

UPPER HUTT CITY

Annual Plan 2017 – 2018

1 JULY 2017 – 30 JUNE 2018



LIFE. LEISURE. *LIVE IT!*

Contents

- A message from the Mayor..... 5**
- Summary..... 6**
 - Annual Plan 2017 – 2018..... 6
 - Our vision 7
- Summary of Financials..... 8**
 - Sources of operating revenue and funding 9
 - Total expenditure (excluding depreciation).....10
 - Your rates 2017 – 2018.....11
 - Long Term Plan 2015 – 2025 significant project adjustments for year 2017 – 2018.....12
 - Long Term Plan 2015 – 2025 budget carryovers12
 - A - Rate funding requirement for each significant activity17
 - Rate funding adjustments 2017 – 201818
 - B - Rates.....19
 - C - Public debt.....20
 - D - Restricted reserve funds21
 - E - Comparison of key funding indicators21
 - Key changes to the Schedule of Fees and Charges 2017 - 201822
- New projects25**
 - Continuation of the Economic Development Stimulus Policy25
 - Strategic Property Fund27
 - Resurfacing the netball courts at Heretaunga College28
- Policy amendment29**
 - Amendment to the Rates Remission and Postponement Policy for Economic Development29
 - Rate Remission Policy for Economic Development.....30
- Council activities: Works programmes33**
 - Leadership33
 - Land transport34
 - Water supply35
 - Wastewater35
 - Stormwater36
 - Solid waste.....36
 - Planning and regulatory services37
 - Community and recreation37
 - Economic development.....40
- Council activities: Cost of service statements.....41**
 - Leadership41
 - Land transport42
 - Water supply43
 - Wastewater44
 - Stormwater45
 - Solid waste.....46
 - Planning and regulatory services47
 - Community and recreation48
 - Economic development.....49

Financials.....	50
Accounting policies.....	50
Basis of preparation	50
Changes in accounting policies	52
Investment revenues.....	55
Finance expense	56
Operating activities.....	56
Financial assets.....	58
Intangible assets	63
Accounting for revaluations	68
Depreciation	68
Payables and deferred revenue	70
Employee entitlements	70
Superannuation schemes.....	71
Leases	71
Statement of cash flows	73
Critical accounting estimates and assumptions	73
Infrastructural assets	73
Prospective statement of comprehensive revenue and expense	75
Prospective statement of financial position	76
Prospective statement on changes of equity	77
Prospective cashflow statement	78
Notes to the financial statements	80
Schedule of special funds	111
Schedule 4 Annual plan disclosure statement	113
Funding impact statement.....	116
Funding impact statement for all activities	116
All activities.....	117
Differential and targeted rating schedule.....	119
Upper Hutt urban drainage map used for stormwater rates	127
Indicative rates	128

A message from the Mayor

Welcome to Upper Hutt City Council's Annual Plan for the 2017 – 2018 financial year.

I am proud to present a document that captures Council's ongoing commitment to serve our great community, and highlights our progress in realising our vision of '**Life. Leisure. Live It!**'

The Annual Plan 2017 – 2018 is directed by the Long Term Plan 2015 – 2025. It represents some fine tuning to the financial commitments laid out for year three of the Long Term Plan.

Striking the right balance between rates and debt levels, and investment in new projects is of critical importance to Council. We work hard to guarantee residents receive value for money, whilst realising our potential as a city—and being careful to not compromise our undertaking to protect and enhance our natural assets.

During March and April we consulted with the community about three new, proposed projects and one new, proposed policy amendment—all of which received majority support for inclusion in this Annual Plan. This includes contributing funding toward resurfacing the netball courts at Heretaunga College, the establishment of a *Strategic Property Fund*, continuation of the Economic Development Stimulus Policy, and amending the Rates Remission and Postponement Policy for Economic Development. These new initiatives have been included in addition to existing commitments and operational activities—all with an average rates increase of 2.83%. This is one of the lowest projected increases in the Wellington Region.

Life. Leisure. Live it! is a vision that resonates with our community. Council will continue to develop the city's strategic direction in line with this vision, and build on the platform provided by our strategic priority areas—*Environment, Community, City Centre, Economy, and Infrastructure*.

The fiscal prudence that Council has demonstrated to date has not been to the detriment of continued improvement and growth. It is an exciting time to live in Upper Hutt. We are entering a phase of progression and activity not seen here before—one that will provide opportunities for all residents. However, such opportunities will also require discipline. With expansion and development of the scale that we are projecting, there are significant decisions that will need to be made about our primary focus—supporting infrastructure.

I offer you the assurance that under my leadership, Council will integrate decision making and coordinate Council's resources to secure our city's ongoing success. Together with our community, we will make certain that Upper Hutt is increasingly positioned as a city that people want to live in, invest in, and visit, both now and for generations to come.



A handwritten signature in black ink that reads "Wayne Guppy". The signature is written in a cursive, flowing style.

Wayne Guppy | MAYOR

Summary

Annual Plan 2017 – 2018

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

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

Amendments to the Local Government Act (2002) have simplified how councils consult and the documents produced. The Annual Plan only includes significant changes to the current Long Term Plan.

This means less duplication and a more concise, easy to follow document. The current Long Term Plan is the primary source for information about Council operations.



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.

SUMMARY



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!

Summary of Financials

How much will it cost?

RATES INCREASE

The average increase in rates for 2017 – 2018 is **2.83%**. This will cover everything proposed in the LTP for 2017 – 2018 plus **three** new projects:

1. Continuation of the Economic Development Stimulus Policy
2. Establishing a Strategic Property Fund
3. Contributing towards resurfacing the netball courts at Heretaunga College.

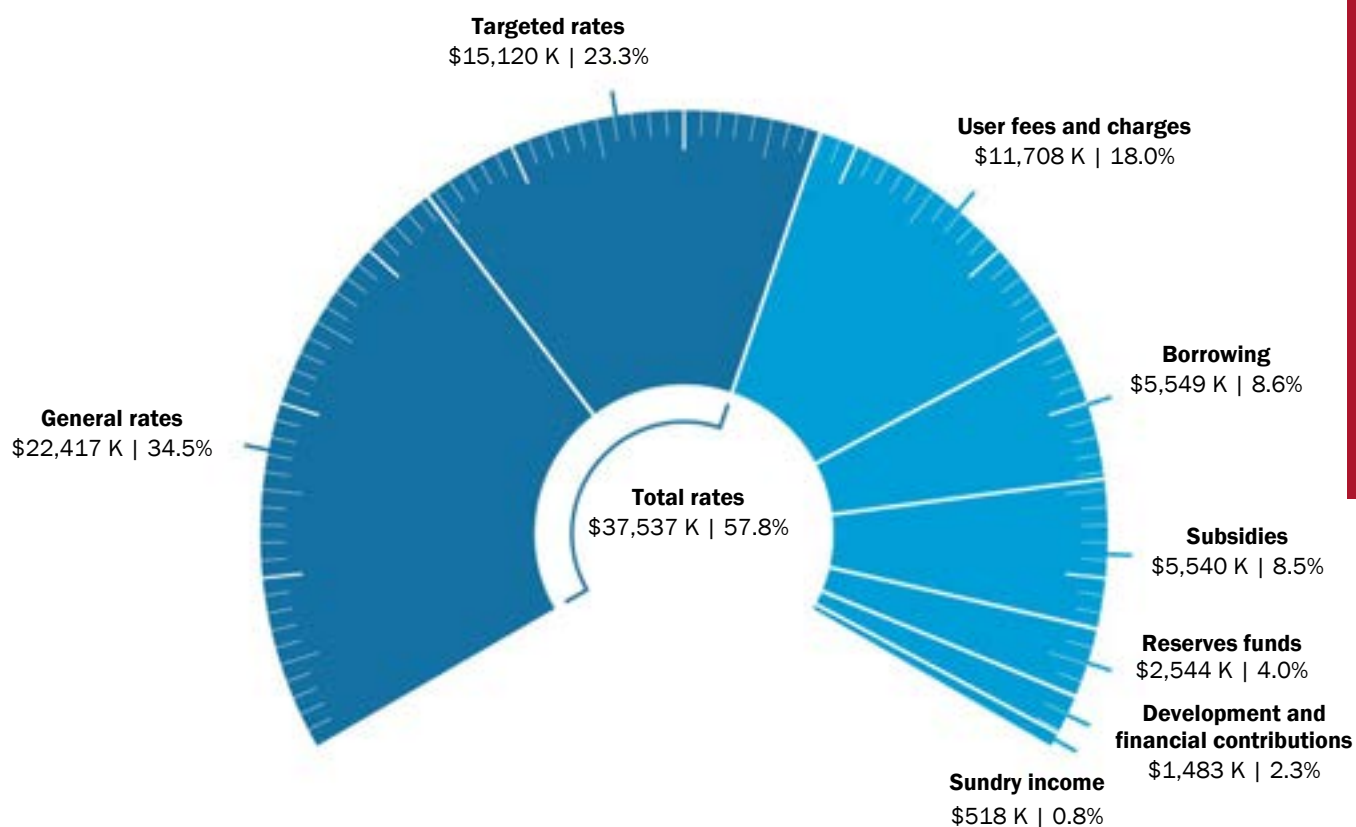
Where does your rates money go?

The average total residential rates for 2017 – 2018 will be \$2,117. This is broken down in more detail below.



Sources of operating revenue and funding

The total operating revenue and funding required to undertake Council's activities for the year is \$64.879 million (excluding GST), as shown below.



Our funding
\$64,879,000

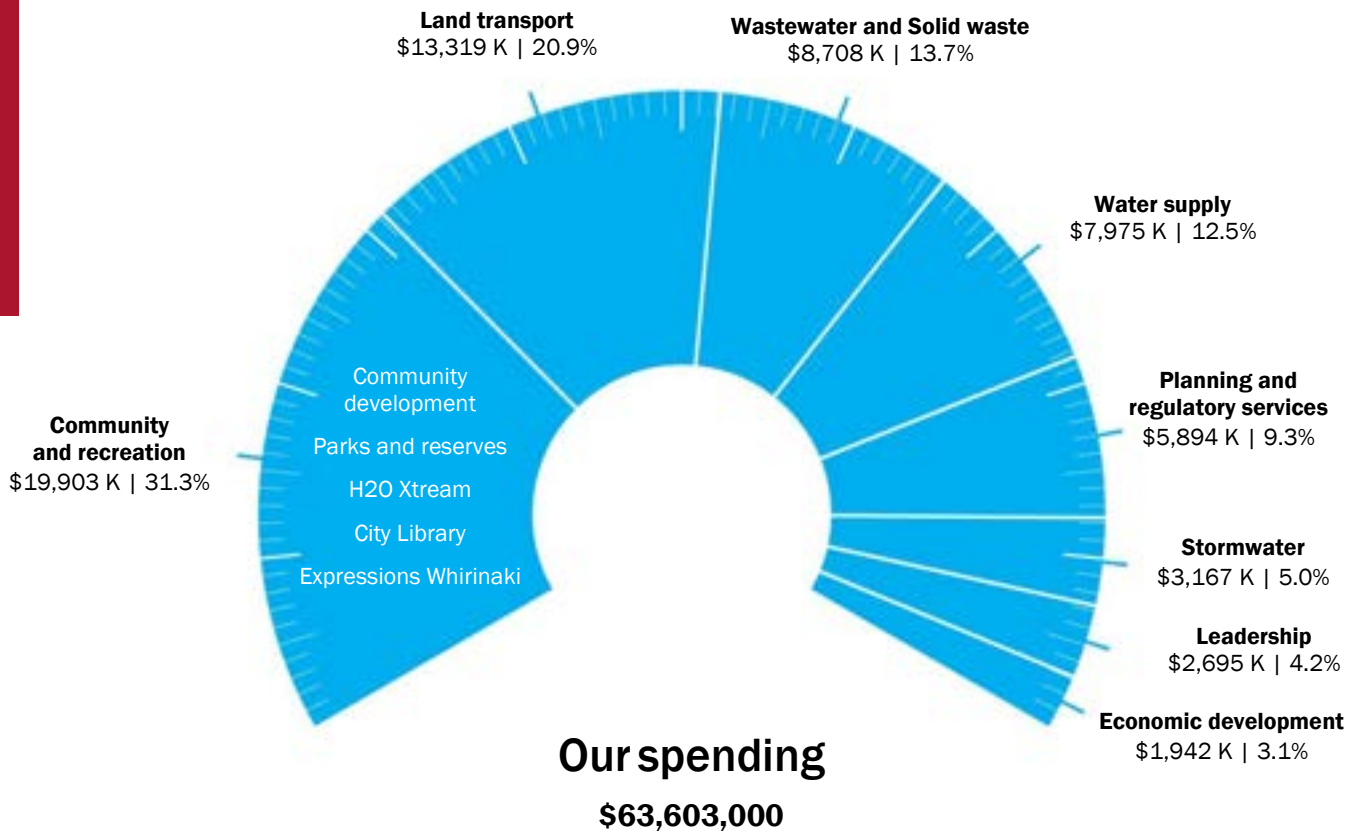
Financial impact for 2017 – 2018

The total rate funding requirement for the activities and works programme for 2017 – 2018 is \$37.537 million. This equates to an average rates increase of 2.83% which includes an adjustment for city growth

Total expenditure (excluding depreciation)

The total Council expenditure for 2017–2018 is \$63.603 million (this excludes depreciation and GST). Of this, capital expenditure (e.g. renewal of roading and water/drainage infrastructure) is estimated to cost \$15.942 million (excluding GST).

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



Your rates 2017 – 2018

Rates make up 57.9% of Council's funding. There are two kinds of rates—general and targeted. The **general rate** is for general council services, based on the value of your property. The **targeted rate** is specifically for water supply, wastewater, and stormwater services.

Most urban residents pay both a general rate and a targeted rate. Because Council does not provide water supply, wastewater, and stormwater services to some properties (mostly rural), these properties are exempt from the targeted rate. All properties were revalued in August 2016. These new values will be used for rating purposes from 1 July 2017. Following the revaluation, Council is proposing to make some adjustments to the rating methods.

Rating unit revaluation

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 differential rating groups, based on zoning or usage, and a differential based on a factor of 100 (or 1.0) for the standard differential group.

All rating units in the city were revalued in August 2016 by the Council's rating services provider Quotable Value. These new values will be used for rating purposes from 1 July 2017.

The Council has reviewed the rating system and proposes the following changes:

- Changing the Business General Rate differential from 2.7 to 2.9, to maintain this differential's share of the overall General rate.
- Changing the Utilities General Rate differential from 2.3 to 2.55, to maintain this differential's share of the overall General rate.
- Increasing the capital value threshold for rating units to qualify for the High Value Category of Rateable Units to \$1,200,000

Key financial adjustments from the Long Term Plan 2015 – 2025

The LTP year 3 originally forecast a net debt of \$41.362 million and a rates requirement increase of 4.29% for 2017 – 2018, after growth of 1%. The Council is now proposing that with 2% of growth in the rating database and a forecast net debt (as at 30 June 2018) of \$39.538 million, that the rates requirement increase will be 2.83%. The proposed interest Upper Hutt City Council is currently paying on debt is \$1.959 million per annum.

In comparison to the LTP Year 3 forecast, there is a \$195,000 decrease in the rate funding requirement and a \$353,000 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 significant project adjustments for year 2017 – 2018

Project	Cost	Funded by	Deferred / removed or change in funding
Strategic Property Fund	To be advised	Loan funded	To enable the purchase of strategic property as it becomes available.
Economic development stimulus	\$250,000	Loan funded	Continuation of an already successful policy.
Netball court reseal	\$100,000	Loan funded	Supporting upgrade of a community facility.

Long Term Plan 2015 – 2025 budget carryovers

Project	Cost	Funded by	Comment
Rail Corridor Cycleway	\$4,431,318	Urban Cycle Fund (UCF)/NZTA/Loans	There were initial delays tendering the design work, which is now being completed. KiwiRail's approval of the final design is required before construction can begin.
Maidstone Park sports development stage 3	\$1,520,000	Sale of property and special funds	This project has continued to be rolled over from the 2015–2016 financial year with revised changes to the overall sports development reducing the original \$3.83M. The delivery of this project is still dependent on the sale of surplus land and may be delayed further.
Ashford Lane	\$1,300,000	Loan funding	This is a development incentive. The criteria for payment have not yet been met.
Pedestrian Link - Railway to Main Street	\$1,135,237	Loan funding	There were a number of initial delays with this contract. These have now been resolved and work is currently progressing well, but will not be completed by the end of June.

Project	Cost	Funded by	Comment
Hutt River Trail Cycleway	\$568,314	Urban Cycle Fund (UCF)/NZTA/Reserve funds	Work has been carried out but has been slower than expected due to the need for ongoing access and maintenance discussions with Greater Wellington Regional Council and delays to physical works contracts.
CBD Redevelopment	\$525,684	Loan funding	The CBD development work has been delayed to allow a common style and design to be developed for the entire CBD and to ensure that any works carried out are consistent with that concept.
Economic development stimulus policy	\$369,000	Rate funds	This carryover is a result of committed projects, payments for which are still pending.
St Patrick's College - Silverstream Cycleway	\$293,012	Urban Cycle Fund (UCF)/NZTA/Loans	The work includes a bridge, which was one of two tendered before December 2016. There were delays in the tender process and work commenced in June 2017. Precast units required to complete the work will not be available until July. The path will be constructed once the bridge is in place.
City Gateway Signage	\$289,732	Loans	A consultant has been engaged to develop concepts, following which construction will commence.
Pinehaven Stream Upgrade	\$250,000	Rates/Loans	The tendering process delayed the design start date. Investigations and design has started and will continue into the next financial year.
Shared pathways (Mangaroa Valley and Whitemans Valley)	\$198,310	Loans	Delayed as additional consultation on alternative routes is required.

Project	Cost	Funded by	Comment
Asset Management Consultants	\$170,300	Rates	This covers 11 different items which are either outstanding or will be incomplete as at 30 June 2017. Included are Greater Wellington Regional Council Natural Resources Plan, seismic surveys, Engineering Code of Practice, Development Contributions Policy and updating the Infrastructure Strategy.
Rural Roads upgrade	\$154,701	Loans	This is a multiyear programme, funded by Council and development contributions. Any balance remaining at the end of each year accumulates to fund future works.
Rural Strategy	\$153,000	Rate funds	Funding to be used to implement the Land Use Strategy.
Footbridge replacement - Beechwood Lane	\$99,280	Loan funding	There were delays in the tender process. A contractor has now been engaged and preliminary work has begun. As this bridge replaces an existing bridge and no alternative route is available, work cannot commence until all the components have been delivered in order to minimise the risk of delays and cost overruns.
Toilet replacement	\$92,500	Special funds	Deferred until appropriate site has been confirmed.
Marketing Strategy	\$67,000	Rate funds	Amendments to the strategy have delayed implementation spending.
Fergusson/Ward/Whakatiki intersection	\$61,476	NZTA/Rates	This is funding for the initial investigation. NZTA funding approval has taken longer than anticipated. The investigation is required to determine the value of the work and start date for inclusion in the LTP.
SharePoint Implementation	\$60,000	Loans	This has been delayed due to issues integrating with other software.
Sustainability Strategy	\$54,000	Rates	Implementation has been delayed by staffing capacity. Staffing capacity is now at normal.

Project	Cost	Funded by	Comment
Subway under SH2 - Cycleway	\$51,231	Urban Cycle Fund (UCF)/NZTA/Loans	The funding this year was for the initial investigations with the balance of the funding in the coming year. Work was delayed but has now commenced. Project approval is required from both Greater Wellington Regional Council and NZTA.
Eastern Hutt-Fergusson Drive access to County Lane	\$51,230	NZTA/Loans	This is funding for the initial investigation. NZTA funding approval has taken longer than anticipated. The investigation is required to determine the value of the work and start date for inclusion in the LTP.
Scheme Review - Policy Planning	\$50,000	Rate funds	Project delayed due to reduced staffing capacity. Staffing now at normal capacity.
Goget system	\$44,000	Rate funds	Implementation of the Goget processing module has been deferred until adequate resource is available.
Cycleway widening - Hutt River Trail	\$37,500	Loans	Delayed as additional consultation on alternative routes is required.
Maintenance (CBD)	\$29,194	Rates	Maintenance of brick paving within the CBD was deferred until the CBD upgrade works had been determined. The remaining areas still require the deferred maintenance to be carried out in order to provide a safe and tidy CBD.
Consultant Fees - Finance	\$20,000	Rates	Implementation of new software module delayed.
Habitat Improvements	\$16,000	Rate funds	Project delayed due to reduced staffing capacity. Staffing now at normal capacity.
Consultants Fees - Building	\$15,000	Rate funds	Continue work on earthquake-prone buildings changes and scoping priority inspections.
Consultants Fees - Community Services	\$10,000	Rate funds	Money carried over to complete an aquatics feasibility study and PSO House business case.

SUMMARY

Project	Cost	Funded by	Comment
Food Act Transition	\$10,000	Rate funds	Work associated with year two transitions and system changes to deal with change from annual to anniversary invoicing.

A - Rate funding requirement for each significant activity

	Forecast Annual Plan Year 2 2016-17 (\$ 000)	Forecast LTP Year 3 2017-18 (\$ 000)	Forecast Annual Plan Year 3 2017-18 (\$ 000)	Forecast Variation Year 3 2017-18 (\$ 000)
Leadership	2,700	2,505	2,639	134
Land transport	6,137	6,028	5,975	(53)
Water supply	5,473	5,782	5,593	(189)
Wastewater	6,411	6,978	6,835	(143)
Stormwater	2,013	2,645	2,692	47
Solid waste	(341)	(292)	(118)	174
Planning and Regulatory Services:				
- City planning	1,752	1,521	1,685	164
- Building and Compliance Services	830	817	825	8
Community and recreation:				
- Community development	603	667	574	(93)
- Activation	306	301	330	29
- Emergency management	658	667	502	(165)
- Parks and reserves	2,234	2,960	2,587	(373)
- H ² O Xtream	1,962	1,881	1,982	101
- Library	2,823	2,675	2,981	306
- Expressions	849	912	893	(19)
- Property	143	133	158	25
- Akatarawa Cemetery	(72)	10	(71)	(81)
- Support services	27	48	28	(20)
Economic development	1,547	1,495	1,665	170
Total rate funding requirement	36,055	37,733	37,755	22
Funded by				
Accumulated general fund	245	0	217	217
Rates	35,810	37,733	37,538	(195)
Total	36,055	37,733	37,755	22
Change in rate funding requirement	5.39%	5.29%	4.83%	-0.46%
Less forecast growth in the rating database	1.00%	1.00%	2.00%	1.00%
Forecast in net change in overall rate funding requirement	4.39%	4.29%	2.83%	-1.46%
Less forecast inflation LGCI*	0.00%	2.53%	1.90%	-0.63%
Forecast real change in rates funding requirement	4.39%	1.76%	0.93%	-0.83%

*LGCI – Local government cost index

Rate funding adjustments 2017 – 2018

Activity	Increase/decrease	Reason
Leadership	Increase of \$134,000	Sustainability programmes moved out from Support services into Leadership.
Water supply	Decrease of \$189,000	Increase in Water Supply income, reserves funding and decrease in internal costs of service.
Wastewater	Decrease of \$143,000	Decrease mainly due to loan interest expenses from lower loan funding rates.
Solid waste	Increase of \$174,000	Increased resource and allocation costs coupled with a reduction in income.
City planning	Increase of \$164,000	Increase mainly due to District plan review increased costs.
Emergency management	Decrease of \$165,000	Decrease in internal costs of service mainly due to Rural Fire assets transferred over to Wellington Regional Fire Authority.
Parks and reserves	Decrease of \$373,000	Decrease in internal costs of service mainly due to reduced depreciation expenses.
H ² O Xtream	Increase of \$101,000	Increased resource and allocation costs coupled with a reduction in income.
Library	Increase of \$306,000	Increased resource and allocation costs coupled with a reduction in income.
Economic development	Increase of \$170,000	Increased resource and allocation costs.

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

B - Rates

	Forecast Annual Plan Year 2 2016-17 (\$ 000)	Forecast LTP Year 3 2017-18 (\$ 000)	Forecast Annual Plan Year 3 2017-18 (\$ 000)	Forecast Variation Year 3 2017-18 (\$ 000)
General rates	21,912	22,327	22,417	90
Targeted rates water fire protection	1,303	1,375	1,356	(19)
Targeted rates water supply	4,170	4,407	4,237	(170)
Targeted rates stormwater	2,013	2,645	2,692	47
Targeted rates wastewater	6,412	6,978	6,835	(143)
Rates penalties	174	182	174	(8)
Total non-exchange revenue - rates	35,984	37,914	37,711	(203)

C - Public debt

	Forecast Annual Plan Year 2 2016-17 (\$ 000)	Forecast LTP Year 3 2017-18 (\$ 000)	Forecast Annual Plan Year 3 2017-18 (\$ 000)	Forecast Variation Year 3 2017-18 (\$ 000)
Opening balance	37,807	41,281	37,305	(3,976)
Loans raised during the year	4,207	2,893	5,549	2,656
Less repayments during the year	(2,298)	(2,812)	(3,316)	(504)
Total public debt	39,716	41,362	39,538	(1,824)

The opening balance of year three (2017 - 2018) may not agree to closing balance of year two (2016 - 2017) due to Council taking into account events occurring this year.

New loans consist of:

Land transport	2,214	645	1,653	1,008
Water supply	133	504	504	0
Stormwater	564	577	218	(359)
Wastewater	494	478	544	66
Parks and reserves	472	689	1,399	710
Property	0	0	635	635
Expressions Whirinaki Arts and Entertainment Centre	0	0	346	346
Economic development	250	0	250	250
Management support	80	0	0	0
Total new loans	4,207	2,893	5,549	2,656
Interest expenses	2,150	2,312	1,959	(353)

D - Restricted reserve funds

	Forecast Annual Plan Year 2 2016-17 (\$ 000)	Forecast LTP Year 3 2017-18 (\$ 000)	Forecast Annual Plan Year 3 2017-18 (\$ 000)	Forecast Variation Year 3 2017-18 (\$ 000)
Special funds	2,894	5,472	5,381	(91)
Other accounts restricted by law	1,875	564	2,872	2,308
Total restricted reserves	4,769	6,036	8,253	2,217

E - Comparison of key funding indicators

	Forecast Annual Plan Year 2 2016-17 (\$ 000)	Forecast LTP Year 3 2017-18 (\$ 000)	Forecast Annual Plan Year 3 2017-18 (\$ 000)	Forecast Variation Year 3 2017-18 (\$ 000)
Rate funding requirement	35,810	37,733	37,538	(195)
Public debt	39,716	41,362	39,538	(1,824)
Restricted reserves	4,769	6,036	8,253	2,217

Key changes to the Schedule of Fees and Charges 2017 - 2018

Standardisation of administration fees for technical officers and administration officers

New, proposed hourly rates for technical officers at \$115 per hour, and administration officers at \$90 per hour have been applied throughout the Schedule of Fees and Charges.

Abandoned vehicles, building services, and regulatory services

An increase of \$3.00 has been added to the towing fee and \$1.00 per day to the storage of a vehicle at the Council depot.

A new service has been introduced providing customers with building packet data on a USB stick. Alternately the information can be delivered electronically. Both services incur a charge of \$10.00

Building Services

The increased fees in the Building Services area are based on the new, proposed hourly rates for technical officers (at \$115 per hour) and administration officers (at \$90 per hour) in conjunction with an assessment of the actual cost of resource.

The 'Building consent cost' category has been expanded in regards to free-standing and in-built fire units.

As a result of recent legislative change, the 'Special exemption request' section under the swimming pools heading no longer applies and has been removed.

Other categories within building services have been consolidated and simplified to simplify use for customers.

Compliance Services

A 3% increase (rounded) has been applied to cover all dog registration costs with the exception of disability assistance dogs and police dogs.

H²O Xtream

Minor changes have been applied to some fees, including the addition of discounted, hydrobics disability single and 10-trip passes.

Land Information Memorandum

The LIM fee now relates to the type of property that the LIM is for. This is in keeping with the other councils in the Wellington Region and reflects the level of work involved.

Information about how refunds are calculated now shows the exact amount to be refunded up to 5 days after the application is made. This will encourage applicants who need to cancel, to do so promptly so that workflow and service delivery is not disrupted.

The hourly rate for time above that allowed for in the minimum fee has been increased. The majority of LIMs are now delivered electronically and changes have been made to reflect this also.

Land transport

Increases that reflect the actual costs have been applied to:

- Street works - Corridor Access Request (CAR) fees
- Corridor access request (CAR) for subdivision
- Registration of delegated authority
- Overweight permit fees

Regulatory services

All Regulatory Services fees have increased by 3% to reflect the increase in actual costs.

New sections for food premises licenced under the Food Act 1981, and food premises licenced under the Food Act 2014 have been included within Regulatory Services.

Resource management

Recent legislative change has introduced two new consenting exemption categories taking effect from October 2017. These have been included under the subheading 'land use consents and other requirements':

1. Application for Resource Consent Exemption for boundary activities (s87BA of the RMA)
2. Application for Resource Consent Exemption for marginal or temporary rule breaches (s87BB of the RMA).

Increased fees in resource management generally reflect the new hourly rates for technical and administration officers.

Trade waste

All trade waste charges have been updated following the calculation methodology as agreed by Hutt City Council and Upper Hutt City Council, based on the HCC officers report dated 17 August 2000. (Hutt City administers the Trade Waste bylaw)

Water supply

Water charges are generally indexed by the contract cost increase for maintenance (0.5%), with the exception of water volumetric charges which are indexed by the forecast increase in the bulk water levy in the LTP (8.7%).

EXTRAORDINARY SUPPLY

An extraordinary supply may be provided to non-domestic customers. The first 230m³ supplied is ordinary supply and only consumption over 230m³ is charged for as extraordinary supply. This quantity has now changed to the first 228m³.

New projects

Continuation of the Economic Development Stimulus Policy



Background

In 2014 Council launched the Economic Development Stimulus Policy in response to community feedback about the need for Council to support economic development in Upper Hutt. The primary objective of the policy was to rejuvenate our city centre and to cultivate economic growth in Upper Hutt through the provision of:

- retrofit and relocation incentives,
- building and resource consent waivers.
- earthquake strengthening grants, and
- reduction and remission of rates.

Over the last three years the policy has contributed to the attraction, retention, and expansion of businesses, and had a positive effect on over 350 jobs in our city.

A review in 2015 saw the addition of two additional incentives for businesses, relating to:

- city centre exterior improvements, and
- new builds.

To date, the incentives that Council has granted through the policy have enabled investment of over \$7.7million in Upper Hutt, \$4.9million of which was invested in the city centre.

Objectives

Specific issues that the policy seeks to address include upgrading the visual amenity of the city centre, lowering the retail vacancy rate, and encouraging more businesses to be based in Upper Hutt.

The policy contributes to the increased local employment opportunities and increased local expenditure. It also supports increased safety, reduces risk, and encourages repair and refurbishment of buildings by providing an incentive to strengthen earthquake-prone buildings.

How the project fits with Council's strategic direction

LONG TERM PLAN VISION

Our city vision, articulated as 'Life. Leisure. *Live it!*' determines how we invest our energy and finances through five strategic priority areas: environment; community; city centre; economy; and infrastructure. The vision reflects what our community values most about Upper Hutt.

NEW PROJECTS

The Economic Development Stimulus Policy fits strategically with Councils' City Centre vision: We're Upper Hutt. We're a city for opportunity, and the Economy vision: We're Upper Hutt. We're enabling growth and success.

Next steps

Council will continue to support the Economic Development Stimulus Policy by providing a further \$250,000 that will be loan funded for 2017 - 2018.

Operating costs

\$250,000 (loan funded)

Strategic Property Fund



Council has the ability to strategically shape the layout and attractiveness of the city through the acquisition of property. Typically, Council relies on reserve fund contributions for such purposes. But this does not accommodate the potential for one-off acquisitions of property that, if purchased, would provide significant benefits to Upper Hutt.

When property becomes available on short notice, Council needs to act quickly to secure the property for the community. Council will establish a Strategic Property Fund to enable the purchase of such property when it becomes available.

A key consideration behind any purchase decision will be how the property contributes to the overall amenity and/or economic wellbeing of Upper Hutt. The initial fund will be \$500,000 loan funded, on the basis that if it is not used (because there is no property that meets the above criteria) the opportunity to draw down the loan will carry over to the following year.

The fund may be increased by Council resolution if required.

Use of the property that is purchased for the community may include the establishment of a city centre green space, designed to provide a social environment for children, families, workers, and visitors to interact—providing a sense of community in Upper Hutt.

Information will be made available on potential property that could be purchased as and when it is identified.

Objective

To provide the Council with the ability to acquire property, that would be of benefit to the community, as it becomes available.

How the project fits with Council's strategic direction

LONG TERM PLAN VISION

In line with the environment, city centre and economy vision statements, investment in this project will provide Council an opportunity to invest in a space that will enhance the vibrancy and vitality of our city centre for enjoyment by the community and those visiting Upper Hutt.

Next steps

Up to \$500,000 will be loan funded when an appropriate property becomes available.

Resurfacing the netball courts at Heretaunga College



Background

The courts at Heretaunga College have been used by the Upper Hutt Junior Netball Club since it was launched in 1979. Last year the club had a membership of 680 players, umpires, coaches and managers.

The courts are well used throughout the year, not only for competition, but also for coaching, development and umpiring clinics run by the club both pre-season and during the season. In addition, the club hosts several regional tournaments throughout the netball season. When netball is not being played, the community regularly uses the courts for other ball sports and recreational activities.

The courts are now in need of resurfacing.

Historically Council has provided financial support to various sporting codes, including rugby, tennis, cricket and football. Council will support Upper Hutt Junior Netball by contributing fifty percent of the total cost (up to \$100,000) towards resurfacing the seven netball courts at Heretaunga College.

Objective

The main objective of resurfacing the netball courts is to ensure that Upper Hutt youth, and those visiting, will have suitable netball facilities for the foreseeable future. The investment by Council will contribute towards sustaining participation levels and a healthier community.

How the project fits with Council's strategic direction

LONG TERM PLAN VISION

In line with the community and infrastructure vision statements, investment in this project will enrich our outdoor recreation and leisure offering, encourage greater use of the facilities, promote a sense of community pride, and contribute towards healthy communities by enabling continued participation in netball by Upper Hutt youth for many years to come.

Upper Hutt Junior Netball and Heretaunga College have given Council assurance of their long-term commitment to use this venue.

Next steps

Council will help fund the resurfacing of the seven netball courts at Heretaunga College by funding fifty percent of the total cost of resealing the netball courts, up to a limit of \$100,000. Specific criteria such as a commitment between the parties to continue the existing arrangements will apply.

The final amount (up to \$100,000) will be loan funded.

Policy amendment

Amendment to the Rates Remission and Postponement Policy for Economic Development



Description

Upper Hutt City Council has an opportunity to sustain the current growth in our business and retail sector by extending the Rate Remission Policy for Economic Development to encourage further growth and development in our city.

Council has the discretion to determine the amount, type, and duration of any rates remission granted, however the existing policy does not provide rates remission for renovation of existing buildings. This will be addressed through the inclusion of a fourth objective.

The current objectives of our Rates Remission and Postponement Policy for Economic Development are to promote employment and economic development within the city by offering rates remission to:

1. assist new businesses to become established in the city.
2. assist existing businesses in the city to expand and grow.
3. assist developers of sub-divisions.

Council will extend the Rates Remission and Postponement Policy for Economic Development by adding a fourth objective to include strategic economic projects that are anticipated to greatly enhance our city as follows:

4. assist in the establishment of significant initiatives which are of strategic economic value to the city.

The revised Rates Remission Policy for Economic Development is overleaf. Please note the changes are in blue boxes.

How the project fits with Council's strategic direction

LONG TERM PLAN VISION

The policy fits strategically within Council's City Centre vision: We're Upper Hutt. We're a city for opportunity, and the Economy vision statement: We're Upper Hutt. We're enabling growth and success.

Rate Remission Policy for Economic Development

Council's Rates Remission Policy has three components; General Remissions Policy, Policy on Remissions and Postponement and Rates Remissions Policy for Economic Development. There are objectives, conditions and criteria specific to each. Amendments to the existing policy are shown in blue.

RATES REMISSIONS POLICY FOR ECONOMIC DEVELOPMENT

The Rates Remission Policy for Economic Development is divided into three categories; Business Development, Strategic Economic Projects and Subdivisions. These categories share the objectives of this section of the Policy but have separate conditions and criteria.

Objectives

To promote employment and economic development within the city by offering rates remission to:

- a. Assist new businesses to become established in the city.
- b. Assist existing businesses in the city to expand and grow.
- c. Assist in the establishment of significant initiatives which are of strategic economic value to the city
- d. Assist developers of sub-divisions.

BUSINESS DEVELOPMENT

Conditions and criteria

This category of the policy applies to commercial and/or industrial development that involves the construction, erection or alteration of any building or buildings, fixed plant and machinery, or other works intended to be used for industrial, commercial or administrative purposes.

In considering applications for remission Council will have regard to the extent applications meet the following guidelines:

1. The development is of importance for the future economic development of the city. This may be demonstrated by the scale, type or nature of the development.
2. The number of new employment opportunities the development will create. Generally development would be expected to create a minimum number of new full-time equivalent jobs (as defined in the Funding Impact Statement of Council's current Annual Plan).
3. The amount of new capital investment the development will bring into the city. The amount of new investment should be not less than a minimum amount (as defined in the Funding Impact Statement of Council's current Annual Plan) unless the business falls within the criteria identified below. Consideration will be given to the extent that the new development would increase the rating base.

Council may be willing to consider cases where the business does not meet the guidelines as outlined above, when the development is of importance for the future economic development of the city and any of the following may apply:

1. The business demonstrates a long term commitment to remain and operate in the city. Property ownership or a long-term lease of property may be accepted as a proof of commitment.

2. The development protects or retains cultural aspects of the city e.g. maintains and protects a heritage building.
3. The development adds new and/or visually attractive infrastructure/buildings to the city.
4. It is likely that any remission granted would provide encouragement or impetus to proceed with the development.

The presentation of any such applications to Council will be at the discretion of the Chief Executive and Director of Business Development Services.

The discretion of Council will apply in every case and simply meeting the criteria does not create any entitlement to rates relief.

STRATEGIC ECONOMIC PROJECTS

Conditions and criteria

This category of the policy applies to large, complex projects. They will be of a similar or greater scale to developments considered under the Business Development category. Projects in this category will generally involve multiple parties plus significant initial financial commitments and will not immediately achieve financial self-sufficiency.

In considering applications for remission the Council will have regard to the extent applications meet the following guidelines:

1. The project will make an ongoing strategic economic contribution to the city
2. The project will create new and ongoing employment opportunities
3. The project will bring new capital investment to the city
4. The project will provide a point of difference for the city

The presentation of any such application to the Council will be at the discretion of the Chief Executive. All applications will require Council approval.

The discretion of the Council will apply in every case and simply meeting the criteria does not create any entitlement to rates remission. The Council at its absolute discretion will determine the amount, type and duration of any rates remission granted and may impose such additional or special conditions as it make think fit in any particular case.

SUBDIVISIONS

Rate remissions for this category will be granted by the Director of Corporate Services in accordance with their delegation and the Chief Executive will have delegated authority to determine questions of Policy interpretation if they arise.

A remission under this category is of the general rates only and will be applied to the Lot or Lots identified in accordance with the formula in the Funding Impact Statement. Under this Policy Lot means an interest in land, created by a subdivision, which will have a new computer register issued for it. However, it is not an interest in land that is amalgamated with another Lot so that it does not have a separate computer register and therefore is not an “additional Lot”.

POLICY AMENDMENT

Once granted, a remission will be effective from the first day of July following its grant.

The maximum duration of a remission will be the maximum number of rating years as defined in the Funding Impact Statement or when the Lot receiving the remission is sold whichever is the sooner.

A remission may be transferred with Council's consent.

Conditions and criteria

This section of the policy applies to a developer of a sub-division; subdivision is defined in the Funding Impact Statement.

At least one Lot must be bare land, as defined in the Funding Impact Statement.

In considering a subdivision for remission Council will determine whether it meets all the following criteria:

- a. It complies with the policy, conditions and criteria in paragraphs 1 and 2 above, and
- b. It is a subdivision as defined in the Funding Impact Statement, and
- c. That all of Council's fees and charges in respect of the resource consent for the subdivision are paid.

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 3 2017 - 18 (\$000)	Forecast Annual Plan Year 3 2017 - 18 (\$000)	Forecast Variation Year 3 2017 - 18 (\$000)	Source of Funding 2017 - 18
Sustainability Strategy ¹	0	88	88	Rates
Regional Amenities Fund	133	106	(27)	Rates
Total Leadership works programme	133	194	61	

¹ Under the LTP 2015 - 2025 this project of \$88,000 was in Facilities under Support Services, it has now been transferred to Leadership

Land transport

	Forecast LTP Year 3 2017 - 18 (\$000)	Forecast Annual Plan Year 3 2017 - 18 (\$000)	Forecast Variation Year 3 2017 - 18 (\$000)	Source of Funding 2017 - 18
Asset management – to replace existing assets				
Street drainage	355	355	0	Rates / NZTA
Resealing	1,160	1,158	(2)	Rates / NZTA
Street lighting upgrade	52	52	0	Rates / NZTA
Minor safety	186	205	19	Rates / NZTA
Footpaths	576	576	0	Rates
Carparks and bus shelters	19	19	0	Rates
Litter bin replacement	5	5	0	Rates
Structures component replacement	26	30	4	Rates / NZTA
Traffic services renewals	354	392	38	Rates / NZTA
Miscellaneous work	27	27	0	Rates
Capital works - to improve level of service				
Eastern Hutt rail drainage improvements	0	220	220	Loans
Enhance cycle and walkway -rail corridor	0	1,567	1,567	Loans/NZTA/UCF
Enhance cycle and walkway - subway under State Highway 2	674	674	0	Loans/ NZTA/UCF
LED street lighting upgrade (subsidised/rate funds)	67	67	0	Rates / NZTA
Sealing/widening Hutt River Trail cycle/ walkway (UHCC 49% loans)	0	737	737	NZTA/Reserve Fund Contribution
Sealing/widening Hutt River Trail cycle/ walkway (UCF ² 100%)	0	162	162	UCF
Rural roads upgrades	315	315	0	Loans
Total Land Transport works programme	3,816	6,561	2,745	

¹ NZTA = New Zealand Transport Agency

² UCF = Urban Cycling Fund

Water supply

	Forecast LTP Year 3 2017 - 18 (\$000)	Forecast Annual Plan Year 3 2017 - 18 (\$000)	Forecast Variation Year 3 2017 - 18 (\$000)	Source of Funding 2017 - 18
Asset management – to replace existing assets				
Pipeline renewal	983	983	0	Targeted rates
Reservoir upgrade	504	504	0	Loans
Miscellaneous works	214	214	0	Targeted rates
Capital works – to improve the level of service				
Bridges seismic strengthening	52	52	0	Targeted rates
Pressure management	84	84	0	Loans
Total Water Supply works programme	1,837	1,837	0	

Wastewater

	Forecast LTP Year 3 2017 - 18 (\$000)	Forecast Annual Plan Year 3 2017 - 18 (\$000)	Forecast Variation Year 3 2017 - 18 (\$000)	Source of Funding 2017 - 18
Asset management – to replace existing assets				
Pipeline renewal upgrade	1,760	1,760	0	Targeted rates
Miscellaneous works	56	56	0	Targeted rates
Capital works – to improve the level of service				
Wastewater project capital	478	544	66	Loans
Total Wastewater works programme	2,294	2,360	66	

Stormwater

	Forecast LTP Year 3 2017 - 18 (\$000)	Forecast Annual Plan Year 3 2017 - 18 (\$000)	Forecast Variation Year 3 2017 - 18 (\$000)	Source of Funding 2017 - 18
Asset management – to replace existing assets				
Pipeline renewal	649	656	7	Targeted rates
Telemetry upgrade	20	20	0	Targeted rates
Capital works – to improve the level of service				
Pinehaven Stream	577	217	(360)	Targeted rates
Total Water Supply works programme	1,246	893	(353)	

Solid waste

	Forecast LTP Year 3 2017 - 18 (\$000)	Forecast Annual Plan Year 3 2017 - 18 (\$000)	Forecast Variation Year 3 2017 - 18 (\$000)	Source of Funding 2017 - 18
Project				
Waste Management and Minimisation Plan – Wellington Regional Projects	4	4	0	Waste Levy
Waste Management and Minimisation Plan - Upper Hutt projects	51	49	(2)	Waste Levy
Review of Regional Waste Minimisation Plan	5	5	0	Waste Levy
Capital works – to improve the level of service				
Drop off recycling bins	0	21	21	Waste Levy
Total Solid Waste works programme	60	79	19	

Planning and regulatory services

		Forecast LTP Year 3 2017 - 18 (\$000)	Forecast Annual Plan Year 3 2017 - 18 (\$000)	Forecast Variation Year 3 2017 - 18 (\$000)	Source of Funding 2017 - 18
CP	Scheme review	75	284	209	Rates
CP	Reprioritisation of the District Plan	62	0	(62)	Rates
Total City Planning works programme		137	284	147	

Community and recreation

		Forecast LTP Year 3 2017 - 18 (\$000)	Forecast Annual Plan Year 3 2017 - 18 (\$000)	Forecast Variation Year 3 2017 - 18 (\$000)	Source of Funding 2017 - 18
Asset management - to replace existing assets					
EM	Vehicles and plant	16	0	(16)	Special fund - plant renewal
PR	Toilets	53	53	0	Special fund - Reserve fund
PR	Shower and changing room upgrades	31	31	0	Special fund - Reserve fund
PR	Amenities replacement	145	145	0	Special fund - Reserve fund
PR	New roading seal	13	13	0	Special fund - Reserve fund
PR	Renewal roading resealing	18	18	0	Special fund - Reserve fund
PR	Play equipment	152	145	(7)	Special fund - Reserve fund
PR	Walkway asset replacement / refurbishment	60	60	0	Special fund - Reserve fund
PR	City entranceway planting	38	0	(38)	Rates
LB	Equipment replacements	7	59	52	Rates
Capital works - to improve the level of service					
PR	Maidstone Max developments	0	1	1	Special fund - Reserve fund
PR	Parks building upgrade	7	7	0	

		Forecast LTP Year 3 2017 - 18 (\$000)	Forecast Annual Plan Year 3 2017 - 18 (\$000)	Forecast Variation Year 3 2017 - 18 (\$000)	Source of Funding 2017 - 18
PR	Walkway signage	3	3	0	Special fund - Reserve fund
PR	Sealing of Hutt River Trail programme (this has moved to Land Transport)	184	0	(184)	Transfer to Land transport NZTA/UCF*/special fund/reserve fund contribution
PR	National cycleway - widening the Hutt River Trail	48	48	0	Special fund - Reserve fund
PR	Sculpture Trail	26	26	0	Loans
PR	City environmental improvement	79	79	0	Loans
PR	City walking and cycling network	26	26	0	Loans
PR	Cruickshank Rail Tunnel cycleway	10	10	0	Loans
PR	New pathways and walkways	12	12	0	Special fund - Reserve fund
PR	Maidstone Park Sports Hub stage 3	0	1,520	1,520	Loans / Special fund - Property sales
PR	Multi-use pathway	0	64	64	Loans
LB	Library resources	214	230	16	Rates
LB	APNK - Public Internet	22	9	(13)	Rates
EX	Expressions Whirinaki Arts and Entertainment Centre building	1,050	1,050	0	Loans
PP	CCTV security cameras (All city cameras)	15	14	(1)	Rates
PP	Depot extraordinary (AMP) renewals capex	0	11	11	Rates
PP	Property	0	635	635	Loans
SS	Minor equipment	0	2	2	Rates
Projects					
CS	Youth strategy	13	13	0	Rates
CS	Safe and healthy cities	23	22	(1)	Rates
AC	Activation	301	330	29	Rates
PR	Large trees in reserves	10	10	0	Rates

		Forecast LTP Year 3 2017 - 18 (\$000)	Forecast Annual Plan Year 3 2017 - 18 (\$000)	Forecast Variation Year 3 2017 - 18 (\$000)	Source of Funding 2017 - 18
PR	Native forest management programme	3	3	0	Rates
PR	Monitoring native bush	4	4	0	Rates
PR	Netball courts resealing - Heretaunga	0	100	100	Loans
	Leases - Library IT	0	22	22	Rates
LB	Equipment (Radio-Frequency Identification)				
SS	Sustainability Strategy ¹	88	0	(88)	Rates
Total Community and Recreation works programme		2,671	4,775	2,104	

CS = Community development

AC = Activation

LB = Library

SS = Support services

PR = Parks and reserves

EX = Expressions

CE = Cemetery

EM = Emergency management

HO = H²O Xtream

PP = Property

* UCF = Urban Cycleway Fund

¹ Under the LTP 2015 - 2025 this project of \$88,000 was in Facilities under Support Services, it has now been transferred to Leadership

Economic development

	Forecast LTP Year 3 2017 - 18 (\$000)	Forecast Annual Plan Year 3 2017 - 18 (\$000)	Forecast Variation Year 3 2017 - 18 (\$000)	Source of Funding 2017 - 18
Projects				
Vacant property improvement programme	5	5	0	Rates
Upper Hutt Marketing Strategy	109	109	0	Rates
Business and Residents Opportunity Prospectus	5	2	(3)	Rates
Opportunities profile	14	20	6	Rates
City centre management	20	20	0	Rates
Smartlinx3	5	0	(5)	Rates
Regional marketing initiatives	10	10	0	Rates
The Great Ride cycleway	5	5	0	Rates
Economic Development Stimulus Package	0	250	250	Loans
Total Economic Development works programme	173	421	248	

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 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
Operating statement				
Rates	2,700	2,505	2,639	134
Regional Amenity Fund	0	0	0	0
Operating income	130	35	44	9
Total operating revenue	2,830	2,540	2,683	143
Operating costs	2,841	2,545	2,695	150
Interest	0	0	0	0
Depreciation	0	0	0	0
Total operating costs	2,841	2,545	2,695	150
Operating surplus/ (deficit)	(11)	(5)	(12)	(7)
Capital and reserves funding statement				
Capital expenditure	0	0	0	0
Loans repayments	0	0	0	0
Operating (surplus)/ deficit	11	5	12	7
Transfer to funds	0	0	0	0
Total funding required	11	5	12	7
Funding for depreciation and other non-cash items	11	5	12	7
Loans raised	0	0	0	0
Transfer from funds	0	0	0	0
Accumulated funds	0	0	0	0
Transfer from funds applied	11	5	12	7

Land transport

	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
Operating statement				
Rates	5,892	6,028	5,975	(53)
Operating income	6,523	4,314	6,862	2,548
Total operating revenue	12,415	10,342	12,837	2,495
Operating costs	4,291	4,383	4,570	187
Interest	814	843	700	(143)
Depreciation	4,379	4,282	4,386	104
Total operating costs	9,484	9,508	9,656	148
Operating surplus/ (deficit)	2,931	834	3,181	2,347
Capital and reserves funding statement				
Capital expenditure	8,154	3,816	6,561	2,745
Loans repayments	1,168	932	1,255	323
Operating (surplus)/ deficit	(2,931)	(834)	(3,181)	(2,347)
Transfer to funds	337	233	233	0
Total funding required	6,728	4,147	4,868	721
Funding for depreciation and other non-cash items	3,644	3,502	2,806	(696)
Loans raised	2,214	645	1,653	1,008
Transfer from funds	625	0	409	409
Accumulated funds	245	0	0	0
Transfer from funds applied	6,728	4,147	4,868	721

Water supply

	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
Operating statement				
Rates	5,473	5,782	5,593	(189)
Operating income	1,501	1,552	1,652	100
Total operating revenue	6,974	7,334	7,245	(89)
Operating costs	5,822	6,007	5,996	(11)
Interest	52	51	53	2
Depreciation	1,785	1,773	1,802	29
Total operating costs	7,659	7,831	7,851	20
Operating surplus/ (deficit)	(685)	(497)	(606)	(109)
Capital and reserves funding statement				
Capital expenditure	1,399	1,837	1,837	0
Loans repayments	82	88	86	(2)
Operating (surplus)/ deficit	685	497	606	109
Transfer to funds	3	3	3	0
Total funding required	2,169	2,425	2,532	107
Funding for depreciation and other non-cash items	1,808	1,793	1,844	51
Loans raised	133	504	504	0
Transfer from funds	228	128	184	56
Accumulated funds	0	0	0	0
Transfer from funds applied	2,169	2,425	2,532	107

Wastewater

	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
Operating statement				
Rates	6,411	6,978	6,835	(143)
Operating income	770	778	771	(7)
Total operating revenue	7,181	7,756	7,606	(150)
Operating costs	4,679	4,987	5,075	88
Interest	802	906	710	(196)
Depreciation	3,376	3,313	3,539	226
Total operating costs	8,857	9,206	9,324	118
Operating surplus/ (deficit)	(1,676)	(1,450)	(1,718)	(268)
Capital and reserves funding statement				
Capital expenditure	2,266	2,294	2,360	66
Loans repayments	178	204	191	(13)
Operating (surplus)/ deficit	1,676	1,450	1,718	268
Transfer to funds	0	0	0	0
Total funding required	4,120	3,948	4,269	321
Funding for depreciation and other non-cash items	3,076	3,150	3,405	255
Loans raised	494	478	544	66
Transfer from funds	550	320	320	0
Accumulated funds	0	0	0	0
Transfer from funds applied	4,120	3,948	4,269	321

Stormwater

	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
Operating statement				
Rates	2,013	2,645	2,692	47
Operating income	622	629	620	(9)
Total operating revenue	2,635	3,274	3,312	38
Operating costs	1,899	2,125	2,199	74
Interest	24	61	38	(23)
Depreciation	1,738	1,863	1,820	(43)
Total operating costs	3,661	4,049	4,057	8
Operating surplus/ (deficit)	(1,026)	(775)	(745)	30
Capital and reserves funding statement				
Capital expenditure	1,085	1,246	893	(353)
Loans repayments	9	37	37	0
Operating (surplus)/ deficit	1,026	775	745	(30)
Transfer to funds	0	0	0	0
Total funding required	2,120	2,058	1,675	(383)
Funding for depreciation and other non-cash items	1,206	1,481	1,458	(23)
Loans raised	564	577	217	(360)
Transfer from funds	350	0	0	0
Accumulated funds	0	0	0	0
Transfer from funds applied	2,120	2,058	1,675	(383)

Solid waste

	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
Operating statement				
Rates	(341)	(292)	(118)	174
Operating income	577	549	489	(60)
Total operating revenue	236	257	371	114
Operating costs	216	257	351	94
Interest	0	0	0	0
Depreciation	0	0	0	0
Total operating costs	216	257	351	94
Operating surplus/ (deficit)	20	0	20	20
Capital and reserves funding statement				
Capital expenditure	20	0	21	21
Loans repayments	0	0	0	0
Operating (surplus)/ deficit	(20)	0	(20)	(20)
Transfer to funds	0	0	0	0
Total funding required	0	0	1	1
Funding for depreciation and other non-cash items	0	0	1	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	0	1	1

Planning and regulatory services

Amalgamations:	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
Building and Compliance services				
Planning				
Operating statement				
Rates	2,582	2,338	2,293	(45)
Operating income	2,210	2,236	3,369	1,133
Total operating revenue	4,792	4,574	5,662	1,088
Operating costs	4,306	4,070	4,545	475
Interest	19	14	15	1
Depreciation	0	0	0	0
Total operating costs	4,325	4,084	4,560	476
Operating surplus/ (deficit)	467	490	1,102	612
Capital and reserves funding statement				
Capital expenditure	0	0	0	0
Loans repayments	83	86	84	(2)
Operating (surplus)/ deficit	(467)	(490)	(1,102)	(612)
Transfer to funds	400	412	1,250	838
Total funding required	16	8	232	224
Funding for depreciation and other non-cash items	16	8	15	7
Loans raised	0	0	0	0
Transfer from funds	0	0	0	0
Accumulated funds	0	0	217	217
Transfer from funds applied	16	8	232	224

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 2 2016 – 17 (\$ 000)	Forecast LTP Year 3 2017 – 18 (\$ 000)	Forecast Annual Plan Year 3 2017 – 18 (\$ 000)	Forecast Variation Year 3 2017 – 18 (\$ 000)
Operating statement				
Rates	9,533	10,254	9,964	(290)
Operating income	6,771	4,839	5,288	449
Total operating revenue	16,304	15,093	15,252	159
Operating costs	10,655	10,762	11,095	333
Interest	371	377	381	4
Depreciation	1,995	2,236	1,793	(443)
Total operating costs	13,021	13,375	13,269	(106)
Operating surplus/ (deficit)	3,283	1,718	1,983	265
Capital and reserves funding statement				
Capital expenditure	5,113	2,229	4,270	2,041
Loans repayments	579	1,215	1,414	199
Operating (surplus)/ deficit	(3,283)	(1,718)	(1,983)	(265)
Transfer to funds	4,812	1,757	2,743	986
Total funding required	7,221	3,483	6,444	2,961
Funding for depreciation and other non-cash items	1,940	2,254	1,745	(509)
Loans raised	552	688	2,381	1,693
Transfer from funds	4,729	541	2,318	1,777
Accumulated funds	0	0	0	0
Transfer from funds applied	7,221	3,483	6,444	2,961

Economic development

	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
Operating statement				
Rates	1,547	1,495	1,665	170
Operating income	16	13	22	9
Total operating revenue	1,563	1,508	1,687	179
Operating costs	1,561	1,209	1,641	432
Interest	56	52	51	(1)
Depreciation	0	0	0	0
Total operating costs	1,617	1,261	1,692	431
Operating surplus/ (deficit)	(54)	247	(5)	(252)
Capital and reserves funding statement				
Capital expenditure	0	0	0	0
Loans repayments	200	250	250	0
Operating (surplus)/ deficit	54	(247)	5	252
Transfer to funds	0	0	0	0
Total funding required	254	3	255	252
Funding for depreciation and other non-cash items	4	3	5	2
Loans raised	250	0	250	250
Transfer from funds	0	0	0	0
Accumulated funds	0	0	0	0
Transfer from funds applied	254	3	255	252

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 New Zealand's generally accepted accounting practices (NZGAPP). 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

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

Statement of compliance

The financial statements of Upper Hutt City Council have been prepared in accordance with the requirements of Local Government Act 2002: Part 6, section 95 and Part 2 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 Council will update the prospective financial statements, following consultation, submissions and decisions that are included in the final plan that the Council adopts.

The prospective financial statements of Upper Hutt City Council are for the period year ended 30 June 2018. The prospective financial statements was adopted for issue by Council on 28 June 2017.

Measurement base

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

Functional and presentation currency

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

Foreign currency transactions

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the Prospective Statement of Comprehensive Revenue and Expense.

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 2016-17 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.

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.

In 2015, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBE's with reporting periods beginning on or after 1 January 2016. The Council will apply these standards in preparing its 30 June 2017 financial statements. The Council expects there will be no effect in applying these amendments.

Standards, amendments, and interpretations issued that are not yet effective and not 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:

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

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

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.

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, including 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 distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost adjusted when applicable, for any loss or service potential or current replacement cost.

Where inventory is acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

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 expense.

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

Financial assets 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 the purchase or sale of the assets. 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.

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 Expenses in the Prospective Statement of Comprehensive Revenue and Expense.

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 surplus and deficit section of the Prospective Statement of Comprehensive Revenue and Expense.

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. The Pumpkin Cottage Collection was independently revalued as at 27 October 2015 by Suzanne Beere of Ngaio Fine Arts.

Revaluations are conducted more frequently if, at any balance date, the fair value differs materially from the carrying amount. 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 over 20 years and sewerage pipelines over 40-80 years.

The specific rates of depreciation applied to major classes of property, plant and equipment are:

Depreciation		
	Years	Rate
Straight-line depreciation		
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		
Bridges	20 to 100 years	1% to 5%
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		
Straight-line depreciation	Years	Rate
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 or 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 expense.

Restricted reserves

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

ACCOUNTING POLICIES AND ASSUMPTIONS

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 valuers 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 2017.

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;
- 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
- there has been a change of accounting policy.

Prospective statement of comprehensive revenue and expense

	Notes	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
Revenue					
Rates	1	35,984	37,914	37,711	(203)
Fees and charges	2	12,765	10,192	11,708	1,516
Development and financial contributions		737	644	1,483	839
Subsidies and grants	3	5,258	3,792	5,540	1,748
Interest and dividends	4	306	370	344	(26)
Total revenue		55,050	52,912	56,786	3,874
Expenditure					
Personnel costs		10,158	10,018	10,957	939
Depreciation and amortisation expense	5(b)	13,273	13,468	13,340	(128)
Finance costs		2,150	2,312	1,959	(353)
Bulk drainage levy		2,671	2,779	2,779	0
Bulk water levy		2,810	3,055	3,055	0
Other expenses	5(a)	20,620	20,481	21,363	882
Total operating expenditure		51,682	52,113	53,453	1,340
Surplus / (Deficit) before tax		3,368	799	3,333	2,534
Income tax expense		0	0	0	0
Surplus/(deficit) before and after tax	24	3,368	799	3,333	2,534
Other comprehensive revenue and expense					
Gains /(losses) on infrastructure assets revaluation	11	12,830	3,054	4,232	1,178
Financial assets at fair value through equity		0	0	0	0
Gains on operational, aquatic and restricted assets revaluation	10a-b-c	0	0	0	0
Total other comprehensive revenue for the year, net of tax		12,830	3,054	4,232	1,178
Total comprehensive revenue for the year		16,198	3,853	7,565	3,712

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

Prospective statement of financial position

	Notes	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
Equity					
Accumulated funds	18	241,104	234,546	237,419	2,873
Restricted reserves	19	4,769	6,036	8,253	2,217
Asset revaluation reserve	20	460,878	428,357	434,402	6,045
Total equity		706,751	668,939	680,074	11,135
Assets					
Current assets					
Cash and cash equivalents	6	313	400	508	108
Other financial assets	7	11,533	12,179	7,563	(4,616)
Trade and other receivables	9	2,313	2,368	2,718	350
Total current assets		14,159	14,947	10,789	(4,158)
Non-current assets					
Non-current financial assets	7	516	156	590	434
Receivables	9	0	0	6	6
Operational property, plant and equipment	10a	68,896	45,260	53,671	8,411
Aquatic property, plant and equipment	10b	0	0	9,630	9,630
Restricted property, plant and equipment	10c	35,959	34,215	33,821	(394)
Infrastructural assets	11	633,720	622,660	620,476	(2,184)
Intangible assets	13	79	65	13	(52)
Total non-current assets		739,170	702,356	718,207	15,851
Total assets		753,329	717,303	728,996	11,693
Liabilities					
Current liabilities					
Payables and deferred revenue	14	6,119	6,241	6,191	(50)
Employee entitlements	15	564	577	572	(5)
Borrowings - current	16	2,812	2,115	2,176	61
Total current liabilities		9,495	8,933	8,939	6
Non current liabilities					
Derivatives financial instruments	8	0	0	2,439	2,439
Employee entitlements	15	179	184	182	(2)
Borrowings - term portion	16	36,904	39,247	37,362	(1,885)
Total non current liabilities		37,083	39,431	39,983	552
Total liabilities		46,578	48,364	48,922	558
NET ASSETS		706,751	668,939	680,074	11,135

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

Prospective statement on changes of equity

	Forecast Annual Plan Year 2 2016 – 17 (\$ 000)	Forecast LTP Year 3 2017 – 18 (\$ 000)	Forecast Annual Plan Year 3 2017 – 18 (\$ 000)	Forecast Variation Year 3 2017 – 18 (\$ 000)
Equity at the start of the year	690,553	665,086	672,509	7,423
Total comprehensive revenue	16,198	3,853	7,565	3,712
Total transfer to trust accounts	0	0	0	0
Prospective equity at end of year	706,751	668,939	680,074	11,135
Accumulated funds	241,104	234,546	237,419	2,873
Revaluation reserves	460,878	428,357	434,402	6,045
Restricted reserves	4,769	6,036	8,253	2,217
Total recognised revenues and expenses for the period	706,751	668,939	680,074	11,135

The opening balance of year three (2017 – 2018) may not agree to closing balance of year two (2016 – 2017) 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 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
	Notes				
Cash flow from operating activities					
Cash was provided from:					
Rates and other receipts		52,425	48,232	50,709	2,477
Interest received	4	306	370	344	(26)
		52,731	48,602	51,053	2,451
Cash was applied to:					
Payments to suppliers and employees		(35,492)	(35,217)	(37,096)	(1,879)
Interest paid		(2,150)	(2,312)	(1,959)	353
Goods and services tax (net)		0	0	0	0
		(37,642)	(37,529)	(39,055)	(1,526)
Net cash inflow (outflow) from operating activities	26	15,089	11,073	11,998	925
Cash flow from investing activities					
Cash was provided from:					
Proceeds from sale of fixed assets		630	977	2,200	1,223
Decrease in investments		243	0	4,508	4,508
		873	977	6,708	5,731
Cash was applied to:					
Increase in investments		0	(1,738)	0	1,738
Purchase of fixed assets		(17,937)	(10,372)	(15,943)	(5,571)
		(17,937)	(12,110)	(15,943)	(3,833)
Net cash inflow (outflow) from investing activities		(17,064)	(11,133)	(9,235)	1,898
Cash flow from financing activities					
Cash was provided from:					
Loan raised	15	4,207	2,893	5,549	2,656
Cash was applied to:					
Loan repayments	15	(2,298)	(2,812)	(3,316)	(504)
Net cash inflow (outflow) from financing activities		1,909	81	2,233	2,152

Notes	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
Cash, cash equivalents and bank overdrafts as at 01 July	379	379	(4,488)	(4,867)
Net increase (decrease) in cash equivalents and bank overdrafts	(66)	21	4,996	4,975
Cash, cash equivalents and bank overdrafts as at 30 June	313	400	508	108

The opening balance of year three (2017 - 2018) may not agree to closing balance of year two (2016 - 2017) 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 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
General rates	21,912	22,327	22,417	90
Targeted rates water fire protection	1,303	1,375	1,356	(19)
Targeted rates water supply ¹	4,170	4,407	4,237	(170)
Targeted rates stormwater	2,013	2,645	2,692	47
Targeted rates wastewater	6,412	6,978	6,835	(143)
Rates penalties	174	182	174	(8)
Total non-exchange rates revenue	35,984	37,914	37,711	(203)

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 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
Total gross rates revenue	36,099	38,029	37,838	(191)
Less rates remission				
Land used for sport	98	100	100	0
Rate penalties remission	17	15	27	12
Remission economic development policy	0	0	0	0
Rates revenue net of remissions	35,984	37,914	37,711	(203)

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 1 June 2017:

Rating information	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
Total land valuations of rateable properties for the city	\$3,072,679,200	\$3,137,307,963	\$3,653,451,060	\$516,143,097
Total capital valuation of rateable properties for the city	\$7,081,940,700	\$7,105,816,822	\$8,043,650,760	\$937,833,938
Total number of rateable properties	16,803	17,215	16,603	(612)
Estimated population of the city	40,620	42,418	42,418	0

2 - Fees and charges

Non-exchange revenue – Fees and charges	Forecast Annual Plan Year 2 2016 – 17 (\$ 000)	Forecast LTP Year 3 2017 – 18 (\$ 000)	Forecast Annual Plan Year 3 2017 – 18 (\$ 000)	Forecast Variation Year 3 2017 – 18 (\$ 000)
Permit and licence fees	1,368	1,371	1,695	324
Vested assets	2,292	2,349	3,122	773
Metered water charges	1,020	1,071	1,161	90
Property rentals and sale of property	4,606	222	2,418	2,196
H ² O Xtream and Expression Charges	1,158	1,232	1,187	(45)
Library, parks, cemetery and community charges	267	280	254	(26)
Other revenue	745	2,480	668	(1,812)
Total non-exchange revenue - Fees and charges revenue	11,456	9,005	10,505	1,500
Exchange revenue – Fees and charges				
Solid waste charges ¹	576	546	485	(61)
Dog charges	390	410	369	(41)
Cemetery charges	343	231	349	118
Total exchange revenue - fees and charges revenue	1,309	1,187	1,203	16
Total fees and charges revenue	12,765	10,192	11,708	1,516

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

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

3 - Subsidies and grants

Non-exchange revenue - Subsidies and grants	Forecast Annual Plan Year 2 2016 – 17 (\$ 000)	Forecast LTP Year 3 2017 – 18 (\$ 000)	Forecast Annual Plan Year 3 2017 – 18 (\$ 000)	Forecast Variation Year 3 2017 – 18 (\$ 000)
Roading subsidies - NZ Transport Agency (NZTA ¹)	4,508	2,386	4,027	1,641
Petrol tax (Crown)	154	159	152	(7)
Rural fire subsidies (GWRC ² and NRFA ³)	0	0	0	0
Grants for Expressions	0	703	703	0
Subsidies for Activation	0	0	60	60
Other grants and subsidies	596	544	598	54
Total subsidies and grants revenue	5,258	3,792	5,540	1,748

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 2 2016 – 17 (\$ 000)	Forecast LTP Year 3 2017 – 18 (\$ 000)	Forecast Annual Plan Year 3 2017 – 18 (\$ 000)	Forecast Variation Year 3 2017 – 18 (\$ 000)
Interest on general funds	185	134	212	78
Interest on special funds	121	236	132	(104)
Dividends	0	0	0	0
Total exchange interest and dividend revenue	306	370	344	(26)

5a - Other expenditure and items for disclosure

	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
Insurance	340	506	347	(159)
Disaster fund insurance	209	194	209	15
Audit fees	130	136	136	0
Audit fees - LTP	0	90	85	(5)
Rental	73	251	112	(139)
Loss on sale of assets	630	977	972	(5)
Rates remissions - sports clubs and other non-profit bodies	98	100	100	0
Penalty remissions	17	15	27	12
Consultants	780	782	760	(22)
Printing, photocopying and stationary	252	267	250	(17)
Telephone rental, mobile and tolls	112	152	113	(39)
Motor vehicle expenses	266	312	250	(62)
Electricity/ gas energy costs (includes street lighting and maintenance)	953	1,044	959	(85)
Rates on UHCC properties	2,031	2,081	2,124	43
Land transport general maintenance	255	272	271	(1)
Water reticulation maintenance	719	665	665	0
Sewer maintenance	507	545	545	0
Drain maintenance	303	335	350	15
Other costs	12,945	11,757	13,088	1,331
Total other expenses	20,620	20,481	21,363	882

5b - Depreciation and amortisation expenses by group of activity

	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
Leadership	0	0	0	0
Land Transport	4,379	4,282	4,386	104
Water Supply	1,785	1,773	1,802	29
Wastewater	3,376	3,313	3,539	226
Stormwater	1,738	1,863	1,820	(43)
Solidwaste	0	0	0	0
Planning and Regulatory Services	0	0	0	0
Community and Recreation	1,995	2,237	1,793	(444)
Economic Development	0	0	0	0
Total depreciation and amortisation expense	13,273	13,468	13,340	(128)

6 - Cash and cash equivalents

	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
Cash on hand	4	4	4	0
Bank balances	9	96	204	108
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	313	400	508	108

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 (2017), \$600,000 (2016). The current interest rate on the facility is 11.65% per annum (2015 12.65% per annum).

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

7 - Other financial assets

	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
Current portion				
<i>Loans and receivables</i>				
Short-term deposits with maturities of 4 - 12 months	11,533	12,179	7,563	(4,616)
Total current portion	11,533	12,179	7,563	(4,616)
Non-current portion				
LGFA Borrower Notes (Local Government Funding Agency)	360	0	392	392
<i>Fair value through equity- unlisted shares</i>				
Investment in Civic Assurance Ltd	46	46	75	29
Investment in Smartlinx ³ Ltd	30	30	43	13
Capacity	80	80	80	0
Total non-current portion	516	156	590	434

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 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
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	2.00%	3.67%	2.00%	-1.67%
Short term deposits (with maturities of 4-12 months or less)	11,533	12,179	7,563	(4,616)

Estimated weighted average effective interest rate	2.00%	3.67%	2.00%	-1.67%
Call account	300	300	300	0
Estimated weighted average effective interest rate	2.00%	6.50%	2.00%	-4.50%

8 - Derivative financial instruments

	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 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	(2,439)	(2,439)

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 2017 is \$28.0M (2016 \$28.0M).

The swaps:	Notional principle	Fixed rate	Maturity date
Westpac ¹	\$1,500,000	4.760%	15 November 2021
Westpac ²	\$1,000,000	4.20%	15 December 2021
Westpac ³	\$1,000,000	4.825%	15 December 2020
Westpac ⁴	\$1,000,000	4.740%	16 December 2019
Westpac ⁵	\$1,000,000	4.715%	15 September 2024
Westpac ⁶	\$2,000,000	4.790%	1 June 2023
Westpac ⁷	\$1,000,000	4.745%	15 September 2023
Westpac ⁸	\$1,000,000	3.650%	15 October 2025
Westpac ⁹	\$2,000,000	2.70%	15 February 2019
Kiwibank ¹	\$1,000,000	4.753%	15 August 2024
Kiwibank ²	\$1,000,000	4.752%	15 March 2024
Kiwibank ³	\$1,000,000	4.729%	15 July 2020
Kiwibank ⁴	\$2,000,000	4.669%	15 July 2019
Kiwibank ⁵	\$2,000,000	4.778%	15 June 2022
Kiwibank ⁶	\$1,000,000	3.688%	15 January 2020
Kiwibank ⁷	\$1,000,000	3.793%	15 January 2025
Kiwibank ⁸	\$1,500,000	2.815%	24 December 2018
Kiwibank ⁹	\$1,000,000	2.835%	24 December 2018
Kiwibank ¹⁰	\$1,000,000	3.988%	16 September 2025
Kiwibank ¹¹	\$1,000,000	3.465%	24 December 2020
Kiwibank ¹²	\$2,000,000	3.635%	15 December 2025
Estimated (new)	\$1,000,000	2.450%	15 December 2025

9 - Receivables

	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
Rates receivable	745	763	864	101
Sundry debtors	595	611	870	259
Community loans	3	0	6	6
GST	272	278	276	(2)
Accrued revenue	378	387	384	(3)
Prepayments	371	381	376	(5)
	2,364	2,420	2,776	356
Less impaired receivables	(51)	(52)	(52)	0
Total receivables	2,313	2,368	2,724	356
Less non-current portion:				
Community loans	0	0	6	6
Total non-current portion	0	0	6	6
Current portion	2,313	2,368	2,718	350
Fair value has been determined using cashflows discounted at a rate of 2.5% to 7.25%				
Receivables from non exchange transactions – this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	1,987	2,033	2,393	360
Receivables from exchange transactions – this includes outstanding amounts for dogs charges, cemetery, and solid waste transactions	378	387	383	(4)
Total	2,365	2,420	2,776	356
The fair value of community loans over the 10 years is:	3	0	0	0
The face value of community loans over the 10 years is:	0	0	0	0

The estimated carrying value of receivables (excluding community loans) approximates their fair value.

The Council's community loan scheme is designed to help not-for-profit organisations in the Upper Hutt community to develop or improve new or existing facilities and other major projects. Only organisations with the ability to repay are granted loans. Council may at its discretion require a qualifying body to provide security for a loan. Interest in the first year is 0%, year 2 is 1%, year 3 is 2% and year 4 is 3%.

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.

As at 30 June 2016 and 2015, all overdue receivables, except for the rates receivables have been assessed for impairment. The impairment provision has been calculated based on expected losses for Upper Hutt City Council's pool of debtors.

Expected losses have been determined based on an analysis of Upper Hutt City Council's losses in previous periods and review of specific debtors Upper Hutt City Council's losses and collective assessments.

Upper Hutt City Council holds no collaterals as securities or other credit enhancements over receivables that are either due or impaired.

	Forecast Annual Plan Year 2 2016 – 17 (\$ 000)	Forecast LTP Year 3 2017 – 18 (\$ 000)	Forecast Annual Plan Year 3 2017 – 18 (\$ 000)	Forecast Variation Year 3 2017 – 18 (\$ 000)
Movements in the provision for impairment of receivables and community loans				
Opening balance as at 1 July	87	50	50	0
Additional provisions made during the year	(36)	2	2	0
Receivables written off during the period	0	0	0	0
Closing balance as at 30 June	51	52	52	0

	Forecast Annual Plan Year 2 2016 – 17 (\$ 000)	Forecast LTP Year 3 2017 – 18 (\$ 000)	Forecast Annual Plan Year 3 2017 – 18 (\$ 000)	Forecast Variation Year 3 2017 – 18 (\$ 000)
Estimated age of rates receivables. The age of rates receivables overdue that have not been impaired are as follows:				
Current 90 days over	643	661	778	117
1-2 years old	24	24	49	25
2-3 years old	5	5	26	21
Greater than 3 years old	73	73	11	(62)
Carrying amount as at 30 June	745	763	864	101

	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
Estimated age sundry debtors				
The age of sundry debtors overdue that have not been impaired are as follows:				
Current 90 days over	408	509	682	173
1-2 years old	85	24	85	61
2-3 years old	19	5	19	14
Greater than 3 years old	83	73	84	11
Carrying amount as at 30 June	595	611	870	259

10a - Operational property, plant and equipment

	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
Opening cost/ valuation as at 1 July	68,486	58,584	54,593	(3,991)
Accumulated depreciation and impairment charge	(3,076)	(12,109)	(4,010)	8,099
Opening book value as at 1 July	65,410	46,475	50,583	4,108
Current years additions	5,033	612	4,289	3,677
Current years disposals	0	0	0	0
Current year revaluation	0	0	0	0
Current year depreciation	(1,547)	(1,827)	(1,201)	626
WIP transferred	0	0	0	0
Closing book value as at 30 June	68,896	45,260	53,671	8,411
Closing cost/ valuation	73,519	59,196	58,882	(314)
Closing accumulated depreciation	(4,623)	(13,936)	(5,211)	8,725
Closing book value as at 30 June	68,896	45,260	53,671	8,411

The opening balance of year three (2017 - 2018) may not agree to closing balance of year two (2016 - 2017) due to Council taking into account events occurring this year.

Consists of:	Year 2	Year 3	Year 3	Year 3
Current surplus assets	1,425	955	1,425	470
Land	17,971	11,749	16,728	4,979
Buildings	30,041	20,447	23,075	2,628
Furniture and equipment	55	130	91	(39)
Library books	1,527	2,052	1,360	(692)
Motor vehicles	281	268	57	(211)
Plant	17,596	9,659	10,935	1,276
Total operational assets closing book value 30 June	68,896	45,260	53,671	8,411

10b – Aquatic property, plant and equipment

	Forecast Annual Plan Year 2 2016 – 17 (\$ 000)	Forecast LTP Year 3 2017 – 18 (\$ 000)	Forecast Annual Plan Year 3 2017 – 18 (\$ 000)	Forecast Variation Year 3 2017 – 18 (\$ 000)
Opening cost/ valuation as at 1 July	0	0	10,055	10,055
Accumulated depreciation and impairment charge	0	0	(256)	(256)
Opening book value as at 1 July	0	0	9,799	9,799
Current years additions	0	0	0	0
Current years disposals	0	0	0	0
Current year revaluation	0	0	0	0
Current year depreciation	0	0	(169)	(169)
WIP transferred	0	0	0	0
Closing book value as at 30 June	0	0	9,630	9,630
Closing cost/ valuation	0	0	10,055	10,055
Closing accumulated depreciation	0	0	(425)	(425)
Closing book value as at 30 June	0	0	9,630	9,630

The opening balance of year three (2017 - 2018) may not agree to closing balance of year two (2016 - 2017) due to Council taking into account events occurring this year.

Aquatic assets have now been separated out from Operational assets to report on as a separate class of assets as part of our Auditors recommendations during the Annual Report 2015-2016.

Consists of:	Year 2	Year 3	Year 3	Year 3
Land	0	0	8,114	8,114
Buildings	0	0	1,381	1,381
Plant & equipment	0	0	135	135
Total restricted assets closing book value 30 June	0	0	9,630	9,630

10c – Restricted property, plant and equipment

	Forecast Annual Plan Year 2 2016 – 17 (\$ 000)	Forecast LTP Year 3 2017 – 18 (\$ 000)	Forecast Annual Plan Year 3 2017 – 18 (\$ 000)	Forecast Variation Year 3 2017 – 18 (\$ 000)
Opening cost/ valuation as at 1 July	36,369	36,163	34,618	(1,545)
Accumulated depreciation and impairment charge	0	(2,138)	(379)	1,759
Opening book value as at 1 July	36,369	34,025	34,239	214
Current years additions	0	567	0	(567)
Current years disposals	0	0	0	0
Current year revaluation	0	0	0	0
Current year depreciation	(410)	(377)	(418)	(41)
WIP transferred	0	0	0	0
Closing book value as at 30 June	35,959	34,215	33,821	(394)
Closing cost/ valuation	36,369	36,730	34,618	(2,112)
Closing accumulated depreciation	(410)	(2,515)	(797)	1,718
Closing book value as at 30 June	35,959	34,215	33,821	(394)

The opening balance of year three (2017 - 2018) may not agree to closing balance of year two (2016 - 2017) due to Council taking into account events occurring this year.

Consists of:	Year 2	Year 3	Year 3	Year 3
Land	27,380	24,026	25,098	1,072
Buildings	4,021	2,505	3,996	1,491
Parks and reserves services	4,558	7,684	4,727	(2,957)
Total restricted assets closing book value 30 June	35,959	34,215	33,821	(394)

11 - Infrastructure assets

	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
Opening cost/ valuation as at 1 July	619,054	628,334	617,012	(11,322)
Accumulated depreciation and impairment charge	(1,453)	(8,061)	(3,024)	5,037
Opening book value as at 1 July	617,601	620,273	613,988	(6,285)
Current years additions	15,196	11,542	14,774	3,232
Current years disposals	(630)	(977)	(972)	5
Current year revaluation	12,830	3,054	4,232	1,178
Current year depreciation	(11,277)	(11,232)	(11,546)	(314)
WIP transferred	0	0	0	0
Closing book value as at 30 June	633,720	622,660	620,476	(2,184)
Closing cost/ valuation	646,451	632,171	635,046	2,875
Closing accumulated depreciation	(12,731)	(9,511)	(14,570)	(5,059)
Closing book value as at 30 June	633,720	622,660	620,476	(2,184)

The opening balance of year three (2017 - 2018) may not agree to closing balance of year two (2016 - 2017) due to Council taking into account events occurring this year.

Consists of:	Year 2	Year 3	Year 3	Year 3
Land under roads at cost	88,503	88,780	93,111	4,331
Roads	214,736	204,874	204,110	(764)
Stormwater	111,392	111,764	110,094	(1,670)
Telemetry	472	275	376	101
Wastewater	88,443	84,060	86,312	2,252
Water	91,110	93,587	89,856	(3,731)
Hutt Valley Wastewater	39,064	39,320	36,617	(2,703)
Total infrastructure assets closing book value 30 June	633,720	622,660	620,476	(2,184)

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 City Council 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 Ian Henderson (AAPI), valuation principal of AON Global Risk Consulting.

Upper Hutt City Council has an equitable interest in the total asset of \$38.6M 2016, (\$39.729M 2015) which is recognised as part of Infrastructural assets.

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

	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
Drainage levy	2,671	2,779	2,779	0
Capital contributions	494	478	544	66
Trade waste income	(100)	(100)	(100)	0

13 - Intangible assets

	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
Balance at 01 July				
Cost	399	399	372	(27)
Accumulated amortisation and impairment	(281)	(302)	(353)	(51)
Open carrying amount	118	97	19	(78)
Year ended 30 June				
Additions	0	0	0	0
Amortisation charge	(39)	(32)	(6)	26
Closing carrying amount at 30 June	79	65	13	(52)
Cost balance at 30 June	399	399	372	(27)
Accumulated amortisation and impairment	(320)	(334)	(359)	(25)
Total closing amount at 30 June	79	65	13	(52)

14 - Payables and deferred revenue

	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
Trade creditors	3,324	3,406	3,372	(34)
Rates In advance	413	423	419	(4)
Greater Wellington Regional Council rates	227	233	231	(2)
Fees in advance	871	892	884	(8)
Accrued interest payable	49	49	49	0
Payroll liability	109	111	110	(1)
Other liabilities	40	40	40	0
Deposits and trust accounts	1,086	1,087	1,086	(1)
Total payables and deferred revenue	6,119	6,241	6,191	(50)
Payables and deferred revenue for non-exchange transactions	6,050	6,200	6,150	(50)
Payables and deferred revenue from exchange transactions	69	41	41	0
Composition of payables	6,119	6,241	6,191	(50)
Provisions weathertightness claims	22	22	22	0

Four claims have been lodged with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2016 (four claims in 2015).

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

The WHRS is a central government service established under the Weathertightness Homes Resolution Services Act 2006.

The Government Financial Assistance Package (FAP) is only available to eligible homeowners. The Council has opted into the FAP scheme.

A provision for these 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 over legal proceedings.

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

15 - Employee entitlements

	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
Accrued pay	120	125	125	0
Annual leave	419	427	422	(5)
Sick leave	25	25	25	0
Long service leave	0	0	0	0
Total current portion	564	577	572	(5)
<i>Non current liabilities</i>				
Retirement and long service leave	179	184	182	(2)
Total non-current portion	179	184	182	(2)
Total employee entitlements	743	761	754	(7)

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

A discount rate of 2.4% (2015 - 3.33%) and an inflation rate of 0.40% (2015 - 0.10%).

16 - Public debt

	Forecast Annual Plan Year 2 2016 – 17 (\$ 000)	Forecast LTP Year 3 2017 – 18 (\$ 000)	Forecast Annual Plan Year 3 2017 – 18 (\$ 000)	Forecast Variation Year 3 2017 – 18 (\$ 000)
Opening balance	37,807	41,281	37,305	(3,976)
Loans raised during the year	4,207	2,893	5,549	2,656
Less repayments during the year	(2,298)	(2,812)	(3,316)	(504)
Balance as at 30 June	39,716	41,362	39,538	(1,824)
Less current borrowings repayable in 12 months	(2,812)	(2,115)	(2,176)	(61)
Closing balance for non-current borrowings	36,904	39,247	37,362	(1,885)

The opening balance of year three (2017 – 2018) may not agree to closing balance of year two (2016 – 2017) due to Council taking into account events occurring this year.

FIXED-RATE DEBT

Upper Hutt City Council's secured debt of \$7.956M 2016 (\$2015, \$12.549M) is issued at fixed rates of interest.

FLOATING-RATE DEBT

Upper Hutt City Council's secured debt of \$24.5M 2016 (2015, \$18.0M) 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 (2016 \$600,000). There are no restrictions on the use of this facility.

Council has two multi-option credit facilities available to it, totalling \$5,060,420 (2015 \$1,624,000). One with a \$5.0M limit expiring on 31 July 2020, and one with a \$5.2M limit expiring on 21 December 2018.

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 \$57.569M as at 30 June 2016 (2015 \$50.208M), under its Debenture Trust Deed. This stock has been issued to four banking institutions, as security for existing committed funds of \$32.456M 2016 (2015 \$30.549M) and uncommitted facilities available to the value of nil 2016 (2015, \$1,803,241). Additional security stock is issued to cover all new debt.

Upper Hutt City Council manages its borrowing in accordance with its funding and financial policies, which include a Liability Management Policy.

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

	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
--	---	---	---	---

Interest expenses rates

The weighted average interest rate on loans outstanding (current and non-current) at 30 June is estimated as:	5.40%	5.60%	4.75%	-0.85%
--	-------	-------	-------	--------

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.

The carrying amounts of borrowing repayable approximate their fair value as the loans are re-priced every 90 days.

INTERNAL BORROWINGS

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

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 New Zealand 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 \$28.0M 2016 (2015, 18.5M).

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.

A – Financial instruments categories	Forecast Annual Plan Year 2 2016 – 17 (\$ 000)	Forecast LTP Year 3 2017 – 18 (\$ 000)	Forecast Annual Plan Year 3 2017 – 18 (\$ 000)	Forecast Variation Year 3 2017 – 18 (\$ 000)
Financial assets				
Fair value through surplus and deficit	0	0	0	0
Derivative financial instruments assets	0	0	0	0
Loans and receivables				
Cash at bank and cash equivalents	313	400	508	108
Debtors and other receivables	2,364	2,420	2,776	356
Other financial assets				
- term deposits	11,533	12,179	7,563	(4,616)
- community loans	3	0	6	6
- LGFA borrow rates	360	0	392	392
Total loans and receivables	14,573	14,999	11,245	(3,754)
Fair value through other comprehensive revenue and expense				
- other financial assets				
- unlisted shares	156	156	198	42
Total fair value through other comprehensive revenue and expense	156	156	198	42
Financial liabilities at amortised costs				
Creditors and other payables	6,119	6,241	6,191	(50)
Borrowings				
- secured loans	39,716	41,362	39,538	(1,824)
Total financial liabilities at amortised cost	45,835	47,603	45,729	(1,874)

INSURANCE RISK CLAUSE 31A SCHEDULE 10 LOCAL GOVERNMENT ACT 2002

- A The total value of all above ground assets (excludes land roads) of the local authority that are covered by insurance contracts is \$103.631M.
- The maximum amounts to which they are insured is \$150 M for any one event, including business interruption.
- B The total value of all assets of the local authority that are covered by financial risk sharing arrangements is underground/infrastructure assets with a total value of \$305.93M. The maximum amount available

to the local authority under those arrangements is \$500M split 60/40 between Central Government and commercial insurance.

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

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

18 - Accumulated funds

	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
Opening balance	236,943	235,414	235,414	0
Net operating surplus(deficit)	3,368	799	3,333	2,534
	240,311	236,213	238,747	2,534
Transfer to:				
Restricted reserves	(5,689)	(2,654)	(4,376)	(1,722)
Accounts restricted by law	0	(1)	0	1
Asset revaluation reserve on disposal of property, plant and equipment	0	0	0	0
	(5,689)	(2,655)	(4,376)	(1,721)
Transfer from:				
Restricted reserves	5,354	540	2,544	2,004
Accounts restricted by law	1,128	448	504	56
Asset revaluation reserve on disposal of property, plant and equipment	0	0	0	0
	6,482	988	3,048	2,060
Closing balance as at 30 June	241,104	234,546	237,419	2,873

The opening balance of year three (2017 - 2018) may not agree to closing balance of year two (2016 - 2017) due to Council taking into account events occurring this year.

19 - Reserves

The Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets. The Local Government Act 2002 [the act] requires the Council to manage its revenues, expenses, assets, liabilities, investment and general financial dealings and in a manner that promotes the current and future interests of the community. Ratepayer's funds are largely

managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

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

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

Upper Hutt City Council has the following Council reserves:

- Reserves for different benefit
- Special Reserves

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate.

Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves. Special reserves are set up where Council has defined a specific purpose. Interest is added to these reserves where applicable and deductions made when funds have been used for the purpose they were created.

	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
Restricted reserve funds				
(A) Special funds	2,894	5,472	5,381	(91)
(B) Other accounts restricted by law	1,875	564	2,872	2,308
Total restricted reserves	4,769	6,036	8,253	2,217

	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
(A) Special funds				
Opening balance	2,559	3,358	3,549	191
Transfer from net surplus	5,568	2,418	4,244	1,826
Transfer from accumulated funds	0	0	0	0
Transfers from trust	0	0	0	0
Interest received	121	236	132	(104)

(A) Special funds	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
	8,248	6,012	7,925	1,913
Transfer to accumulated funds	0	0	0	0
Transfers to net surplus	(5,354)	(540)	(2,544)	(2,004)
Total special funds balance as at 30 June	2,894	5,472	5,381	(91)

The opening balance of year three (2017 - 2018) may not agree to closing balance of year two (2016 - 2017) due to Council taking into account events occurring this year.

Special funds closing balances as at 30 June consists of:	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
General reserve ¹	9	10	9	(1)
Amenities fund ²	466	506	498	(8)
Civic amenities fund ²	1	1	1	0
Plant renewal ³	551	731	698	(33)
Reserve fund contribution ⁴	354	308	2,228	1,920
Cash in lieu parking ⁵	2	3	2	(1)
Property sales ⁶	28	1,106	49	(1,057)
Sierra Way subdivision ⁷	134	147	137	(10)
Harcourt Park maintenance fund ⁸	7	12	6	(6)
Akatarawa roading levy ⁷	120	173	128	(45)
Kaitoke roading levy ⁷	153	298	137	(161)
Mangaroa roading levy ⁷	277	345	290	(55)
Katherine Mansfield levy ⁷	118	344	78	(266)
Blue Mountain levy ⁷	149	248	142	(106)
Moonshine Hill levy ⁷	54	94	36	(58)
Alexander Road levy ⁷	119	209	66	(143)
Swamp Road levy ⁷	35	74	36	(38)
Library development ⁹	0	0	0	0
Cemetery development ⁹	0	0	0	0

	Forecast Annual Plan Year 2 2016 – 17 (\$ 000)	Forecast LTP Year 3 2017 – 18 (\$ 000)	Forecast Annual Plan Year 3 2017 – 18 (\$ 000)	Forecast Variation Year 3 2017 – 18 (\$ 000)
Special funds closing balances as at 30 June consists of:				
Trench resealing levy ¹⁰	11	13	11	(2)
Kurth Crescent development levy ¹¹	46	50	46	(4)
H ² O Xstream plant renewal fund ¹²	260	543	529	(14)
Maidstone Park artificial turf renewal fund ¹³	0	257	254	(3)
Total special funds	2,894	5,472	5,381	(91)

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 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
(B) Other accounts restricted by law				
Opening balance	3,003	1,011	3,376	2,365
Transfer from net surplus	0	1	0	(1)
Transfer from accumulated funds	0	0	0	0
	3,003	1,012	3,376	2,364
Transfer to accumulated funds	(1,128)	(448)	(504)	(56)
Transfers to net surplus	0	0	0	0
Total other accounts restricted by law as at 30 June	1,875	564	2,872	2,308

The opening balance of year three (2017 - 2018) may not agree to closing balance of year two (2016 - 2017) due to Council taking into account events occurring this year.

	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
(B) Other accounts restricted by law				
Dog control account	0	2	0	(2)
Water rate account	459	129	391	262
Stormwater rate account	158	136	106	(30)
Wastewater rate account	1,258	297	2,375	2,078
Total other accounts restricted by law	1,875	564	2,872	2,308

20 - Asset revaluation reserves

	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
Opening balance	448,047	425,303	430,170	4,867
Change in asset revaluation	12,831	3,054	4,232	1,178
Less revaluation attributed to assets sold	0	0	0	0
Closing balance as at 30 June	460,878	428,357	434,402	6,045
Consists of :-				
General asset revaluation reserve	29,921	20,965	29,799	8,834
Land asset revaluation reserve	33,371	22,661	30,711	8,050
Roading asset revaluation reserve	127,647	120,011	111,088	(8,923)
Stormwater asset revaluation reserve	96,044	95,836	95,176	(660)
Hutt Valley Wastewater Scheme	26,259	26,915	26,259	(656)
Wastewater asset revaluation reserve	77,117	70,712	73,466	2,754
Water asset revaluation reserve	70,519	71,257	67,903	(3,354)
Total asset revaluation reserves	460,878	428,357	434,402	6,045

The opening balance of year three (2017 - 2018) may not agree to closing balance of year two (2016 - 2017) due to Council taking into account events occurring this year.

21 - Contingencies

	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)	Forecast Variation Year 3 2017 - 18 (\$ 000)
Contingent liabilities				
(A) Guarantees	0	0	0	0
(B) Other legal proceedings	446	446	920	474
Total contingent liabilities	446	446	920	474

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 13 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 2016, the LGFA had borrowings totalling \$6.445 billion (2015, \$4.955 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 7 claims outstanding; seven have proceedings issued on them. (2015 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 2016 there are 36 facilities having an approximate value of \$7.044 million (2015, 33 facilities - \$7.139 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 year's 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 2 2016 – 17 (\$ 000)	Forecast LTP Year 3 2017 – 18 (\$ 000)	Forecast Annual Plan Year 3 2017 – 18 (\$ 000)	Forecast Variation Year 3 2017 – 18 (\$ 000)
Compounding average general inflation rate	0.00%	4.99%	4.88%	0.19%
General inflation per year	0.00%	2.53%	2.80%	0.27%
LTP 2012 – 2022	3.42%	3.26%	0%	(3.26%)
Previous LTP 2015 – 2025	2.46%	2.53%	0%	(2.53%)

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.

RATE LIMITS

BERL LOCAL GOVERNMENT COST INDEX INFLATION PLUS 2%

Throughout the life of the Long Term Plan, Council resolved to keep rates changes within the weighted average local government cost index (BERL Local Government Cost Index) in any one year plus two percent for new or existing assets (development, growth or renewals). This means if the Local Government Cost Index (LGCI) inflation is forecast in a year at 3.5% then the permitted cap for rates increase is 5.5%. That does not mean it needs to be the maximum, nor that the Council or the public will accept the maximum 5.5%.

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

	Forecast Annual Plan Year 2 2016 – 17 (\$ 000)	Forecast LTP Year 3 2017 – 18 (\$ 000)	Forecast Annual Plan Year 3 2017 – 18 (\$ 000)	Forecast Variation Year 3 2017 – 18 (\$ 000)
Surplus/ (deficit) before appropriations	3,368	799	3,333	2,534
Add/less non-cash items				
Depreciation	13,234	13,436	13,334	(102)
Intangible assets amortisation	39	32	6	(26)
Vested assets	(2,292)	(2,349)	(3,122)	(773)
Community loans interest amortisation	(2)	(1)	1	2
Increase/(decrease) in bad debts	1	1	1	0
Loss on derivative	0	0	0	0
Gain on derivative	0	0	0	0
Amortisation of premium	0	0	0	0
	10,980	11,119	10,220	(899)
Add/less items classified as investing or financing activities				
Loss on disposal of fixed assets	630	977	972	(5)
Profit on sale of fixed assets	0	(1,906)	(2,200)	(294)
	630	(929)	(1,228)	(299)
Movements in working capital items				
(Increase)/decrease in trade receivables	(26)	(56)	(412)	(356)
(Increase)/decrease in inventories	0	0	0	0
Increase /(decrease) in employee Entitlements	18	18	11	(7)
Increase/(decrease) in trade and other payables	119	122	74	(48)
	111	84	(327)	(411)
Net inflow /(outflow) from operating activities	15,089	11,073	11,998	925

Schedule of special funds

	LTP 2017 - 2018				Annual Plan 2017 - 2018							Variation Balance Year 3 30/06/18 (\$ 000)
	Forecast Balance Year 3 1/07/17 (\$ 000)	Forecast Transfers Year 3 In (\$ 000)	Forecast Interest Year 3 Income (\$ 000)	Forecast Transfers Year 3 Out (\$ 000)	Forecast Balance Year 3 30/06/18 (\$ 000)	Forecast Balance Year 3 1/07/17 (\$ 000)	Forecast Transfers Year 3 In (\$ 000)	Forecast Interest Year 3 Income (\$ 000)	Forecast Transfers Year 3 Out (\$ 000)	Forecast Balance Year 3 30/06/18 (\$ 000)		
General reserve	9	0	1	0	10	9	0	0	0	9	(1)	
Amenities fund	462	18	26	0	506	464	20	14	0	498	(8)	
Civic amenities fund	1	0	0	0	1	1	0	0	0	1	0	
Plant renewal	539	174	34	(16)	731	648	32	20	(2)	698	(33)	
Reserve fund contribution	403	410	19	(524)	308	1,268	1,249	53	(342)	2,228	1,920	
Cash in lieu parking	2	1	0	0	3	2	0	0	0	2	(1)	
Property sales	4	1,072	30	0	1,106	48	2,200	1	(2,200)	49	(1,057)	
Sierra Way subdivision	139	0	8	0	147	133	0	4	0	137	(10)	
Harcourt Park maintenance fund	9	2	1	0	12	3	3	0	0	6	(6)	
Akatarawa roading levy	136	29	8	0	173	96	29	3	0	128	(45)	
Kaitoke roading levy	234	50	14	0	298	84	50	3	0	137	(161)	
Mangaroa roading levy	306	22	17	0	345	261	21	8	0	290	(55)	
Katherine Mansfield	251	77	16	0	344	0	77	1	0	78	(266)	
Blue Mountain levy	197	39	12	0	248	99	39	4	0	142	(106)	
Moonshine Hill levy	89	0	5	0	94	35	0	1	0	36	(58)	
Alexander Road levy	198	0	11	0	209	64	0	2	0	66	(143)	
Swamp Road	54	17	3	0	74	18	17	1	0	36	(38)	
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	13	0	0	0	13	11	0	0	0	11	(2)
Kurth Crescent development levy	48	0	2	0	50	45	0	1	0	46	(4)
H ² O Xtream plant renewal fund	264	257	22	0	543	260	257	12	0	529	(14)
Maidstone Park artificial turf renewal fund	0	250	7	0	257	0	250	4	0	254	(3)
Total special funds	3,358	2,418	236	(540)	5,472	3,549	4,244	132	(2,544)	5,381	(91)

Schedule 4

Annual plan disclosure statement

Annual plan disclosure statement for year ending 30 June 2018

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 = \$38,103,745	\$37,711,312	Yes
• increases	LGCI* plus 2% discretionary increase ¹ , plus 2% growth in rating database of the city 5.9%	4.83%	Yes
Debt affordability benchmark	Quantified limit on borrowing = Council will stay within five debt parameters		
Net interest expense over total revenue will not exceed 10%.	10%	3.10%	Yes
Net external public debt will not exceed 140% of total revenue.	140%	77%	Yes
External public debt per rateable property will not exceed \$3,000 adjusted by the LGCI.	\$3,533.77	\$2,282.05	Yes
Net interest/annual rates revenue will not exceed 15%	15%	4%	Yes
Liquidity (external, term debt + committed funds + available liquid investment to existing external debt) will exceed 110%	110%	135%	Yes
Balanced budget benchmark	100%	98%	No
Essential services benchmark	100%	101%	Yes
Debt servicing benchmark	10%	3.75%	Yes

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

¹ Up to 2% discretionary increase. During 2015 consultation, ratepayers were asked whether they would accept an additional rates increase to achieve growth. 2% was the accepted parameter by the majority of submissions.

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 database and up to 2% in the discretionary increase.

(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.

* BERL Local Government Cost Index Inflation plus up to 2% discretionary increase plus the growth in the rating database

Throughout the life of the Long Term Plan, Council resolved to keep rates changes within the weighted average local government cost index (BERL Local Government Cost Index (in any one year plus two percent for new or existing assets (development, growth or renewals) plus growth in the rating database.

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 (\$3,150).

(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 2018 (Whole of Council)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	21,913	22,328	22,635
Targeted rates (other than a targeted rate for water supply)	13,897	15,405	15,120
Subsidies and grants for operating purposes	1,857	1,571	1,872
Fees, charges and targeted rates for water supply	5,838	5,768	7,157
Interest and dividends from investments	306	370	344
Local authority fuel tax, fines, infringement fees, and other receipts	1,172	1,055	1,094
Total operating funding (A)	44,983	46,497	48,222
Applications of operating funding			
Payments to staff and suppliers	35,455	35,259	37,098
Finance costs	2,150	2,312	1,959
Other operating funding applications	170	176	33
Total applications of operating funding (B)	37,775	37,747	39,090
Surplus (deficit) of operating funding (A-B)	7,208	8,750	9,132
Sources of capital funding			
Subsidies and grants for capital expenditure	3,171	2,062	3,457
Development and financial contributions	337	233	233
Increase (decrease) in debt	1,963	81	2,391
Gross proceeds from sale of assets	0	1,073	2,200
Lump sum contributions	0	0	0
Total sources of capital funding (C)	5,471	3,449	8,281

Upper Hutt City Council: Funding Impact Statements for 30 June 2018 (Whole of Council)	Forecast Annual Plan Year 2 2016 - 17 (\$ 000)	Forecast LTP Year 3 2017 - 18 (\$ 000)	Forecast Annual Plan Year 3 2017 - 18 (\$ 000)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	724	577	1,737
- to improve the level of service	10,415	3,343	7,196
- to replace existing assets	6,899	7,502	7,009
Increase (decrease) in reserves	(5,665)	407	1,127
Increase (decrease) of investments	306	370	344
Total applications of capital funding (D)	12,679	12,199	17,413
Surplus (deficit) of capital funding (C-D)	(7,208)	(8,750)	(9,132)
Funding balance ((A-B)+(C-D))	0	0	0

Differential and targeted rating schedule

This schedule defines the detail that will apply for the 2017 – 2018 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 2017 – 2018 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	290
Utilities and three waters utilities ⁴	255

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 2017 – 2018. In 2017 – 2018 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
136 / 236	1,200,000	1,224,999	99.93
141 / 241	1,225,000	1,249,999	98.09
146 / 246	1,250,000	1,274,999	96.33
148	1,275,000	1,299,999	94.64
151 / 251	1,300,000	1,324,999	93.01
152	1,325,000	1,349,999	91.44
153 / 253	1,350,000	1,399,999	89.93
156 / 256	1,400,000	1,424,999	87.08
157 / 257	1,425,000	1,449,999	85.73
161	1,450,000	1,474,999	84.42
166 / 266	1,475,000	1,499,999	83.16
167	1,500,000	1,524,999	81.94
271	1,525,000	1,549,999	80.76
275	1,550,000	1,574,999	79.62
176	1,575,000	1,599,999	78.51
177	1,600,000	1,624,999	77.44
178	1,625,000	1,649,999	76.41
181 / 281	1,650,000	1,674,999	75.40
182	1,675,000	1,699,999	74.42
186 / 286	1,700,000	1,749,999	73.48
191 / 291	1,750,000	1,824,999	71.66
195	1,825,000	1,849,999	69.13
196 / 296	1,850,000		68.33

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 2017 – 2018 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 2017 – 2018 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 2017 – 2018 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 228,

- (228 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 2017 – 2018.

Differential definitions

For 2017 – 2018 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 \$1,650,000 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:

- a. meets the criteria in Utilities 3a and b above, and
- b. 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

FUNDING IMPACT STATEMENT

- 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 \$1,200,000 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 2017 – 2018 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:

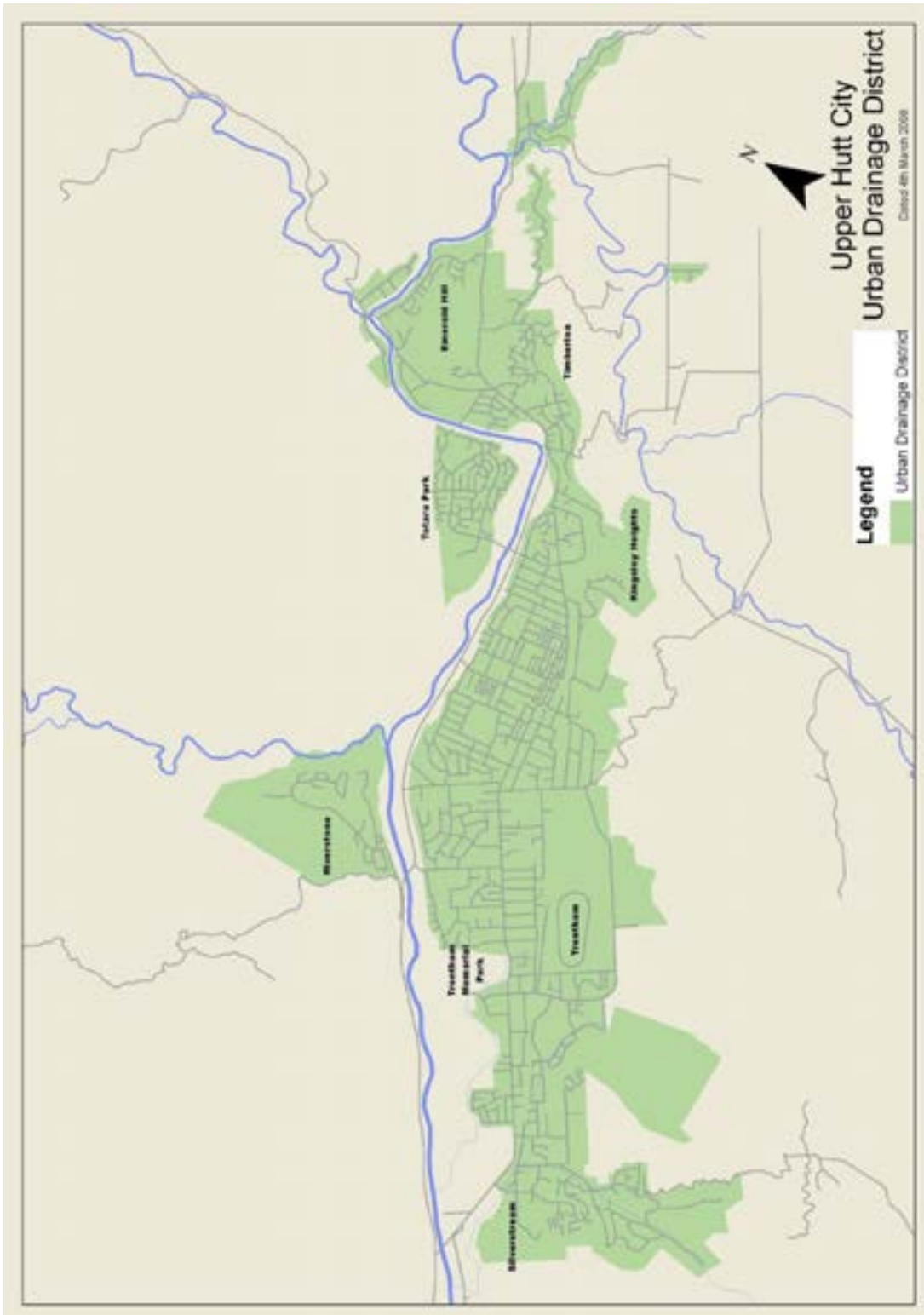
NOT SEPARATELY USED PARTS OF A RATING UNIT:

- 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 \$250,000	CV \$350,000	CV \$450,000	CV \$600,000	CV \$750,000
General rates	648	907	1,167	1,556	1,944
Water – uniform charge	296	296	296	296	296
Water - fire protection	59	83	107	142	178
Stormwater	113	158	204	271	339
Wastewater	442	442	442	442	442
Total indicative rates [Upper Hutt City]¹	1,558	1,886	2,216	2,707	3,199

Indicative rates – business²

	CV \$750,000	CV \$900,000	CV \$1,000,000	CV \$1,200,000	CV \$1,400,000
General rates	5,639	6,766	7,518	9,022	10,526
Water – uniform charge	296	296	296	296	296
Water - fire protection	178	213	237	284	331
Stormwater	475	570	633	760	887
Wastewater	1,325	1,325	1,325	1,325	1,325
Total indicative rates [Upper Hutt City]¹	7,913	9,170	10,009	11,687	13,365

Indicative rates – rural

	CV \$500,000	CV \$600,000	CV \$700,000	CV \$1,000,000	CV \$1,200,000
General rates	946	1,136	1,325	1,893	2,271
Total indicative rates [Upper Hutt City]¹	946	1,136	1,325	1,893	2,271

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 MAYOR AND COUNCILLORS



DEPUTY MAYOR John Gwilliam

26D Chatsworth Road, Silverstream

T: (04) 527 9727 | **M:** 027 527 9727

E: john@mainstreetlegal.co.nz



Ros Connelly

19 Penny Lane, Silverstream

T: (04) 528 2792 | **M:** 027 733 5076

F: /rosconnellyforupperhutt

E: hello@rosconnelly.nz



Chris Carson OSM

9 Toledo Grove, Totara Park

M: 021 041 5969

E: carsonassociatesnz@gmail.com



Blair Griffiths

18 Gloucester Street, Silverstream

M: 027 451 9561

E: crblairgriffiths@gmail.com



HIS WORSHIP THE MAYOR Wayne Guppy, JP

T[W]: (04) 527 2189 | **T[H]:** (04) 527 8331

M: 027 277 1550 | **E:** wayne.guppy@uhcc.govt.nz

F: /mayor.wayneguppy



Paul Lambert

1296A Akatarawa Road

T: (04) 526 3660 | **M:** 022 130 1697

E: spellbound@xtra.co.nz



Glenn McArthur

3 Streets Way

T: (04) 526 4184 | **M:** 027 542 9308

E: glmca@xtra.co.nz



Angela McLeod

227C Whitemans Valley Road

T: (04) 528 2288 | **M:** 027 497 2761

E: angela.mcleod@vodafone.co.nz



Steve Taylor

25 Bristol Street, Trentham

M: 027 337 8371 | **F:** /SteveTaylorUH

E: bassman42@vodafone.co.nz



Hellen Swales

28D Marlborough Street, Silverstream

M: 027 528 6799

E: hellen.swales@gmail.com



Dave Wheeler

37A Heretaunga Square, Heretaunga

T: (04) 528 2254 | **M:** 027 769 2390

E: wheeler.dave@xtra.co.nz

Upper Hutt City Council

OUR CORPORATE MANAGEMENT TEAM



Chris Upton, CHIEF EXECUTIVE

T: (04) 527 2110 | E: chris.upton@uhcc.govt.nz

Democratic services
Executive support



Mike Ryan

COMMUNITY SERVICES

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



Ian Johnson

CORPORATE SERVICES

Information systems
Customer services
Administration
Legal services
Insurances
Finance



Steve Taylor

BUSINESS DEVELOPMENT SERVICES

Marketing and communications
Economic development
Policy and reporting
Strategic planning
Human resources
Corporate policy



Lachlan Wallach

ASSET MANAGEMENT AND OPERATIONS

Emergency response and management
Rooding management
Engineering consents
Traffic management
Fleet management
Parks and reserves
Contract safety
Water supply
Subdivisions
Solid waste
Rural fire
Drainage



Richard Harbord

PLANNING AND REGULATORY SERVICES

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



Upper Hutt City Council

838 – 842 Fergusson Drive
Private Bag 907
Upper Hutt 5140

T (04) 527 2169

E askus@uhcc.govt.nz

F [fb.com/upperhuttcitycouncil](https://www.facebook.com/upperhuttcitycouncil)

W upperhuttcity.com