standard and Poor's of AA+. There are 30 local authority shareholders and 11 local authority guarantors of the LGFA. The uncalled capital of shareholders is \$20 million and that is available in the event that an imminent default is identified. Also, together with the shareholder's uncalled capital and guarantors, the Council is a guarantor of all of the LGFA's borrowings.

At 30 June 2015, the LGFA had borrowings totalling \$4.955 billion (2014, \$3.73 billion)

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

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

Unquantified claims

Upper Hutt City Council has 11 claims outstanding; seven have proceedings issued on them. (2014 eleven claims, seven 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 2015 there are 33 facilities having an approximate value of \$7.139 million (2014, 34 facilities - \$7.341 million). This estimate has been based on government valuations for the area.

22 – Discontinued activities

There are no cost centre ceases within this LTP or in the previous LTP 2015 – 2025.

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:

1. 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
2. the projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life; and
3. the equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life; and
4. the funding and financial policies adopted under section 102.

As covered in Council's 2015-2025 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 1 2015 – 16 (\$ 000)	Forecast LTP Year 2 2016 – 17 (\$ 000)	Forecast Annual Plan Year 2 2016 – 17 (\$ 000)	Forecast Variation Year 2 2016 – 17 (\$ 000)
Compounding average general inflation rate	0.00%	2.46%	0%	(2.46%)
General inflation per year	0.00%	2.46%	0%	(2.46%)
Previous LTP per year	3.27%	3.42%	0%	(3.42%)

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 2025.

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

	Forecast Annual Plan Year 1 2015 – 16 (\$ 000)	Forecast LTP Year 2 2016 – 17 (\$ 000)	Forecast Annual Plan Year 2 2016 – 17 (\$ 000)	Forecast Variation Year 2 2016 – 17 (\$ 000)
Surplus/ (deficit) before appropriations	650	(2,338)	3,368	5,706
Add/less non-cash items				
Depreciation	13,003	13,347	13,234	(113)
Intangible assets amortisation	19	48	39	(9)
Vested assets	(2,237)	(2,297)	(2,292)	5
Community loans interest amortisation	(3)	(2)	(2)	0
Increase/(decrease) in bad debts	(37)	1	1	0
Loss on derivative	0	0	0	0
Gain on derivative	0	0	0	0
Amortisation of premium	0	0	0	0
	10,745	11,097	10,980	(117)
Add/less items classified as investing or financing activities				
Loss on disposal of fixed assets	1,027	637	630	(7)
Profit on sale of fixed assets	(4,382)	0	0	0
	(3,355)	637	630	(7)
Movements in working capital items				
(Increase)/decrease in trade receivables	1,097	(26)	(26)	0
(Increase)/decrease in inventories	0	0	0	0
Increase / (decrease) in employee Entitlements	(48)	18	18	0
Increase/(decrease) in trade and other payables	(320)	119	119	0
	729	111	111	0
Net inflow / (outflow) from operating activities	8,769	9,507	15,089	5,582

Schedule of special funds

	LTP 2016 - 2017					Annual Plan 2016 - 2017					
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Variation
	Balance	Transfers	Interest	Transfers	Balance	Balance	Transfers	Interest	Transfers	Balance	Balance
	Year	Year 2	Year 2	Year 2	Year 2	Year 2	Year 2	Year 2	Year 2	Year 2	Year 2
1/07/16	In	Income	Out	30/06/17	1/07/16	In	Income	Out	30/06/17	30/06/17	
(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)
General reserve	9	0	0	0	9	9	0	0	0	9	0
Amenities fund	419	19	24	0	462	435	20	11	0	466	4
Civic amenities fund	1	0	0	0	1	1	0	0	0	1	0
Plant renewal	362	170	24	(17)	539	441	170	12	(72)	551	12
Reserve fund contribution	489	397	23	(506)	403	766	400	14	(826)	354	(49)
Cash in lieu parking	2	0	0	0	2	2	0	0	0	2	0
Property sales	3	1	0	0	4	47	4,382	55	(4,456)	28	24
Sierra Way subdivision	132	0	7	0	139	131	0	3	0	134	(5)
Harcourt Park maintenance fund	6	3	0	0	9	4	3	0	0	7	(2)
Akatarawa roading levy	110	19	7	0	136	98	19	3	0	120	(16)
Kaitoke roading levy	157	66	11	0	234	84	66	3	0	153	(81)
Mangaroa roading levy	265	26	15	0	306	245	26	6	0	277	(29)
Katherine Mansfield	162	77	12	0	251	39	77	2	0	118	(133)
Blue Mountain levy	140	48	9	0	197	98	48	3	0	149	(48)
Moonshine Hill levy	56	29	4	0	89	24	29	1	0	54	(35)
Alexander Road levy	135	54	9	0	198	63	54	2	0	119	(79)
Swamp Road	35	17	2	0	54	17	17	1	0	35	(19)
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

SCHEDULE OF SPECIAL FUNDS

Trench resealing levy	12	0	1	0	13	11	0	0	0	11	(2)
Kurth Crescent development levy	45	0	3	0	48	45	0	1	0	46	(2)
H ² O Xtream plant renewal fund	0	257	7	0	264	0	257	3	0	260	(4)
Maidstone Park artificial turf renewal fund	0	0	0	0	0	0	0	0	0	0	0
Total special funds	2,540	1,183	158	(523)	3,358	2,560	5,568	120	(5,354)	2,894	(464)

Schedule 4

Annual plan disclosure statement

Annual plan disclosure statement for year ending 30 June 2017

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 = \$37,978,766	\$35,983,707	Yes
• increases	LGCI* plus 2% = plus 1% growth in rates and database	5.46%	Yes
Debt affordability benchmark	Quantified limit on borrowing = Council will stay within five debt parameters		
Interest expense on net public debt will not exceed 10% of annual rates.	10%	3.54%	Yes
Net external public debt will not exceed 140% of total revenue.	140%	66%	Yes
External public debt per ratepayer will not exceed \$3,000 adjusted by the LGCI.	\$3,000	\$2,043.76	Yes
Net interest/annual rates revenue will not exceed 15%	15%	5%	Yes
Liquidity (external, term debt + committed funds + available liquid investment to existing external debt) will exceed 110%	110%	148%	Yes
Balanced budget benchmark	100%	101%	Yes
Essential services benchmark	100%	114%	Yes
Debt servicing benchmark	10%	4.13%	Yes

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

Notes

1 RATES AFFORDABILITY BENCHMARK

- (1) For this benchmark, the Council's planned rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is the previous year's planned rates, plus the Local Government Cost Index (LGCI) annual average percentage change (as provided by Business and Economic Research (BERL), plus 2% growth to the proposed rates increase in dollar terms.
- (2) The Council meets the rates affordability benchmark if its planned rates income for the year equals or is less than each quantified limit on rates.

2 DEBT AFFORDABILITY BENCHMARK

- (1) For this benchmark, the Council's planned borrowing is compared with a quantified limit that Council will stay within five debt parameters on borrowing contained in the financial strategy included in the Council's long-term plan. These are:
 - net interest / total revenue will not exceed 10%
 - net debt / total revenue will not exceed 140%
 - net interest / annual rates revenue will not exceed 15%
 - liquidity (external, term debt + committed loan facilities + available liquid investment to existing external debt) will exceed 110%
 - external public debt per rateable property will not exceed \$3,000 adjusted by the LGCI.
- (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 all activities

The following Funding Impact Statement (FIS) is in a format prescribed by regulation and is not GAAP compliant. The intention is to show how the operational and capital expenditure of the Council is funded. Some items included in the Statement of Comprehensive Revenue and Expenses are excluded and some items not in the Statement of Comprehensive Revenue and Expenses 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

Upper Hutt City Council: Funding Impact Statements For 30 June 2017 (Whole of Council)	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	20,651	21,645	21,913
Targeted rates (other than a targeted rate for water supply)	13,463	14,190	13,897
Subsidies and grants for operating purposes	1,636	1,517	1,857
Fees, charges and targeted rates for water supply	5,534	5,698	5,838
Interest and dividends from investments	291	291	306
Local authority fuel tax, fines, infringement fees, and other receipts	989	1,020	1,172
Total operating funding (A)	42,564	44,361	44,983
Applications of operating funding			
Payments to staff and suppliers	34,258	34,743	35,455
Finance costs	1,892	2,200	2,150
Other operating funding applications	169	173	170
Total applications of operating funding (B)	36,319	37,116	37,775
Surplus (deficit) of operating funding (A-B)	6,245	7,245	7,208
Sources of capital funding			
Subsidies and grants for capital expenditure	1,696	1,877	3,171
Development and financial contributions	332	337	337
Increase (decrease) in debt	4,604	2,059	1,963
Gross proceeds from sale of assets	4,382	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	11,014	4,273	5,471
Applications of capital funding			
Capital expenditure			
- to meet additional demand	285	724	724
- to improve the level of service	10,459	3,962	10,415

Upper Hutt City Council: Funding Impact Statements For 30 June 2017 (Whole of Council)	Forecast Annual Plan Year 1 2015 - 16 (\$ 000)	Forecast LTP Year 2 2016 - 17 (\$ 000)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)
- to replace existing assets	6,996	6,896	6,899
Increase (decrease) in reserves	(772)	(355)	(5,665)
Increase (decrease) of investments	291	291	306
Total applications of capital funding (D)	17,259	11,518	12,679
Surplus (deficit) of capital funding (C-D)	(6,245)	(7,245)	(7,208)
Funding balance ((A-B)+(C-D))	0	0	0

Differential and targeted rating schedule

This schedule defines the detail that will apply for the 2016 – 2017 rating year and is to be read in conjunction with Council’s Revenue and Financing Policy and the rest of the Funding Impact Statement.

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 2016 – 2017 Council will apply the following differential factors:

Differential rating group ¹	Factor
Standard	100
Residential high value ²	Scaled factor from 99.91 to 59.82
Rural ³	73
Rural high value ³	Scaled factor from 72.48 to 59.82
Business ⁴	270
Utilities and three waters utilities ⁴	230

NOTES

¹ The categories are as defined in this document.

² Refer to the residential high value sub-group table below for the scaled factors.

³ Council reviewed the Rural 33 differential rating category in December 2010 and will maintain the existing differential factor for general rates levied from this category in 2016 – 2017. In 2016 – 2017 Council will apply the same concessional arrangements applied to high value residential rating units to high value rural rating units where this is to the benefit of the ratepayer. Refer to the Rural High Value Sub-group Table below for the scaled factors

⁴ Council reviewed the Business and Utilities differential rating categories in January 2014 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 3 under differential definitions).

Targeted rates

1.1. Water

For 2016 – 2017 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 and authorised by the Water Supply Bylaw and specified in the Fees and Charges Schedule.

1.2. Stormwater

For 2016 – 2017 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).

1.3. 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 inhibited part is defined in Council’s Revenue and Financing Policy).

For 2016 – 2017 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 230,

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

1.4. Other targeted rates

There are no other targeted rates.

1.5. Lump sum contributions

Council will not invite lump sum contributions to targeted rates in 2016 – 2017.

Differential definitions

For 2016 – 2017 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.

If the Council is satisfied that:-

- the same ratepayer is recorded as owner of more than one rating unit; and
- all the rating units are situated in a rural zone; and
- are being used as one property principally for a farming activity; and
- the rating units have a combined total area of 30ha or more.

then the rating units will all be allocated to this category for rating purposes.

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

- b. 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:

- c. meets the criteria in Utilities 3a and b above, and
- d. it is used solely for the purpose of:
 - i. draining stormwater, or
 - ii. 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 2016 – 2017 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:

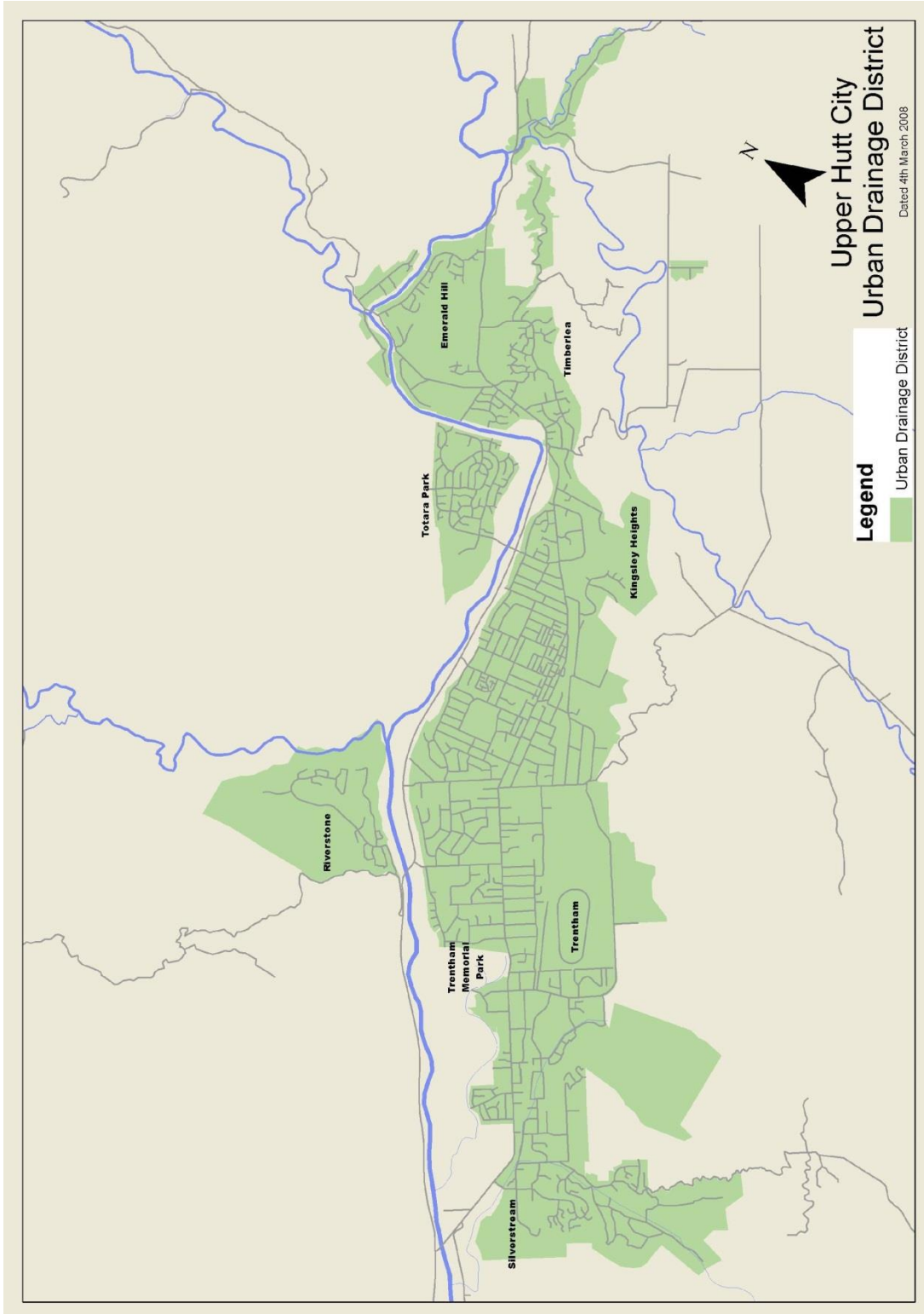
NOT SEPARATELY USED PARTS OF A RATING UNIT:

- a residential sleep-out or “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.

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	609	914	1,219	1,524	1,828
Water – uniform charge	294	294	294	294	294
Water - fire protection	55	82	110	137	164
Stormwater	81	122	163	203	244
Wastewater	418	418	418	418	418
Total indicative rates [Upper Hutt City]¹	1,457	1,830	2,204	2,576	2,948

Indicative rates – business²

	CV \$500,000	CV \$700,000	CV \$900,000	CV \$1,000,000	CV \$1,200,000
General rates	4,114	5,759	7,405	8,227	9,873
Water – uniform charge	294	294	294	294	294
Water - fire protection	137	192	247	274	329
Stormwater	285	398	512	569	683
Wastewater	1,253	1,253	1,253	1,253	1,253
Total indicative rates [Upper Hutt City]¹	6,083	7,896	9,711	10,617	12,432

Indicative rates – rural

	CV \$500,000	CV \$700,000	CV \$900,000	CV \$1,000,000	CV \$1,200,000
General rates	\$1,112	\$1,557	\$2,002	\$2,224	\$2,669
Total indicative rates [Upper Hutt City]¹	\$1,112	\$1,557	\$2,002	\$2,224	\$2,669

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

² Includes one water connection and three pan charges

CV = Capital value of the property

Upper Hutt City Council

OUR CORPORATE MANAGEMENT TEAM



LACHLAN WALLACH

STEVE TAYLOR

IAN JOHNSON

CHRIS UPTON

MIKE RYAN

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

Steve Taylor

BUSINESS DEVELOPMENT SERVICES

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

Ian Johnson

CORPORATE SERVICES

- Insurances
- Administration
- Legal services
- Customer services
- Finance
- Information systems

Mike Ryan

COMMUNITY SERVICES

- Central Government liaison
- Expressions
- City Library
- Community development
- Recreation services
- H²O Xstream

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 AMOUR



BLAIR GRIFFITHS



PAUL LAMBERT



GLENN MCARTHUR



JOHN GWILLIAM



WAYNE GUPPY



ANGELA MCLEOD



DEAN RABBITT



HELLEN SWALES



STEVE TAYLOR



DAVE WHEELER

HIS WORSHIP THE MAYOR **Wayne Guppy, JP**

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