

UPPER HUTT CITY

Annual Report 2011 – 2012

1 July 2011 > 30 June 2012





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A joint report

FROM HIS WORSHIP THE MAYOR AND THE CHIEF EXECUTIVE

The last 12 months have proved to be another very full year for Upper Hutt City Council, with the majority of what had been planned for the year, delivered. This section of the Annual Report summarises some of the key achievements, and provides an overview of the performance measures achieved and not achieved during the year, from 1 July 2011 to 30 June 2012.

Keeping the unstable economy in mind at all times, Council has continued its history of prudence when making financial decisions—particularly those that affect rate increases and debt levels. Council is always committed to making Upper Hutt a better place to live, work, and play, and a place where people and businesses choose to move to. Despite the continuing economic uncertainty around the world, there is evidence that some growth is returning to Upper Hutt, with a number of new businesses setting up here.

One of the main focusses for all New Zealand councils throughout the year, has been the review and planning for the Long Term Plan 2012 – 2022 (LTP). This was a very lengthy process—critical to get right—as its result will direct our path over the next ten years. Council was very encouraged by the amount of public engagement and sharing of ideas at the LTP meetings and workshops, and through the submission process. The submissions helped to guide the Councillors in making their final decisions on which projects go forward and the acceptable level of rates.

THE KEY FINANCIAL EXPENDITURES THROUGHOUT THE YEAR WERE:

- Commencement of the Maidstone Park sports ground development—\$3,784,000
- Scheduled maintenance, including a new roof—\$946,000 and lighting—\$79,000 for H²O Xstream
- Completion of the Akatarawa Raod bridge replacements—\$3,292,000

A brief overview of 2011 – 2012 achievements

MAIDSTONE PARK SPORTS GROUND DEVELOPMENT

Construction began in December 2011 on the Maidstone Park sports ground development. Mayor Wayne Guppy was on hand at the official 'turning of the sod.' He was accompanied by Rex Manning from the National Hockey Stadium Trust and Andy Leslie from Pelorus Trust, along with Councillors Glenn McArthur and Dave Wheeler.

As part of its commitment to the community, Upper Hutt City Council invested significantly in the project along with funding from the National Hockey Stadium Trust, Pelorus Trust, Lion Foundation, and Wellington Community Trust.

The development includes a full-sized hockey turf, a full-sized artificial rugby/soccer turf, a practice area, lights, and associated infrastructure, including car parking and storage.



The inaugural game of hockey was played on the new artificial turf on 21 April 2012 under the watchful eye of a number of spectators. Council also successfully applied for further funding from Pelorus Trust to upgrade part of the Maidstone Park Club Rooms Pavilion, and this work will commence early in the new financial year.

The new facility at Maidstone Park will be a great asset to Upper Hutt's economy, bringing many people from around the region to the city most weekends.

AKATARAWA ROAD BRIDGE REPLACEMENTS

After 34 weeks of construction involving the replacement of three old, single-lane, timber bridges along the Akatarawa Road, the new, two-lane, concrete bridges were opened for traffic in time for Staglands Wildlife Reserve celebrations over the Labour Weekend 2011. The bridges were in urgent need of replacement for safety and they had come to the end of their economic life.



H²O XTREAM THREE-YEARLY SCHEDULED MAINTENANCE

Huge maintenance work was carried out in the pool facility this year including the replacement of the roof and skylights over the pool and the installation of a new lighting system. While the pool was closed, the opportunity was taken for other general maintenance work to be carried out. The new lighting system is a great step forward as it does not require the very cumbersome process of erecting scaffolding to change light bulbs and fittings, unlike the old lighting system.



The reopening celebrations for the pool were the most successful ever with 1172 people attending throughout the day.

WORKING ON ECONOMIC DEVELOPMENT

Council has been working alongside landowners and developers to increase economic activity within Upper Hutt, which has resulted in several gains. Council has also been working with developers on regulatory matters, meeting regularly with local businesses, investigating opportunities for new business, and operating in a business friendly way.



Additionally during the year, we have taken a flexible and innovative approach to working with business partners to fund and/or support initiatives which benefit the wider business community with partners such as Grow Wellington and the Hutt Valley Chamber of Commerce.



The emphasis placed by Council on economic development this past twelve months has played a major part in influencing the start of some very positive outcomes for the city. Over the coming year key opportunities will be further strengthened to increasingly make the overall environment more attractive.



Business milestones achieved over the last 12 months

New businesses (commercial and retail)	27
Relocated businesses (all)	11
Pop-up businesses (3 – 6 months, mainly in the city centre)	4

There has been a continued reduction in empty shops over the past twelve months from 23 down to 13 in the city centre. Unfortunately nine businesses—mainly retail—closed down during the year.

Areas such as the Broadway shops and Silverstream village have been very stable. Both areas have had money invested in them by their owners over the last 12 months.

Other significant achievements

LONG TERM PLAN CONSULTATION

In early 2011, Council began working on the development of an Upper Hutt City Vision with the assistance of external consultants, Urbanism+. This process gained an excellent amount of public feedback from a range of different focus group workshops, and formed the basis of the Long Term Plan 2012 – 2022 (LTP) development.

Preliminary public consultation on a range of projects proposed for the LTP took place in October 2011. 187 submissions were received. This was followed up with further consultation on the full draft LTP in April 2012.



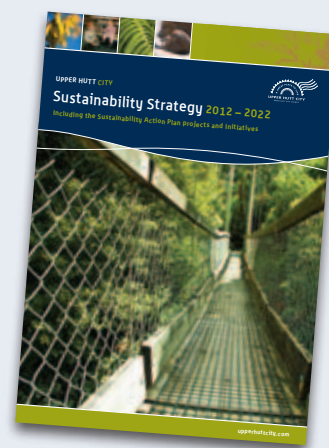
Council decided on a new approach to presenting the draft LTP summary this year. The summary made up of a single, unfoldable sheet, included a map of Upper Hutt with snapshots of the major proposed projects. This format contained all of the legislative requirements and Council received many compliments on its readability. The submission form comprised of a section of 'Yes/No' tick-boxes, similar to the pre-consultation form, in addition to space for more individual comments. Council received 337 submissions containing over 4000 individual points for consideration.

SUSTAINABILITY STRATEGY

The Upper Hutt City Sustainability Strategy 2012 – 2022, adopted on 27 June 2012, identifies both the key sustainability issues for Upper Hutt, and the initiatives and projects to help address these issues. These initiatives and projects will form the basis of the city's Sustainability Action Plan.

The sustainability strategy has two broad aims:

- 1. A more sustainable community:** through building and strengthening partnerships between our people, businesses and organisations, a range of sustainability initiatives and projects are to be implemented and where necessary, funded via the LTP.
- 2. A more sustainable Council:** Upper Hutt City Council will undertake a range of sustainability initiatives and has already made progress towards its internal sustainability goals.



To become a more sustainable community, a range of projects and initiatives have been identified.



Delivery of these projects and initiatives is the first and very important step towards a more sustainable community and Council in Upper Hutt.

SUSTAINABILITY EDUCATION

During the year Council began work on school initiatives and projects. In the short time many results have been achieved: a waste audit at a local school; secured funding for, and installation of, scooter racks at six Upper Hutt Schools; coordination of the McDonald's *Fruit Trees in Schools* programme with Hutt City, which delivered fruit trees to Silverstream School and Orongomai Marae; and continued progress with the School Travel Planning programme.



Caring for our community



Council has had another very successful year supporting our community in many diverse ways. A few examples of the projects are listed below (more detail can be found under the Community Services section of this Annual Report).

YOUTH STRATEGY

Through a series of in-depth Youth Surveys, areas identified as requiring particular focus were depression and harm reduction around drugs and alcohol. With this in mind several very successful projects took place this year engaging the young people of Upper Hutt such as:

<p>It's no joke, ditch the smoke: an Upper Hutt Young Leaders for Social Change project.</p>	<p>A truancy project was implemented in three Upper Hutt schools, with several further schools demonstrating interest in the programme.</p>
<p>Future Dragons: a project empowering students to be entrepreneurs.</p>	<p>Girl Power: a programme for at-risk girls was held with fifteen Year 11 students from Upper Hutt College.</p>
<p>Youth Week 2012 for Upper Hutt, incorporating the annual Young Achiever Awards.</p>	

SAFETY, HEALTH, AND WELLBEING (SHAW)

Older adults and disabled people, family violence, alcohol, and graffiti, healthy homes, budgeting, and sustainability have all been areas where Council has applied its focus throughout the year in regards to safety, health, and wellbeing. Projects this year included:

<p>Two Merton Street clean-ups took place as well as a Neighbours Night for this area of Trentham, the aim being to build neighbourhood pride and improve community safety.</p> <p>More neighbourhood events that focus on safety have also been held in Timberlea and various areas of Trentham.</p>	<p>The Upper Hutt Parents Expo was targeted at parenting teens. Eva Maria, the 21 year old family coach, international speaker, and bestselling author of the parenting book 'You Shut Up!', was the keynote speaker.</p> <p>Thirty two organisations exhibited at the expo.</p>
<p>Your choices, your life – working with young recidivist drivers (re-offenders) and key stakeholders to advance alcohol initiatives.</p>	<p>Upper Hutt Cares: an information expo for caregivers. Forty-seven organisations exhibited at the expo and over 250 people attended the event.</p>
<p>From Stress to Strength: a workshop to boost emotional resiliency in older people.</p>	<p>Distribution of 60 Activities for the over 60s booklet.</p>
<p>Support to family violence campaigns, including <i>Blow the Whistle, It's Not OK</i>, and White Ribbon Day.</p>	<p>A workshop on suicide prevention in the older person was delivered to health professionals and service agencies working with older people.</p>
<p>A comprehensive Road Safety education programme was delivered including the Young Cyclist of the Year competition.</p>	<p>A Women's Wellness Programme was held in partnership with Orongomai Marae, addressing topics such as nutrition and exercise. Eighteen women attended the programme with very positive results.</p>

OTHER SIGNIFICANT ACTIVITIES UNDERTAKEN TO INVOLVE THE COMMUNITY INCLUDE:

Monthly multi-cultural morning teas,
held at the Library.

Who are you? a campaign to prevent sexual assault and encourage open discussion around this issue.

A weekly **Job Club**, based at the Library, has been initiated to support people into work.

LIVE ENTERTAINMENT AT EXPRESSIONS

The public have been thoroughly entertained once again this year at Expressions Arts and Entertainment Centre. The introduction of the Expressions Live lunchtime concerts last year proved to be so popular that the concerts have continued throughout this year, more often than not, with a capacity crowd. This initiative is in conjunction with the New Zealand School of Music.



Several other, well supported, often sell-out shows, have occurred at the Genesis Energy Theatre such as the Maisey Rika concert and the Comedy Festival event. The Maisey Rika concert, supported by Orongamai Marae, was part of the New Zealand Festival of the Arts. A powhiri was performed for Maisey Rika at the Ogongamai Marae.

Land transport

ENHANCE CYCLE AND WALKWAY LINKAGES (\$642,000)

The proposed project to extend and seal the Hutt River Trail, along the stopbank from Moonshine Bridge to opposite Poplar Grove, was deferred and will now take place in 2012 – 2013.

ROAD WORKS COMPLETED THIS YEAR

Replacement of the three wooden bridges on Akatarawa Road.

Gilbert Road has been widened and upgraded to accommodate the increased traffic due to subdivision.

Road safety improvements have been completed on Blue Mountains Road.

Work has begun on the construction of a safety foot/cycle path from Sunstone Crescent to the Brown Owl subway (State Highway 2).

All work on rural road upgrades was completed where funds were available.

ASSET MANAGEMENT

The safety of all road users is a paramount concern for Council. Council works in conjunction with NZ Police and the New Zealand Transport Agency (NZTA) to monitor and enforce the safe use of the roads. The costs for all essential ongoing maintenance this year were as follows:

Street drainage	\$230,000
Road resealing	\$981,000
Footpaths	\$383,000

Road marking and signage	\$218,000
Lighting	\$102,000
Minor safety	\$318,000

PIPELINE RENEWALS

A planned maintenance and renewals programme is in place for water supply, waste water, and storm water. Council has an ongoing programme to survey all pipelines to ensure residents have an uninterrupted service at all times.

Costs for ongoing maintenance this year were:

Water supply	\$1,120,000
Wastewater	\$437,000
Stormwater	\$914,000

Parks and reserves

COMMUNITY GARDEN

Council officers assisted the Community Garden Group at Clyma Park by providing furniture, a water supply, fruit trees and advice to the group which has successfully established the garden.

CHILDREN'S PLAYGROUNDS

New replacement playgrounds were installed into the Ward/Miro Street and Tulon parks in February 2012.



HUTT RIVER TRAIL

The final stage of the formation of the Hutt River Trail link between Totara Park Bridge and the Whakatiki Stream has been completed.

Awards and recognition

COMMUNITY DEVELOPMENT

Council developed a booklet and training resource initially for staff. The resource is called 'DIScover' and provides training on delivering customer service to disabled people. The resource has now been provided to every council and many other organisations have shown an interest. This project won the diversity category of the ANZ New Zealand and Equal Employment Opportunities Trust Work and Life Awards. A great achievement and one to be very proud of.



ACTIVATION

Congratulations go to Mike Mercer, the Activation Schools and Youth Activator. Mike was awarded the highly prestigious Emerging Recreation Leader of the Year Award at the New Zealand Recreation Association awards evening held in Dunedin on 17 October 2011. Mike was subsequently invited to present a paper on Activation at the Thinking Recreation conference in July 2012.



UPPER HUTT CITY LIBRARY

Congratulations also go to Debbie Duncan, the Upper Hutt City Library Manager, who was invited to speak at this year's Australian Library and Information Association (ALIA) Conference in Sydney. The title of which is - Journey to the heart of a community: Redesigning a library service for the people.



Upper Hutt City Library has once again received a prestigious award as part of the 2011 Dynamic Community Learning Awards. The library received a Certificate of Commendation for 'excellence and innovation in adult and community education.'

The Library is certainly gaining a great reputation for the huge range and variety of programmes offered to the community on a weekly basis. A number of libraries in the region and around NZ have made a point of knowing more about the programmes we offer by contacting or visiting our library.

Did you know?

CHILDREN'S CYCLE TRACK

Just one example of a project that came to be included in the LTP as a direct result of a submission received from a member of the public, is the cycle track planned for Harcourt Park.



GET SCHOOLED RAP VIDEO

In November 2011 our very own Mayor Wayne Guppy was invited to make a guest appearance in the 'Get Schooled' YouTube rap video created by a group of talented Upper Hutt youth about the importance of education and staying in school. The video was commissioned by Upper Hutt City Council after reviewing results from the 2010 Hutt Valley Youth Survey.



WORMERY

A large wormery, built predominantly from recycled material and installed outside the Library has generated much interest and provides education to the community. Since its completion in July, the Sustainability Advisor has been called upon to conduct several demonstrations, showcasing the inner workings of the wormery and how it composts organic material. Visits to the wormery have included local Brownies and several school groups.

LIBRARY COMMUNITY ARCHIVE

A significant milestone for the Library was the launch of the Upper Hutt Newspaper Archive. Upper Hutt Library can boast being the first public library in New Zealand to provide access to fully text searchable archived newspapers. The Archive currently features the Upper Hutt Leader from 1939 – 1964. The value of this resource to the community is immense for historic information and insights into how the city has evolved and grown.

THE COST OF GRAFFITI

Sadly the action of a few irresponsible people creating their special brand of 'art' all around the city cost our rate payers a staggering \$40,600 this year to remove. Council has also assisted a number of badly hit shop owners by providing anti-graffiti paint along with suggestions on how to possibly prevent further attacks on their property.

MAYORS JOIN CAMPAIGN AGAINST FAMILY VIOLENCE

Mayor Wayne Guppy and Hutt City Mayor Ray Wallace became patrons of the Hutt Valley Family Violence Network this year. The "Are you OK?" website featured their commitment on its home page.

WOMEN'S WELLNESS PROGRAMME VISITED BY MP

Sue Moroney, Labour spokesperson for Women's Affairs visited the Women's Wellness Programme in June 2012, having read about it in a Parliamentary newsletter! Sue came to chat to the ladies about how they were finding the course.

The Women's Wellness Programme was facilitated by Council in association with Orongomai Marae.

TIMBERLEA'S TOILETS TILED

Upper Hutt City Council secured funding through the Ministry of Justice to upgrade the outside of the toilet facilities at Timberlea Park. A community initiated project, 'This community respects its property', was the stage for development of artistically rendered facades in order to combat the problem of graffiti in the area.

The finished product was a set of tiled mosaics around the building, impressing the locals and Council staff and has successfully reduced the amount of graffiti.

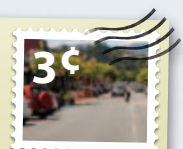


One rates dollar—where each cent is spent

Community services,
Emergency management



Economic development



Leadership



City Library



Parks and reserves,
Property,
Akatarawa Cemetery



Water supply



Wastewater,
Rubbish and recycling



Land transport



Stormwater



City planning,
Building and compliance
services



Activation,
H²O Xstream



Expressions Arts and
Entertainment Centre



Financial measures of Council performance

KEY FINANCIAL MEASURES

The overall revised rates funding required for the year was a deficit of \$239,000. This amount is effectively a 'rates deficit' of \$439,000 (1.54%), when the final approved rate funded carryovers are allowed for.

In relation to the Statement of Income Comprehension, the 'operating deficit' (operating income less expenditure) was \$4.264 million compared to a budgeted deficit of \$2.122 million.

Operating Revenue was \$0.393 million below estimate. The key reason for this was due to fees and charges received being below estimate by \$3,579,000. Two key elements contributed to this. Assets vested in Council were reduced as a result of the prevailing economic environment. Secondly, building enforcement income did not recover as anticipated, thus actuals were well below budget.

Subsidies and grant income was above budget due to the delay in completing the three Akatarawa bridges. This project was budgeted to be completed in 2011, but was funded 55% by NZTA subsidy and 45% by Council loan funding, finalised in 2012.

Operating Expenditure was \$1.749 million above estimate. A key reason for this was the payment and provision for weathertightness claims has increased costs by \$867,056 plus the legal and consultant investigating these issues and earthquake strengthening rose fees from estimate of another \$191,362.

External debt increased to a total of \$25.9 million (2011 was \$20.5 million), which is well within Council's debt management ratios. The current ratio (current assets:current liabilities) was 0.65:1 (2011 – 0.74:1). This ratio has been impacted by a significant amount of term debt, which is due for refinancing within the next year. There are no current concerns in relation to refinancing this debt.

For more detailed information, please see note 28 of the Annual Report, within the 'Notes to the financial statements' section.

Non-financial levels of service objectives and performance measures

WHAT DOES THIS MEAN?

One of Council's legal obligations is to have a system whereby Council's performance is regularly monitored. A number of performance measures, with associated set targets, are determined and agreed to at the time of developing the LTP. The performance results are then reported to Council on a quarterly basis. All of the Council activities such as land transport, parks and reserves, regulatory services, and solid waste, to name a few, have set performance targets. Some targets are measured by the Annual Community Survey, while others are based on meeting a number of high-level requirements within timeframes.

All of the service objectives, performance measures, targets and results are listed in detail in the 'Report on Council performance by activity' section of this report.

This year, of the 104 performance measures able to be achieved, Council achieved 89 (86%).

SIGNIFICANT PERFORMANCE IMPROVEMENTS ON THE PREVIOUS YEAR OF 5% OR MORE WERE IDENTIFIED IN THE FOLLOWING MEASURES:

Kerbside recycling collection ▶ community satisfaction	Activation ▶ Participation levels
Refuse ▶ Reduction in the amount of refuse collected in Council refuse bags	Upper Hutt City Library ▶ Increased number of physical visits and visits to the website
Expressions arts and entertainment centre ▶ Increased numbers of visitors to arts, cultural and recreational events ▶ Increased attendance at exhibitions	

Particular mention should be made about Activation who achieved an excellent 25% increase in participation numbers for events and activities, indicating that more people in Upper Hutt are becoming active and trying out new activities.

Exceptional performance results, where Council achieved a community satisfaction rating from the Annual Community Survey, of 95% or more, were received in the following areas:

Services provided by the i-SITE Visitor Information Centre: 98%	The city parks and reserves meet the survey respondents recreational needs: 95.5%
The city's public gardens: 98%	The reticulated water supply service: 98.4%
Community satisfaction of the customer service at the Library: 98.1%	Community satisfaction with the range and quality of resources available at the Library: 97.1%
The services provided at Akatarawa Cemetery: 99.6%	The city's directional signage: 97.7%
The level of 'fun' and 'excitement' at H ² O Xstream: 98.4%	The reticulated wastewater disposal service: 97.2%

Not mentioned above, but once again this year it was evident from the Annual Community Survey that people are becoming more aware of the need to be prepared for a Civil Defence Emergency, with 75.3% indicating they were prepared, compared to 70.7% in 2011 – 2012 and 61.3% in 2010 – 2011.

AREAS WHERE COUNCIL DID NOT ACHIEVE ITS TARGETS:

Economic development ▶ Multiple measures (see below)	H²O Xstream ▶ Multiple measures (see below)
Expressions Arts and Entertainment Centre ▶ Attendance at events	City planning ▶ Community satisfaction with Council's current resource management practices
Land transport ▶ Community satisfaction with the riding surface of the city's roads	Solid Waste ▶ Community satisfaction with kerbside recycling collection ▶ Increase the weight of recycling from the previous year

Four economic development targets have not been met this year. Two likely reasons for this result is the current economic climate and the limited amount of resources allocated to this area. These performance measures are expected to improve over time with Council's appointment of an Economic Development Manager, and as a result of the economic development projects, such as the Upper Hutt Marketing Strategy and the New business and retail attraction project identified in the LTP.

A number of factors have contributed to the H²O Xstream performance measures not being achieved, including the closure of the pool for a number of weeks to allow for extensive maintenance, a change in the school holidays, and a change in the way concession card visitors are recorded.

Expressions Arts and Entertainment Centre has regained its popularity in attendances for events and exhibitions after a drop in numbers that occurred during the previous year. Unfortunately, even with the increased number of attendees at events and exhibitions, this target was not achieved.

In respect of the city planning target, this is the sixth year that it has not been met. This indicates that the target is likely to be too high, particularly because the resource management work often involves contentious applications/issues, which evoke reactions from the public. This is an ambitious target however officers have no intention of changing the target.

This year 83.3% of people surveyed rated the riding surface of the city's roading system as satisfactory or better – the target was 91%. This is a very expensive target to meet, and it is hard to find the balance between remaining prudent as a council and maintaining a very high standard in multiple areas.

Finally, whilst the solid waste recycling target has not been met, it has increased from 74.2% (for 2010 – 2011) to 84% (for 2011 – 2012). This indicates that residents are becoming more accepting of the alternate week recycling system, which will be continued with the introduction of the new separate recycling bin system that will begin in early 2013.

Statement of compliance and responsibility

COMPLIANCE

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

RESPONSIBILITY

The Council and management of Upper Hutt City Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.

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

In the opinion of the Council and management of Upper Hutt City Council, the annual Financial Statements for the Year Ended 30 June 2012 fairly reflect the financial position and operations of Upper Hutt City Council.



W N Guppy
MAYOR



C B Upton
CHIEF EXECUTIVE



I Johnson
DIRECTOR OF CORPORATE SERVICES

Have your say!

The Council welcomes feedback from residents, ratepayers and all key stakeholders. Your feedback assists us in our decision-making for the wellbeing of Upper Hutt and to make it a city for us all to be proud of.

There are a number of ways you can have your say.

Full council meetings are held each month and are open to the public. You are welcome to attend and have your say. Meeting times, agendas, and reports are publicised on our website www.upperhuttcity.com/meetings or you may telephone (04) 527 2169 for information.

The Council consults with its key stakeholders regularly and these opportunities are advertised in local media and promoted on the Council's website www.upperhuttcity.com/consultation. Regular community forums are held on key issues facing our community. During April and May each year the Council consults on the city's Annual Plan and there are specific consultation opportunities for District Plan amendments.

Council has also published a booklet entitled '*Have Your Say – How to Make an Effective Submission*'. This resource is designed to assist submitters to make a submission that ensures their views have maximum impact.

Thank you for reading this summary, we greatly appreciate your interest.



A blue ink signature of Chris Upton.

Chris Upton
Chief Executive

A blue ink signature of Wayne Guppy.

Wayne Guppy
His Worship the Mayor

Independent Auditor's Report
To the readers of
Upper Hutt City Council and group's
annual report
for the year ended 30 June 2012

The Auditor-General is the auditor of Upper Hutt City Council (the City Council) and group. The Auditor-General has appointed me, Phil Kennerley, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, non-financial performance information and other information required by schedule 10 of the Local Government Act 2002 (other information) of the City Council and group on her behalf.

We have audited:

- the financial statements of the City Council and group on pages 133 to 201, that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity, statement of cash flows, statement of commitments and statement of accounting policies for the year ended on that date and the notes to the financial statements that include explanatory information and other information required by schedule 10 of the Local Government Act 2002; and
- the non-financial performance statements and measures of the City Council and group on pages 23 to 127; and
- the City Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (other Schedule 10 information) on pages 13 to 16; and 21 to 22.

Opinion on the financial statements, non-financial performance information and other information

In our opinion:

- The financial statements of the City Council and group on pages 133 to 201:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the City Council and group's financial position as at 30 June 2012; and
 - the results of its operations and cash flows for the year ended on that date.

- The non-financial performance information of the City Council and group on pages 23 to 127:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the City Council and group's levels of service for the year ended 30 June 2012, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and
 - the reasons for any significant variances between the actual service and the expected service.
- The other information of the City Council and group contained in the financial statements and the non-financial performance information, complies with the requirements of Schedule 10 of the Local Government Act 2002 applicable to the annual report and fairly reflects the required information.

Our audit was completed on 31 October 2012. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, non-financial performance information and other information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, non-financial performance information and other information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, non-financial performance information and other information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, non-financial performance information and other information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the City Council and group's financial statements, non-financial performance information and other information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City Council and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements, non-financial performance information and other information;
- determining the appropriateness of the reported non-financial performance information within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, non-financial performance information and other information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, non-financial performance information and other information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and non-financial performance information that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the City Council and group's financial position, financial performance and cash flows;
 - fairly reflect its service performance, including achievements compared to forecast; and
- other information in accordance with Schedule 10 of the Local Government Act 2002 that fairly reflects the required information.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, non-financial performance information and other information that are free from material misstatement, whether due to fraud or error.

The Council's responsibilities arise from the Local Government Act 2002.

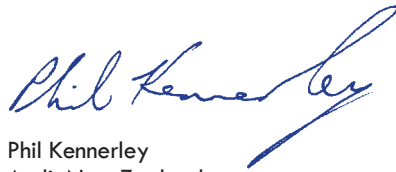
Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, non-financial performance information and other information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit and carrying out the audit of the long term plan, we have no relationship with or interests in the City Council.



Phil Kennerley
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Matters relating to the electronic presentation of the audited financial statements, Council performance information and the other requirements

This audit report relates to the financial statements, Council performance information and the other requirements of Upper Hutt City Council and group for the year ended 30 June 2012 included on Upper Hutt City Council's website. The Council is responsible for the maintenance and integrity of Upper Hutt City Council's website. We have not been engaged to report on the integrity of Upper Hutt City Council's website. We accept no responsibility for any changes that may have occurred to the financial statements, Council performance information and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, Council performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, Council performance information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, Council performance information and the other requirements as well as the related audit report dated 31 October 2012 to confirm the information included in the audited financial statements, Council performance information and the other requirements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

New direction for community outcomes

Previous Long Term Plans and Annual Reports, for Upper Hutt City Council, identified seven community outcomes, which had a number of sub-outcomes under each. In late 2010, the section of the Local Government Act 2002 (LGA) that required local authorities to identify and monitor community outcomes was repealed. The revised LGA text now requires Council to develop its own outcomes for the city. Consequently, in April 2011 Upper Hutt City Council started work on developing a new vision for Upper Hutt which would replace the community outcomes. These vision statements, presented overleaf, were developed following extensive consultation with the community.

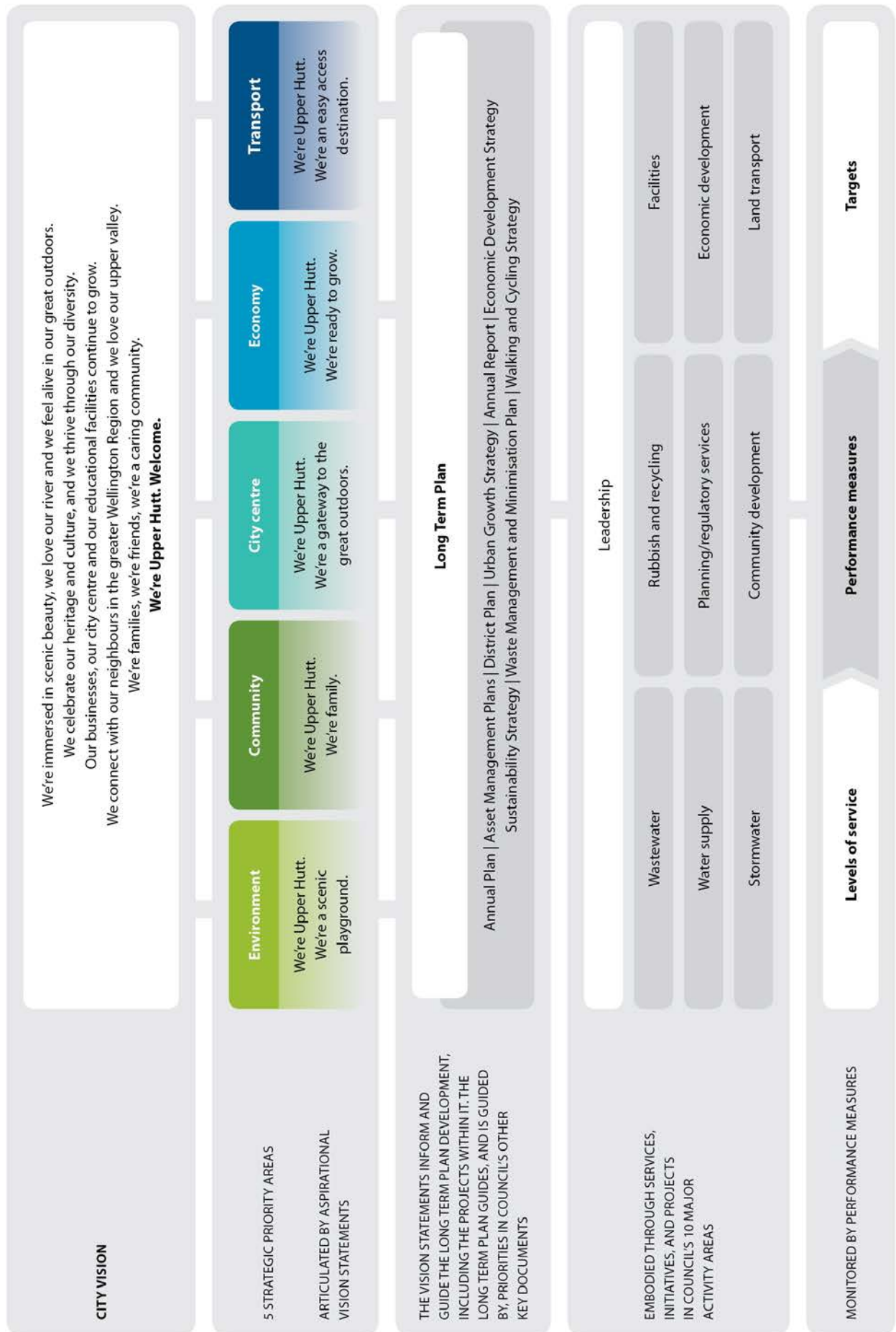
Measuring our vision/outcomes

Our vision statements provide the city and Council with an image of success. They informed and guided the Long Term Plan development, including the projects within it. The vision was embodied through services, initiatives and projects in Council’s ten major activity areas. These activity areas were monitored by performance measures and the Leadership activity included an overarching performance target, which reported on whether or not Council met the majority of all targets within the Plan.

Linkages to the Local Government Act community wellbeing’s

The following table shows how the city vision priority areas integrate into the 2012 LTP framework of the four ‘wellbeing’ themes identified in the LGA (2002).

Local Government Act	Community wellbeing				
LGA wellbeing’s	Environmental	Social and Cultural		Economic	
City vision priority areas	Environment	Community	City Centre	Economy	Transport
City vision aspirational statements	We’re a scenic playground	We’re family	We’re a gateway to the great outdoors	We’re ready to grow	We’re an easy access destination



Leadership

Overview

The Leadership activity covers the role and functions of the Mayor and elected members of Council, who are responsible for community leadership and setting the policy direction for Upper Hutt City Council. Examples of activities undertaken to fulfil this role include long and short term planning, monitoring and reporting on progress, along with facilitating public engagement in decision making.

Contributions to Decision Making Processes by Maori

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

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

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

Activities undertaken supporting the community

Significant actions taken throughout the year as at 30 June 2012

- The Long Term Plan 2012-2022 was adopted at a Full Council Meeting on 27 June 2012 and became operational on 1 July 2012. The pre-consultation on the LTP was very well received by the public and many favourable comments were also received on the LTP summary map distributed during the formal consultation phase. The Audit NZ report to Council noted that, "The Council staff were well prepared and took ownership of the LTP process", and that "the adopted document reflects the significant efforts contributed by Councillors and Council staff involved in the process."
- Council prepared and distributed an information leaflet and submission form on the subject of Local Government Reform. Council's intention was to inform as many local people as possible about the implications of the Central Government's public sector reform proposals. We also shared information and asked for feedback via an online survey, a telephone survey, numerous public presentations and advertisements in the local newspaper.

- There has been a strong drive by officers to increasingly inform the public about current and upcoming Council projects/initiatives. This has resulted in a number of our releases being picked up in local and regional newspapers as well as on national online local government newsfeeds.
- A submission on the Gambling (Gambling Harm Reduction) Amendment Bill was submitted to Parliament in June 2012. The Mayor also made an oral submission.
- A submission on Greater Wellington Regional Council's Representation Review was made. The Mayor also made an oral submission.
- A submission on the Local Government Act 2002 Amendment Bill was prepared.
- Upper Hutt City Council has developed its sustainability website resources to assist the community in becoming more sustainable through education and provision of easy to read and understand information. Areas of focus have been linked with other Council initiatives and communications including rate notice flyers, media releases and workshop events. The website resource topic areas include energy efficiency, organic composting and water conservation. Additional resources will be developed in conjunction with upcoming sustainability projects.
- Council hosted citizenship ceremonies in September, December 2011, and March 2012. Citizenship was granted to 194 people from the following 26 countries: America, Argentina, Australia, Brazil, Cambodia, Canada, China, Croatia, Fiji, France, Germany, Holland, India, Indonesia, Malawi, Malaysia, Philippines, Samoa, South Africa, Spain, Sri Lanka, Sudan, Tonga, United Kingdom, Uruguay and Zimbabwe. Council received a number of very complimentary emails from people who took part in the ceremonies.
- Mayor, Wayne Guppy was re-elected to serve a fourth term as Chair for the Wellington Region Mayoral Forum in November 2011.
- The commissioning of the new worm farm on 16 July 2011. A large wormery, built predominantly from recycled material that is continuing to generate interest and provide education to the community. Visits to the wormery have included a local Brownies unit and several school groups so far
- The Mayor has once again been extremely active within the community, attending/hosting a vast number of events, throughout the year such as:
 - Waitangi Day celebrations
 - many presentations of awards to notable people in the community
 - hosting visits to the Mayor's Office by many groups of school children
 - invited guest to groups and associations such as:
 - Grey Power
 - kindergartens
 - Save the Children
 - sports clubs
 - schools
 - holding library clinics on a quarterly basis.

Level of service objectives and performance measures

Level of service

Council will meet its statutory roles and responsibilities.

<p>Elections</p> <p>Performance measure</p> <p>Hold the triennial local authority elections</p>
<p>Target 2011-12</p> <p>The next election is due to be held October 2013</p> <p>Achievements at 30 June 2012</p> <p>Not applicable</p>
<p>Governance</p> <p>a. Triennial agreement</p> <p>Performance measure</p> <p>Prepare the Triennial Agreement with the Regional Council and local authorities within the region</p>
<p>Target 2011-12</p> <p>Not applicable</p> <p>Achievements at 30 June 2012</p> <p>Not applicable</p>
<p>b. Governance statement</p> <p>Performance measure</p> <p>Review the Governance Statement</p>
<p>Target 2011-12</p> <p>Review by 30 April 2014</p> <p>Achievements at 30 June 2012</p> <p>Not applicable</p>

c. Code of Conduct

Performance measure

Prepare the Code of Conduct

Target 2011-12

Review by 30 April 2014

Achievements at 30 June 2012

Not applicable

d. Community outcomes

Performance measure

Review the Community Outcomes

Target 2011-12

Review by 30 April 2014

Achievements at 30 June 2012

Not applicable

e. Long Term Plan (LTP) review

Performance measure

Prepare the LTP

Target 2011-12

Finalise by 30 June 2012

Achievements at 30 June 2012

Achieved

The Long Term Plan for 2012-22 and the Fees and Charges were adopted at a Full Council Meeting on 27 June 2012. A favourable Audit NZ opinion was received.

<p>f. Annual Plan (AP)</p> <p>Performance measure</p> <p>Prepare the Annual Plan</p>
<p>Target 2011-12</p> <p>Adopt by 30 June each year</p> <p>Achievements at 30 June 2012</p> <p>Achieved</p> <p>The Annual Plan for 2012-13 was prepared in conjunction with LTP.</p>
<p>g. Annual Report (AR)</p> <p>Performance measure</p> <p>Prepare the Annual Report</p>
<p>Target 2011-12</p> <p>Adopt by 31 October each year</p> <p>Achievements at 30 June 2012</p> <p>Achieved</p> <p>The 2010 – 2011 Annual Report was adopted on 6 October 2011. A favourable Audit NZ opinion was received.</p>
<p>h. Gambling Policy</p> <p>Performance measure</p> <p>Review the Class 4 Gambling and New Zealand Racing Board (including TAB's Venue) Policy</p>
<p>Target 2011-12</p> <p>Review by 15 May 2013</p> <p>Achievements at 30 June 2012</p> <p>Not applicable</p>

Monitoring**a. Performance reporting****Performance measure**

Report on financial achievements and performance targets

Target 2011-12

Present Quarterly Performance Report to the Audit Committee

Achievements at 30 June 2012**Achieved**

The first, second and third quarter management reports were presented to the Audit Committee and adopted by Council each quarter.

Level of service

Council will endeavour to ensure that people are aware of and have the opportunity to express their views on those matters that affect them prior to any decision being made by the Council.

Information**b. Satisfaction****Performance measure**

Community satisfaction with the provision of information by Council

Target 2011-12

90% of respondents are satisfied or very satisfied¹

Achievements at 30 June 2012**Achieved**

93.6% of respondents were satisfied or very satisfied.

c. Valley News

Performance measure

Develop and distribute the Valley News publication quarterly

Target 2011-12

The Valley News is developed and delivered each quarter to as many Upper Hutt residents as feasible

Achievements at 30 June 2012**Achieved**

A new method of delivering the Valley News as a four page spread within the Leader was trialled this year in response to comments from the public noting the citywide residential delivery did not reach everyone and that the newsletter was often mixed in with junk mail. Significant cost savings have been achieved and the decision has been made to continue to deliver the Valley News in this manner in the future. Additionally Council will identify a new way to promote its news online in order to capture those people who do not read the Leader.

Level of service

Council will endeavour to ensure that its decisions and leadership meet current needs without compromising the ability of future generations to meet their needs.

Satisfaction**Performance measure**

Community satisfaction with the elected Council's performance in catering for community needs

Target 2011-12

90% of respondents are satisfied or very satisfied¹

Achievements at 30 June 2012**Achieved***

88.8% of respondents were satisfied or very satisfied.

¹ Annual Community Survey

* within the ±4.9% margin of error of the survey

Cost of service statement

	Actual 30 June 2012 (\$ 000)	Actual 30 June 2011 (\$ 000)	Forecast 30 June 2012 (\$ 000)
Operating statement			
General rates	1,974	1,960	2,085
Operating income	122	580	38
Total operating revenue	2,096	2,540	2,123
Operating costs	2,012	2,145	2,120
Interest	0	0	0
Depreciation	0	0	0
Total operating costs	2,012	2,145	2,120
Operating surplus/ (deficit)	84	395	3
Capital and reserves funding statement			
Capital expenditure	0	0	0
Loans repayments	0	0	0
Operating (surplus)/ deficit	(84)	(395)	(3)
Transfer to funds	0	0	0
Total funding required	(84)	(395)	(3)
Funded by			
Funding from non-cash expenses	(84)	(429)	(3)
Loans raised	0	0	0
Transfer from funds	0	34	0
Transfer from funds applied	(84)	(395)	(3)

Land Transport

Overview

The Roding division is responsible for the land transport activity and covers management of all land transport matters, including the city's network of local roads.

Part of council's function is to ensure that the residents and visitors to Upper Hutt can move freely, efficiently and safely throughout the city. The Land Transport Programme provides the means of doing this by ensuring that there is a well maintained roading network that permits easy access to all parts of the city and that it is integrated with the public transport system.

Activities undertaken supporting the community

Significant actions taken throughout the year as at 30 June 2012

- Work has been completed on the replacement of the three wooden bridges on Akatarawa Road.
- The old Cobb & Co building at 2 – 6 Main Street has been purchased to allow future roading works to proceed at the appropriate time.
- Gilbert Road has been widened and upgraded to accommodate the increased traffic due to subdivision.
- Further road safety improvements have been completed on Blue Mountains Road.
- Earthworks have been completed to permit the construction of a safety foot/cycle path along the side of Main Road North (SH2), from the access way from Sunstone Crescent to the Brown Owl subway.
- Children's safety signage has been supplied to Totara Park primary school.

Level of service objectives and performance measures

Level of service

Council will maintain a safe local roading network with a high quality riding surface and effective directional signage, street lighting and road markings.

Road surfaces

a. Average smoothness of all city roads

Performance measure

NAASRA* counts

Target 2011-12

The average roughness of all roads is less than or equal to 125 NAASRA counts²

Achievements at 30 June 2012

Achieved

Average roughness is 112.8 NAASRA counts.

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

b. Smoothness of urban sealed roads

Performance measure

NAASRA* counts

Target 2011-12

Length of urban roads with a roughness less than 150 NAASRA counts is greater than or equal to 75%

Achievements at 30 June 2012

Achieved

86.1% achieved.

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

<p>c. Smoothness of rural sealed roads</p> <p>Performance measure</p> <p>NAASRA* counts</p>
<p>Target 2011-12</p> <p>Length of rural roads with a roughness less than 150 NAASRA counts is greater than or equal to 70%²</p> <p>Achievements at 30 June 2012</p> <p>Achieved</p> <p>78.0% achieved.</p> <p>* NAASRA counts are a standard measure of the road surface riding comfort. Typically, the roughness value for a new road is between 70 and 90 NAASRA counts per kilometre</p>
<p>Road riding surface</p> <p>Performance measure</p> <p>Community satisfaction with the riding surface of the city's roads</p>
<p>Target 2011-12</p> <p>91% of respondents rate the road riding surface as satisfactory¹</p> <p>Achievements at 30 June 2012</p> <p>Not achieved</p> <p>83.3% of respondents were satisfied or very satisfied.</p>
<p>Safety</p> <p>a. Road design</p> <p>Performance measure</p> <p>Carry out an investigation on each black spot identified in the safety report prepared by the Land Transport Safety Authority</p>
<p>Target 2011-12</p> <p>Investigations will be undertaken on identified black spots on all local streets that have had a significant increase in crashes in the past year³</p> <p>Achievements at 30 June 2012</p> <p>Achieved</p> <p>Review has been completed and report received.</p>

b. Road marking satisfaction

Performance measure

Community satisfaction with the city's road markings

Target 2011-12

92% of survey respondents rate the city's road markings as satisfactory or better¹

Achievements at 30 June 2012

Achieved

97.5% of respondents were satisfied or very satisfied.

Street lighting*

Performance measure

Streetlights inspection

Target 2011-12

Achieve a minimum 97.5% of streetlights working in the annual citywide streetlight inspection⁴

Achievements at 30 June 2012

Achieved

Survey showed that 97.7% of street lights complied.

* Excludes faults which are not the Council's responsibility to fix and lights in the city centre, which are subject to a separate renewal process.

Satisfaction

a. Streetlights

Performance measure

Community satisfaction with the street lighting throughout the city

Target 2011-12

90% of community survey respondents rate street lighting as satisfactory or better¹

Achievements at 30 June 2012

Achieved

90.2% of respondents were satisfied or very satisfied.

<p>b. Street cleanliness</p> <p>Performance measure</p> <p>Community satisfaction with the cleanliness of the city's streets</p>
<p>Target 2011-12</p> <p>90% of respondents rate as satisfactory or better¹</p> <p>Achievements at 30 June 2012</p> <p>Achieved</p> <p>93.7% of respondents were satisfied or very satisfied.</p>
<p>c. Directional signage</p> <p>Performance measure</p> <p>Community satisfaction with the city's directional signage</p>
<p>Target 2011-12</p> <p>90% of respondents rate as satisfactory or better¹</p> <p>Achievements at 30 June 2012</p> <p>Achieved</p> <p>97.7% of respondents were satisfied or very satisfied.</p>

Level of service

Council will provide convenient car parking for the central city and commuters.

<p>Car parks satisfaction</p> <p>Performance measure</p> <p>Community satisfaction with the city's car parks</p>
<p>Target 2011-12</p> <p>90% of respondents rate as satisfactory or better¹</p> <p>Achievements at 30 June 2012</p> <p>Achieved</p> <p>92.4% of respondents were satisfied or very satisfied.</p>

Level of service

Council will provide attractive and safe conditions for pedestrians and cyclists.

Footpaths**a. Footpath condition****Performance measure**

Assessment of footpath conditions to mitigate dangerous surface conditions developing

Target 2011-12

85% of all footpaths are rated as having a defects value of 29 or less⁵

Achievements at 30 June 2012**Achieved**

99.9% compliance.

b. Footpath satisfaction**Performance measure**

Community satisfaction with footpaths in commercial and residential areas

Target 2011-12

90% of survey respondents rate footpaths in commercial and residential areas as satisfactory or better¹

Achievements at 30 June 2012**Achieved***

89.4% of respondents were satisfied or very satisfied.

*Within the $\pm 4.9\%$ margin of error of the Annual Community Survey.

Level of service

Council will undertake capital and asset management works in a cost effective manner.

<p>Works</p> <p>Performance measure</p> <p>Completion of capital works</p>
<p>Target 2011-12</p> <p>Works completed within budget (Refer to Work Programme overleaf)</p> <p>Achievements at 30 June 2012</p> <p>Achieved</p> <p>Where funds were available, works were completed.</p>

¹ Annual Community Survey

² In-house monitoring using data received from the Road Asset Maintenance Management System contract

³ Identified in the Upper Hutt safety report prepared by the New Zealand Land Transport Agency and measured as crashes per 100 million vehicle-kilometres travelled on local roads

⁴ Annual Street lighting Survey

⁵ Rating is measured as a computation of the number of defects over a 50 metre length with a weighting for severity. Defects are measured as part of the Road Asset Maintenance Management System rating surveys

Work programme

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2012
Asset management			
Street drainage	307	230	Completed as per Asset Plans
Resealing	884	981	Completed as per Asset Plans
Road marking and signage	271	218	Completed as per Asset Plans
Lighting	248	102	Completed as per Asset Plans
Minor safety	265	318	Completed as per programme
Bridge refurbishments	0	9	Structural portion of bridge maintenance work. Budget is in the maintenance account
Footpaths	382	383	Completed in line with the Asset Plans, 5739m ² were completed
Carparks and bus shelters	19	19	Completed as per Asset Plans
Litter bin replacement	4	4	Completed as per Asset Plans
Enhanced cycle and walkway linkages – Hutt River trail extension on stopbank	642	0	This project has been resubmitted to the next LTP and NZTA programme, as no NZTA funding was received
Miscellaneous work	73	23	Completed as per Asset Plans
Capital works			
Rural roads upgrades	213	163	Work was completed on projects where funds were available
Upper Hutt welcome signs	0	18	This expenditure has no budget as it received external funding after the Annual Plan was prepared and work has been completed
Total work programme expenditure	3,308	2,468	

Approved carryover projects from previous years budgets

Projects	Budget (\$ 000)	Actual (\$ 000)	Funded by
Akatarawa Bridge refurbishment	3,718	3,292	Loans/NZTA subsidies
SH2 Gibbons to CBD project	154	68	Rates/NZTA subsidies
Walking and cycling strategy project	51	44	Rates/NZTA subsidies
CBD development	35	35	Loan
Katherine Mansfield upgrade	29	29	Roading development contribution
Minor safety entrance signs project	106	52	Rates/subsidies
Total	4,093	3,520	

Cost of service statement

	Actual 30 June 2012 (\$ 000)	Actual 30 June 2011 (\$ 000)	Forecast 30 June 2012 (\$ 000)
Operating statement			
General rates	4,587	4,264	4,577
Operating income	4,299	4,393	3,443
Total operating revenue	8,886	8,657	8,020
Operating costs	4,330	3,671	3,704
Interest	331	336	424
Depreciation	4,010	3,936	4,030
Total operating costs	8,671	7,943	8,158
Operating surplus/ (deficit)	215	714	(138)
Capital and reserves funding statement			
Capital expenditure	5,876	4,131	3,308
Loans repayments	285	284	285
Operating (surplus)/ deficit	(215)	(714)	138
Transfer to funds	24	66	173
Total funding required	5,970	3,767	3,904
Funded by			
Funding from non-cash expenses	4,285	2,794	3,294
Loans raised	1,516	843	289
Loans to be raised	0	0	0
Transfer from funds	169	130	321
Accumulated funds	0	0	0
Transfer from funds applied	5,970	3,767	3,904

Water supply

Overview

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

Activities undertaken supporting the community

Significant actions taken throughout the year as at 30 June 2012

- A programme to promote water conservation to the community included several measures to raise awareness in the community for water restrictions and the need to conserve water. A 'make an ad Win an iPad' competition was held, and won by a Riverstone schoolgirl. In addition, a variety of water conservation messages were promoted via large billboards throughout the city.
- Service requests being attended to were monitored daily to ensure works were carried out to the satisfaction of all customers.
- Network maintenance programmes are in place to ensure that it operates effectively.
- Council has an advanced leak detection programme that is monitored through the measurement of minimum night flows.
- Contract 501 and 502 for watermain renewal was awarded to Wellington Pipe Lines and the project is practically complete.
- Council assisted customers with managing the repair of leaks at their properties.
- Water quality testing continuously shows that water supplied to our customers complies with the requirements of the New Zealand Drinking Water Standards.

Level of service objectives and performance measures

Level of service

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

Quality

Performance measure

NZ Drinking Water Standard

Target 2011-12

Maintenance of our existing Aa grading²

Achievements at 30 June 2012

Achieved

Current rating is 'A1a', which is a higher grading than 'Aa'.

Satisfaction

Performance measure

Community satisfaction with the reticulated water supply service

Target 2011-12

95% of survey respondents are satisfied or very satisfied¹

Achievements at 30 June 2012

Achieved

96.7% of respondents were satisfied or very satisfied.

Continuity of supply Performance measure Interruptions to the water supply	
Target 2011-12 95% of individual consumers who experience water disruptions have the service restored within two hours ³ Fewer than four supply cuts per 100 connections ³	Achievements at 30 June 2012 Achieved 99% of the customers who experienced water disruptions had their service restored within two hours. Achieved There have been 324 shut downs for the year. This is equivalent to 2.64 water supply shut-offs per 100 connections (total 12,267 connections) during the year.
System integrity Performance measure Monitor minimum night flow between 1:00am and 4:30am	
Target 2011-12 Annual average minimum night flow not to exceed 65 litres per second ⁴ Achievements at 30 June 2012 Achieved The average minimum night flow for the year was 54.93 litres per second.	
Consumption Performance measure Overall reduction in residential consumption	
Target 2011-12 Reduce residential consumption to 250m ³ per year or below Achievements at 30 June 2012 Achieved The residential consumption was 202m ³ .	

Level of service

Council will provide a water supply that meets the requirements for fire fighting.

Fire standards**Performance measure**

Meet fire fighting requirements for water supply

Target 2011-12

95% of fire hydrants tested meet pressure and flow requirements specified in the Code of Practice for Fire Fighting Water Supplies⁵

Achievements at 30 June 2012**Achieved**

While the New Zealand Fire Service has stopped testing until a nationally approved traffic management plan has been adopted, Capacity has implemented an alternative testing project. All of the city's 1519 hydrants have been tested to the year end.

Level of service

Council will undertake capital and asset management works in a cost effective manner.

Works**Performance measure**

Completion of capital works

Target 2011-12

Works completed within budget (Refer to Work Programme, overleaf)

Achievements at 30 June 2012

- Contract 498 was awarded to GP Friel Ltd to connect the existing deep bore, located at 2 Seddon Street, as an emergency supply. The contract has achieved practical completion, however the existing check valves have failed so additional works will be required in 2012-13 prior to testing.
- Contract 501 and 502 for watermain renewal was awarded to Wellington Pipe Lines and this project is now practically complete.
- Contract 484 was awarded to CPG NZ for design and supervision of the water renewal programme for three years from 2011-12 to 2013-14. The design and supervision of projects in 2011-12 is now complete.

¹ Annual Community Survey

² Ministry of Health Rating

³ In-house monitoring of maintenance contract

⁴ In-house monitoring using bulk and area meters

⁵ Monitoring of data supplied by NZFS

Work programme

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2012
Asset management			
Pipeline renewal	1,120	1,120	Completed as per Asset Plans
Miscellaneous works	18	18	Upgrade work has been completed for the Supervisory Control and Data Acquisition (SCADA).
Capital works			
Pressure management	102	19	Design completed and physical work programme included in contract 501. Physical work will be carried over to 2012-13.
Total work programme expenditure	1,240	1,157	

Cost of service statement

	Actual 30 June 2012 (\$ 000)	Actual 30 June 2011 (\$ 000)	Forecast 30 June 2012 (\$ 000)
Operating statement			
General rates	4,352	4,051	4,358
Operating income	1,100	1,150	1,445
Total operating revenue	5,452	5,201	5,803
Operating costs	4,574	4,317	4,403
Interest	31	48	39
Depreciation	1,260	1,220	1,208
Total operating costs	5,865	5,585	5,650
Operating surplus/ (deficit)	(413)	(384)	153
Capital and reserves funding statement			
Capital expenditure	1,157	934	1,240
Loans repayments	63	74	63
Operating (surplus)/ deficit	413	384	(153)
Transfer to funds	0	0	0
Total funding required	1,633	1,392	1,150
Funded by			
Funding from non-cash expenses	1,442	1,220	876
Loans raised	19	0	102
Transfer from funds	172	172	172
Accumulated funds	0	0	0
Transfer from funds applied	1,633	1,392	1,150

Wastewater

Overview

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

The local system discharges to the Hutt Valley Trunk Wastewater System. Waste is treated at Seaview and disposed of from the Pencarrow outfall. The Hutt Valley Service Committee provides oversight, with membership from both Upper Hutt and Hutt City Councils.

Activities undertaken supporting the community

Significant actions taken throughout the year as at 30 June 2012

- Service requests being attended were monitored daily to ensure works were carried out to the satisfaction of all customers.
- Network maintenance programmes were in place to ensure that it operates effectively.
- The city wide sewer main CCTV programme, started in the 2008-09 financial year, has been completed.
- All renewal upgrade work has been completed.
- Physical work on automating the Main Outfall Pipe vortex bypass was been awarded to Max Tarr Ltd and will commence in August 2012. A carry-over budget of \$180K was approved by Council.
- Scour protection of the left side of the river bed at the Silverstream River crossing has been completed.
- AWT NZ Ltd completed an inflow and infiltration assessment within the Pinehaven catchment. The recommended investigation and remedial work is now being undertaken.

Level of service objectives and performance measures

Level of service

Council will operate and maintain a safe wastewater system

Public Health

Performance measure

Operate and maintain the wastewater system so that there is no public health risk

Target 2011-12

No sickness reported due to failure of the wastewater system²

Achievements at 30 June 2012

Achieved

No sickness was reported due to failure of the wastewater system.

Use of system

Performance measure

Minimise interruptions to the ability to use the wastewater system

Target 2011-12

95% of properties connected to the wastewater system who are unable to dispose of wastewater will have their service restored within six hours³

Achievements at 30 June 2012

Achieved

- 100% of properties unable to discharge sewage to the network had their service restored within six hours.
- A total of 146 sewer blocks and no overflows were reported in the year ending 30 June 2012, and in all instances service was restored within six hours.

Satisfaction**Performance measure**

Community satisfaction with the reticulated wastewater disposal service

Target 2011-12

91% or more of respondents are satisfied or very satisfied¹

Achievements at 30 June 2012**Achieved**

97.2% of respondents were satisfied or very satisfied.

Level of service

Council will undertake capital and asset management works in a cost effective manner.

Works**Performance measure**

Completion of capital works

Target 2011-12

Works completed within budget (Refer to Work Programme, overleaf)

Achievements at 30 June 2012**Achieved**

All capital works completed.

¹ Annual Community Survey

² In-house monitoring

³ In-house monitoring of UTCE contract

Work programme

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2012
Asset management			
Pipeline renewal upgrade	630	437	All renewal upgrade work has been completed.
Miscellaneous works	17	18	Telemetry upgrade completed.
Capital works			
Wastewater project capital	599	410	Physical work on automating the Main Outfall Pipe vortex bypass has been awarded to Max Tarr Ltd and will commence in August 2012. A carry-over budget of \$180K has been approved by Council. Scour protection of the left side of the river bed at the Silverstream River crossing has been completed.
Total work programme expenditure	1,246	865	

Approved carryover projects from previous years budgets

Projects	Budget (\$ 000)	Actual (\$ 000)	Funded by
Project			
Infiltration surveys	17	15	Targeted rates
Asset management			
Wastewater main renewals	73	73	Targeted rates
Wastewater project capital	136	136	Accumulated funds
Total	226	224	

Cost of service statement

	Actual 30 June 2012 (\$ 000)	Actual 30 June 2011 (\$ 000)	Forecast 30 June 2012 (\$ 000)
Operating statement			
General rates	5,021	5,394	5,717
Operating income	319	409	829
Total operating revenue	5,340	5,803	6,546
Operating costs	4,147	3,932	4,171
Interest	787	1,070	1,067
Depreciation	2,930	2,772	2,719
Total operating costs	7,864	7,774	7,957
Operating surplus/ (deficit)	(2,524)	(1,971)	(1,411)
Capital and reserves funding statement			
Capital expenditure	1,074	1,103	1,246
Loans repayments	120	112	120
Operating (surplus)/ deficit	2,524	1,971	1,411
Transfer to funds	0	0	0
Total funding required	3,718	3,186	2,777
Funded by			
Funding from non-cash expenses	3,084	2,828	2,178
Loans raised	410	181	599
Loans to be raised	0	0	0
Transfer from funds	224	177	0
Accumulated funds	0	0	0
Transfer from funds applied	3,718	3,186	2,777

Stormwater

Overview

The stormwater activity covers the management and disposal of stormwater from within the urban areas of the city. This occurs via a combination of reticulated pipes, pumps, soak pits, open drains, and secondary overland flowpaths. Ponding areas (often on roadways) are also included, as are detention systems; prior to entering major watercourses such as the Hutt River.

This activity does not include those parts of the river drainage system that are managed by the Greater Wellington Regional Council. These include parts of the Pinehaven and Collins Streams, Hulls Creek, and the Mangaroa, Akatarawa and Hutt Rivers. Nor does it include private drains, being those drains on private property for which council has not accepted responsibility. These are the responsibility of the property owner.

Activities undertaken supporting the community

Significant actions taken throughout the year as at 30 June 2012

- Service requests being attended to were monitored daily to ensure works were carried out to the satisfaction of all customers.
- Network maintenance programmes were in place to ensure that it operates effectively.
- All capital works are complete.
- Completed the 2011-12 CCTV Programme. There are two more years to complete the city wide CCTV programme of storm water mains.
- Calibration of the storm water network model and modifying the model from 1D to 2D is in progress.
- Contract 479 was awarded to AWT Ltd for storm water flow monitoring for calibration of the model. Flow monitoring is for one year and is expected to finish by November 2012 (funding has been allocated over years 2011-12 and 2012-13).

Level of service objectives and performance measures

Level of service

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

<p>Satisfaction</p> <p>Performance measure</p> <p>Community satisfaction with the urban stormwater disposal service</p>
<p>Target 2011-12</p> <p>87.5% of respondents are satisfied or very satisfied¹</p> <p>Achievements at 30 June 2012</p> <p>Achieved</p> <p>92.3% of respondents were satisfied or very satisfied.</p>
<p>Quality</p> <p>Performance measure</p> <p>Compliance with resource consent requirements</p>
<p>Target 2011-12</p> <p>Compliance with relevant resource consent</p> <p>Achievements at 30 June 2012</p> <p>Achieved</p> <p>All current resource consent conditions have been complied with.</p>

¹ Annual Community Survey

Level of service

To undertake capital and asset management works in a cost effective manner

<p>Works</p> <p>Performance measure</p> <p>Completion of capital works</p>
<p>Target 2011-12</p> <p>Works completed within budget (Refer to Work Programme, below)</p>
<p>Achievements at 30 June 2012</p> <p>Achieved</p> <p>All capital works are complete.</p>

Work programme

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2012
Asset management			
Pipeline renewal	919	914	All pipeline renewal has been completed.
Miscellaneous works	5	4	Telemetry upgrade project has been completed.
Total work programme expenditure	924	918	

Approved carryover projects from previous years budgets

Projects	Budget (\$ 000)	Actual (\$ 000)	Funded by
Projects			
Stormwater renewal repairs	22	22	Targeted rates
Pinehaven Stream study	50	3	Targeted rates
Asset management			
Stormwater capital renewals	692	692	Targeted rates
Total	764	717	

Cost of service statement

	Actual 30 June 2012 (\$ 000)	Actual 30 June 2011 (\$ 000)	Forecast 30 June 2012 (\$ 000)
Operating statement			
General rates	2,201	1,346	2,187
Operating income	77	940	601
Total operating revenue	2,278	2,286	2,788
Operating costs			
Operating costs	1,543	1,133	1,305
Interest	0	0	0
Depreciation	1,277	1,226	1,238
Total operating costs	2,820	2,359	2,543
Operating surplus/ (deficit)	(542)	(73)	245
Capital and reserves funding statement			
Capital expenditure	1,610	305	924
Loans repayments	0	0	0
Operating (surplus)/ deficit	542	73	(245)
Transfer to funds	0	0	0
Total funding required	2,152	378	679
Funded by			
Funding from non-cash expenses	1,436	337	679
Loans raised	0	0	0
Transfer from funds	716	41	0
Accumulated funds	0	0	0
Transfer from funds applied	2,152	378	679

Rubbish and recycling

Overview

The Solid Waste division is responsible for the management of solid waste within Upper Hutt to ensure waste is minimised and disposed of appropriately. This includes administration of contracts for collection services, planning for the future, and education on waste matters.

Part 4 of the Waste Minimisation Act (2008) sets out, as part of Council's responsibilities to:

- promote effective and efficient waste management and minimisation within its district
- carryout a waste assessment prior to reviewing its plan
- adopt a waste management and minimisation plan not later than 1 July 2012 and review this plan at intervals of not more than 6 years after the last review
- undertake, or contract for, any waste management and minimisation service, facility, or activity.

Activities undertaken supporting the community

Significant actions taken throughout the year as at 30 June 2012

- Council provided a weekly collection of refuse and recycling to each household within the urban and rural areas.
- A twice-weekly refuse recycling collection was carried out in the city centre. Weekly notification of what to recycle each week could be found on the home page of the Council website. Bi-monthly advertisements were also placed in the Leader. A fridge magnet containing the 2012 January to December recycling schedule was sent to all residents along with the community calendar in December.
- A low cost refuse bag service is available weekly as an alternative to the higher cost private wheelie bin collections. The recycling collection was provided and paid for from income received from the landfill and the waste levy.
- A tendered contract for a waste collection service is provided.
- Waste materials were collected and deposited in the Silverstream landfill.

Level of service objectives and performance measures

Level of service

Council will ensure that there is a weekly collection for urban household waste and recyclable material.

Satisfaction

a. Household refuse collection

Performance measure

Community satisfaction with household refuse collection

Target 2011-12

95% of respondents are satisfied or very satisfied¹

Achievements at 30 June 2012

Achieved*

92.0% of respondents were satisfied or very satisfied.

* Within the $\pm 4.9\%$ margin of error

b. Recycling

Performance measure

Community satisfaction with kerbside recycling collection

Target 2011-12

90% of respondents using the service are satisfied or very satisfied with the way the kerbside collection programme meets their aspirations to recycle¹

Achievements at 30 June 2012

Not achieved

84.0% of respondents were satisfied or very satisfied.

Level of service

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

Quantity of waste

a. Quantity of household refuse collection

Performance measure

Reduce the annual tonnage of refuse collected

Target 2011-12

Maintain the compounding target of reducing the refuse collected per household on average by 5% per annum

Achievements at 30 June 2012

Achieved

Refuse collected in Council refuse bags has fallen from 94 kg/hh/yr to 87kg/hh/yr (7%).

b. Quantity of recycling

Performance measure

Increase the weight of recycling

Target 2011-12

Increase to 160 kg per household per year²

Achievements at 30 June 2012

Not achieved

Council achieved 77.5% of target (124kg/hh/yr).

¹ Annual Community Survey

² In-house report using contractor's data

Cost of service statement

	Actual 30 June 2012 (\$ 000)	Actual 30 June 2011 (\$ 000)	Forecast 30 June 2012 (\$ 000)
Operating statement			
General rates	(246)	(517)	(323)
Operating income	552	846	640
Total operating revenue	306	329	317
Operating costs	307	330	318
Interest	0	0	0
Depreciation	0	0	0
Total operating costs	307	330	318
Operating surplus/ (deficit)	(1)	(1)	(1)
Capital and reserves funding statement			
Capital expenditure	0	0	0
Loans repayments	0	0	0
Operating (surplus)/ deficit	1	1	1
Transfer to funds	0	0	0
Total funding required	1	1	1
Funded by			
Funding from non-cash expenses	1	1	1
Loans raised	0	0	0
Transfer from funds	0	0	0
Transfer from funds applied	1	1	1

Planning and regulatory services

Overview

The Planning and Regulatory Services division is responsible for a group of activities that range from regulatory, monitoring and enforcement through to long term strategic environmental planning responsibilities for the benefit of the community as a whole.

City planning

The City Planning team is responsible for promoting the sustainable management of the city's physical and natural resources in a manner that is consistent with the Resource Management Act 1991, and other relevant policy statements and plans.

The work of the City Planning team influences the future direction of development in the city by balancing the demand for rural lifestyle developments, identifying suitable new areas for residential development, balancing the demands for employment growth and protecting significant landscape features.

Environmental health

The Environmental Health activity is responsible for promoting public health and safety within the community. Upper Hutt City Council contracts out its environmental health services to Hutt City Council.

- maintenance of standards in food premises
- investigation of the circumstances relating to infectious diseases
- noise control
- pollution control (for those matters not dealt with by the Greater Wellington Regional Council)
- liquor licensing
- monitoring of non-commercial premises storing hazardous goods.

Building control

As a territorial authority Council performs the following main functions:

- issues Project Information Memorandums
- issues Certificates of Acceptance
- issues Amendments to (existing) Compliance Schedules.

As a Building Consent Authority Council performs the following main functions:

- issues Building Consents
- inspects building work
- issues Notices to Fix

- issues Compliance Schedules
- issues Code Compliance Certificates.

Animal control

The Animal Control activity endeavours to control dog nuisances and wandering stock within the city.

Parking enforcement

The Parking Enforcement division is responsible for the management of parking within the Central Business District and suburban shopping areas.

Activities undertaken supporting the community

Significant actions taken throughout the year as at 30 June 2012

City planning

- Resource consents were granted to create 101 additional lots during the period.
- A resource consent was declined for a large scale residential development and subdivision proposing 127 dwellings and 10 business units on land at the former South Pacific Tyres site. An appeal against this decision was resolved by a Consent Order issued by the Environment Court during the fourth quarter, following mediation. Resource consent was subsequently granted for a revised proposal comprising 123 dwellings and 10 business units.
- The Maymorn Structure Plan was adopted in the third quarter.

Parking enforcement

- Short term car parks were checked daily to ensure the turnover of vehicle traffic was maintained in these areas.
- A Liquor Licence Accord Group was formed in Upper Hutt, of which Council's Environmental Health Officer, the police and several local bars are members. This informal group meets regularly to discuss liquor issues relating to the bars in Upper Hutt.
- Dog control enforcement continued to be maintained in accordance with the current policy.
- A high number of dogs were registered for the 2010-11 registration year. An advertisement was run in the Leader to try and encourage dog owners to contact Council early to commence registration payments by automatic electronic banking. Compliance enforcement commenced on microchipping of those dogs that require it due to age.
- Two Notices to Fix were issued in the period relating to buildings constructed without consent, and discharging roof water in an uncontrolled manner. Two infringement notices were also issued. One for an outstanding Notice to Fix not being completed. The second infringement was issued as the result of inspection officers being obstructed and prevented from undertaking a building inspection.
- A section 124 Notice (Dangerous and insanitary) was issued relating to an empty building considered to be a potential fire hazard. The Notice required the building to be fenced to mitigate easy entry.

Level of service objectives and performance measures – City Planning

Level of service

Council will meet all relevant statutory requirements.

Timeliness resource consents

Performance measures

Process resource consents within the statutory timeframes

Target 2011-12

Process 95% of all resource consents within the statutory timeframes²

Achievements at 30 June 2012

Achieved

99% of resource consents (193 out of 195) were processed within statutory timeframes.

Level of service

Council will achieve the sustainable management of Upper Hutt's natural and physical resources.

Satisfaction

Performance measures

Community satisfaction with council's current resource management practices

Target 2011-12

87.5% of respondents are satisfied or very satisfied¹

Achievements at 30 June 2012

Not achieved

76.9% of respondents were satisfied or very satisfied.

Information**Performance measures**

Response to customer enquiries

Target 2011-12

Respond within 1 working day to 90% of requests being made²

Achievements at 30 June 2012**Achieved**

99.5% of 4422 enquiries were responded to within one working day.

Compliance**Performance measures**

Response to District Plan compliance complaints

Target 2011-12

Provide initial response to complaint within one working day to 90% of requests being made²

Achievements at 30 June 2012**Achieved**

95% of complaints (82 out of 86) were responded to within one working day.

Urban growth strategy**Performance measures**

Urban Growth Strategy Implementation Programme

Target 2011-12Implement District Plan changes in accordance with the timeline approved by Council²**Achievements at 30 June 2012**

- Plan Change 29 (Southern Hills Overlay and Protected Ridgeline Standards) was notified for submissions and further submissions.
- Plan Change 31 (Un-zoned land and Heritage Feature) was made operative on 30 November.
- Plan Change 32 (National Policy Statement – Electricity Transmission) was notified for submissions and further submissions.
- Plan Change 24 (Notable Trees) was notified for submissions and further submissions.

¹ Annual Community Survey² In-house monitoring**Work programme—City planning**

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 31 June 2012
Primary projects (new and ongoing)			
Urban growth strategy	38	27	Noted on previous page
Total work programme expenditure	38	27	

Approved carryover projects from previous years budgets

Projects	Budget (\$ 000)	Actual (\$ 000)	Funded by
Urban growth strategy	35	32	Accumulated funds
Total	35	32	

Cost of service statement —City planning

	Actual 30 June 2012 (\$ 000)	Actual 30 June 2011 (\$ 000)	Forecast 30 June 2012 (\$ 000)
Operating statement			
General rates	1,026	1,058	1,005
Operating income	419	710	609
Total operating revenue	1,445	1,768	1,614
Operating costs	1,268	1,264	1,317
Interest	0	0	0
Depreciation	0	0	0
Total operating costs	1,268	1,264	1,317
Operating surplus/ (deficit)	177	504	297
Capital and reserves funding statement			
Capital expenditure	0	0	0
Loans repayments	0	0	0
Operating (surplus)/ deficit	(177)	(504)	(297)
Transfer to funds	193	522	300
Total funding required	16	18	3
Funded by			
Funding from non-cash expenses	16	18	3
Loans raised	0	0	0
Transfer from funds	0	0	0
Accumulated funds	0	0	0
Transfer from funds applied	16	18	3

Level of service objectives and performance measures – Environmental health

Level of service

Council will meet all relevant statutory requirements in respect of Environmental Health.

Timeliness

a. Food premises

Performance measure

Inspection

Target 2011-12

Complete annual inspection of all premises requiring health registration by 30 June²

Achievements at 30 June 2012

Achieved

All inspections for the 2012-13 year have been completed. There are currently 130 food premises in Upper Hutt.

b. Hairdresser premises

Performance measure

Inspection

Target 2011-12

Complete annual inspection of all premises requiring health registration for future years by 30 June²

Achievements at 30 June 2012

Achieved

All inspections for the 2012-13 year have been completed. There are currently 16 hairdressers' premises in Upper Hutt.

c. Premises with liquor licences

Performance measure

Inspection

Target 2011-12Complete inspection of all premises due for renewal²**Achievements at 30 June 2012****Achieved**

Inspections were completed for 100% of renewal requests (37 of 37) received within this period.

d. Infectious diseases

Performance measure

Response time

Target 2011-12Make initial contact with affected person within two working days where practical²**Achievements at 30 June 2012****Achieved**

100% of cases (39 of 39) were contacted within two working days.

e. Excessive noise

Performance measure

Response time

Target 2011-12Respond within one hour to 90% of excessive noise reports being made²**Achievements at 30 June 2012****Achieved**

100% of cases (899 of 899) were responded to within one hour.

<p>f. Liquor licence (special licences)</p> <p>Performance measure</p> <p>Process time</p>
<p>Target 2011-12</p> <p>Licence application to be processed within five working days excluding the time taken by police for their checks²</p> <p>Achievements at 30 June 2012</p> <p>Achieved</p> <p>100% of applications (65 of 65) were processed within five working days.</p>

Level of service objectives and performance measures – Building control

Level of service

Council will meet all relevant statutory requirements in respect of Building Control.

<p>Timeliness</p> <p>a. Building consents</p> <p>Performance measure</p> <p>Process time</p>	
<p>Target 2011-12</p> <p>a. Process 90% of consents having a value of less than \$500,000 within 13 working days²</p> <p>b. Process 100% within 20 working days</p>	<p>Achievements at 30 June 2012</p> <p>Achieved</p> <p>96.1% of consents (593 of 617) were processed within 13 working days.</p> <p>Achieved</p> <p>100% of consents (629 of 629) were processed within 20 working days.</p>

b. Land Information Memorandum (LIM)**Performance measure**

Process time

Target 2011-12Process LIMs within 10 working days²**Achievements at 30 June 2012****Achieved**

100% of LIMs (270 of 270) were processed within 10 working days.

c. Warrant of fitness**Performance measure**

Current warrant of fitness

Target 2011-12100% of qualifying buildings have a current Warrant of Fitness or are the subject of investigation and enforcement²**Achievements at 30 June 2012****Achieved**

Currently 292 buildings require a Warrant of Fitness. 100% either have a warrant or are subject to investigation and enforcement.

d. User service satisfaction**Performance measure**

Building consent applicants satisfaction with service

Target 2011-1290% of respondents are satisfied or very satisfied³**Achievements at 30 June 2012****Achieved**

95% of respondents were satisfied or very satisfied.

¹ Annual Community Survey² In-house monitoring³ Building Consents Survey

Level of service objectives and performance measures – Animal control

Level of service

Council will meet all relevant statutory requirements in respect of Animal Control.

Timeliness

Performance measure

Response time to reports of dog attack

Target 2011-12

Make initial contact with complainant within two hours for 90% of dog attacks received²

Achievements at 30 June 2012

Achieved

100% of dog attacks (85 of 85) were responded to within two hours.

Satisfaction

Performance measure

Community satisfaction with control of dog nuisances in the city

Target 2011-12

82% of respondents are satisfied or very satisfied¹

Achievements at 30 June 2012

Achieved

87.9% of respondents were satisfied or very satisfied.

¹ Annual Community Survey

² In-house monitoring

Level of service objectives and performance measures – Parking enforcement

Level of service

Council will meet all relevant statutory requirements in respect of Parking Enforcement.

<p>Satisfaction</p> <p>Performance measure</p> <p>Community satisfaction with enforcement of parking requirements in the CBD</p>
<p>Target 2011-12</p> <p>88% of respondents are satisfied or very satisfied¹</p> <p>Achievements at 30 June 2012</p> <p>Achieved</p> <p>92.4% of respondents were satisfied or very satisfied.</p>

¹Annual Community Survey

Cost of service statement—Building and compliance services

	Actual 30 June 2012 (\$ 000)	Actual 30 June 2011 (\$ 000)	Forecast 30 June 2012 (\$ 000)
<ul style="list-style-type: none"> • Environmental Health • Building Control • Animal Control • Parking enforcement 			
Operating statement			
General rates	1,114	1,052	436
Operating income	1,288	1,199	1,468
Total operating revenue	2,402	2,251	1,904
Operating costs	2,953	2,217	1,928
Interest	0	0	0
Depreciation	29	21	13
Total operating costs	2,982	2,238	1,941
Operating surplus/ (deficit)	(580)	13	(37)
Capital and reserves funding statement			
Capital expenditure	0	0	0
Loans repayments	0	0	0
Operating (surplus)/ deficit	580	(13)	37
Transfer to funds	0	0	0
Total funding required	580	(13)	37
Funded by			
Funding from non-cash expenses	580	(13)	17
Loans raised	0	0	0
Transfer from funds	0	0	20
Accumulated funds	0	0	0
Transfer from funds applied	580	(13)	37

Community services

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

Activities undertaken supporting the community

Significant actions taken throughout the year as at 30 June 2012

- Monthly multi-cultural morning teas have been initiated by Upper Hutt Settlement Support. The Upper Hutt Settlement Support Officer is managed by Community Services but is based in the City Library. Work continues on the United Flag project, a Mayoral initiative whereby the flags of other countries are flown outside the UHCC Council building on their national days. Several embassies have participated in this initiative. There were also large and successful celebrations held for the Chinese New Year and Race Unity Day.
- Community Services developed a booklet and training resource for community services staff. The resource is called 'DIScover' and provides training on delivering customer service to disabled people. The training resource was piloted with Council staff and was officially launched in December. The resource has been provided to every council and many other organisations have shown an interest. The project is a finalist in the national Equal Employment Opportunities Trust Awards. Winners will be announced in August 2012.
- Three 'Your Choices, Your Life' programmes for recidivist young driving offenders have now been held. The programme is funded by a Ministry of Justice contract and was supported by Community Probation Services. Community Services continues to refine the concept and delivery of this project.
- Creative Communities and Community Grants funding allocation was completed in September and late March. Community Services has provided an 'Inzone Experience' careers kiosk in the City Library. The kiosk provides youth with a multi-media view of careers information and training opportunities. Community Services has access to data from the kiosk such as frequently visited career and training sites and age groups. Entrepreneurship, defence and health are the most popular career choices.
- In September, Community Services presented the 'Who are You?' campaign to the Upper Hutt Alcohol Accord. This campaign aims to prevent sexual assault and encourages open discussion around this issue. As a result of this presentation, the Upper Hutt Cosmopolitan Club requested that a Community Development Adviser attend a staff meeting to present the campaign's video.
- Planning has commenced for a second Public Transport Open Day to be held in November 2012, which has received external funding from the Office of Disability Issues. The community had requested a reprisal of this particular event.
- An information seminar was held in May for parents on healthy teen relationships. Lesley Elliot, the mother of Sophie Elliot who was murdered by her boyfriend, spoke about warning signals that a relationship is unhealthy.
- A weekly 'Job Club' has been initiated to support people into work. The 'Job Club' was initiated as a result of the Drive project funded by Ministry of Social Development and is based in the City Library.

Level of service objectives and performance measures

Level of service

Council will support local groups and organisations in meeting the diverse needs of the community.

Support of groups

Performance measure

Rating by community and recreation groups of the value of Council support provided

Target 2011-12

95% of groups surveyed rate the value of support provided as being satisfactory or better¹

Achievements at 30 June 2012

Achieved

The Annual Community Group survey took place in April 2012 resulting in 99% of community groups noting that they were either satisfied or very satisfied.

Level of service

Council will support initiatives that enhance social development.

Delivery of programmes and projects to the community

Performance measure

Project milestones are achieved on time, within budget and in line with stakeholder satisfaction

Target 2011-12

100% of contractual obligations for externally funded programmes* have been met²

Achievements at 30 June 2012

Achieved

100% of contractual obligations for externally funded programmes have been met to negotiated timeframes.

*An example of an externally funded programme is the investment in community safety by the Ministry of Justice.

Community engagement

Performance measure

Community is consulted on identified areas of focus on a regular basis and community views are considered when undertaking focus area projects

Target 2011-12

Hold regular meetings with key community stakeholders in identified focus areas*

*Examples of current focus areas include:

- children and young people reach their full potential
- positive ageing
- improving the wellbeing of people with experience of a disability
- building capable, sustainable communities
- safe and healthy neighbourhoods

Achievements at 30 June 2012

Achieved

Meetings held each quarter throughout the year included:

- Seniors Action Forum
- Disability Forum
- Community Networking Forum
- Youth Network Forum
- Safe Hutt Valley Interagency governance and operational meetings
- meetings discussing the topic of alcohol
- Road Safety Action Plan
- Together Our Place neighbourhood meetings.

¹ Annual Community Group Survey

² Contractual or negotiated terms in Funding Agreements have been met

Work programme—Community services

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2012
Primary projects (ongoing)			
Youth strategy	19	10	See Note 1 (below)
SHAW - Safety, Health and Wellbeing	26	21	See Note 2 (overleaf)
Total work programme expenditure	45	31	

Note 1 – Youth strategy

- 'It's no joke, ditch the smoke', an Upper Hutt Young Leaders for Social Change project, was officially launched in August. Community Services and Regional Public Health supported the group to create anti-smoking posters using local school role models.
- Community Services in conjunction with the Ministry of Youth Development and Christian Fellowship Upper Hutt, hosted a one day youth leadership workshop in July.
- The 2010 Hutt Valley Youth Survey results were officially released to community agencies and schools in August 2011. Results were released via YouTube and hard-copy reports. Information cards (HELP cards), developed in conjunction with Community Action on Youth and Drugs (CAYAD) and Youthline, in response to the previous Youth Survey, were also launched.
- A new video has been launched on YouTube about the value of staying in school, called 'Get schooled'.
- A truancy project was implemented in three Upper Hutt schools, with several further schools demonstrating interest in the programme.
- The Future Dragons: A project empowering students to be entrepreneurs was re-launched with the first series of workshops complete.
- A programme for at-risk girls was held with fifteen Year 11 students from Upper Hutt College. The programme was in partnership with the college and aimed to build self-esteem and encourage good decision making for girls experiencing difficulties.
- Community Development coordinated Youth Week 2012 for Upper Hutt by producing and promoting a local calendar of events. The annual Young Achiever Awards were held in conjunction with Youth Week.

Note 2 – Safety, Health and Wellbeing

- Two Merton Street clean-ups took place in 2011-2012 as well as a Neighbours Night for this area of Trentham. These initiatives were an extension of the TOP (Together Our Place) Trentham project and aim to build neighbourhood pride and improve community safety. Other neighbourhood events that focus on safety have also been held in Timberlea and various areas of Trentham.
- Community Services continued to play an active part in the Safe Hutt Valley working group, contributing to the 'Crime and Crash stream'. This included work with young recidivist drivers (re-offenders) and alcohol initiatives. A coordinator has been appointed to connect all the current streams of work and to provide a more cohesive overview of activity.
- A workshop on suicide prevention in the older person was delivered to health professionals and service agencies working with older people.
- 'The Upper Hutt Parents Expo' took place in August. This was the third such Expo.
- 'Upper Hutt Cares', an information expo for caregivers was held in September 2011. Forty-seven organisations exhibited at the expo and over 250 people attended the event.
- A new Community Services resource called '60 Activities for the over 60s' was distributed.
- Support was given to a range of family violence campaigns, including 'Blow the Whistle', 'It's Not OK', and 'White Ribbon Day'. New billboards featuring prominent Upper Hutt people were launched in March and June.
- 'From Stress to Strength', a workshop to boost emotional resiliency in older people, was held in April 2012. The workshop was held in partnership with Age Concern Wellington.
- A comprehensive Road Safety education programme was delivered including the Young Cyclist of the Year competition and You Tube videos highlighting the message "mates looking after mates".
- A Women's Wellness Programme was held in partnership with Activation and Orongomai Marae, funded by HEHA, Hutt Valley District Health Board. The programme is a holistic approach to women's and whanau health addressing topics such as nutrition and exercise. Eighteen women attended the programme with very positive results.
- Planning has been undertaken to develop a project to provide information to people experiencing mental health. The project takes a 'prescription' approach whereby GPs can prescribe people self-help books available at the Upper Hutt Library. This project has been modelled off a New Plymouth project with the same name and will be launched in July 2012.

Cost of service statement—Community services

	Actual 30 June 2012 (\$ 000)	Actual 30 June 2011 (\$ 000)	Forecast 30 June 2012 (\$ 000)
Operating statement			
General rates	525	520	530
Operating income	161	133	73
Total operating revenue	686	653	603
Operating costs	660	669	605
Interest	0	0	0
Depreciation	0	1	0
Total operating costs	660	670	605
Operating surplus/ (deficit)	26	(17)	(2)
Capital and reserves funding statement			
Capital expenditure	0	0	0
Loans repayments	0	0	0
Operating (surplus)/ deficit	(26)	17	2
Transfer to funds	0	0	0
Transfer of non-rate funds	33	33	0
Total funding required	7	50	2
Funded by			
Funding from non-cash expenses	2	2	2
Non rate funding	5	48	0
Loans raised	0	0	0
Transfer from funds	0	0	0
Transfer from funds applied	7	50	2

Activation

Overview

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

The key areas of focus are people and projects i.e. a focus on promoting participation in active recreation through provision of programmes, public information, club development and leadership of an active recreation policy and strategy; along with the facilitation of community driven events and activities.

Activities undertaken supporting the community

Significant actions taken throughout the year as at 30 June 2012

- The Kiwi Sport project has been completed. Activation is currently awaiting feedback on the final evaluation and 2012-2013 funding application from Sport Wellington. In the 2011-2012 project, 3,225 people in the community were directly impacted and another 3,500 indirectly impacted. Students participated in a range of sports; local club memberships in the 16-19 age group increased; and a group of trained coaches and referees are now participating in local sport. The Kiwi Sport project achieved many outcomes and saw several collaborative projects emerge between local clubs and schools.
- A number of events and programmes within the community have been led, supported or planned by the Activation team, including a Women's Wellness programme, Introduction to the outdoors, Lively Parks, Activation Holiday Challenge, Bike the Trail, Sports Expo, Timberlea Community Night, Teddy Bears Picnic, Buggy Walks, Bike to Work Breakfast and Walk to Work Breakfast, and various other active recreation opportunities.
- Several ongoing schools' programmes have been supported including the Upper Valley Primary School Sports Zone and their respective events and operations, role model visits, fitness clubs (with the addition of a new club for 2012) and Xtream Activation Trailer visits. The 2012 series of fitness club events started successfully with the Pinehaven Mucky Meander taking place on 4 April 2012 and orienteering on 27 June 2012.
- A Rugby World Cup coaching programme in schools was undertaken in partnership with the Upper Hutt Rugby Club during the World Cup.
- Mike Mercer, the Activation Schools and Youth Activator, was awarded the highly prestigious Emerging Recreation Leader of the Year Award at the New Zealand Recreation Association awards evening held in Dunedin on 17 October 2011. Mike has been invited to present a paper on Activation at the Thinking Recreation conference in July 2012.
- A partnership with the Cancer Society has meant the addition of community accessible Sun Shades for events and programmes.

- Resources for the community have been created and promoted such as the Physically Active Homework resource for schools, ACC Sport Smart, and online nutrition and training articles accessed through the Activation website. In addition, a number of capacity building initiatives have been completed including the Active Futures forums, teacher professional development, and support for numerous individuals in the community to organise programmes and events.
- A number of workplace wellness programmes have begun. A pilot 'bootcamp' was run successfully with the programme ideally becoming an annual occurrence. A regular Upper Hutt City Council running group has been established for staff.

Level of service objectives and performance measures

Level of service

Council will promote participation in active recreation through the facilitation of community driven events and activities along with the provision of programmes, public information, club development and leadership of active recreation policy and strategy.

Opportunities

a. Community information

Performance measure

Community satisfaction with the provision of information about sport and recreation

Target 2011-12

87% of respondents rate the provision of information about sport and recreation as satisfactory or better¹

Achievements at 30 June 2012

Achieved

90.8% of respondents were satisfied or very satisfied.

b. Access

Performance measure

Community satisfaction with access to sport and recreation opportunities

Target 2011-12

87% of respondents rate access to sport and recreation opportunities as satisfactory or better¹

Achievements at 30 June 2012

Achieved

93.9% of respondents were satisfied or very satisfied.

c. Participation

Performance measure

Participation levels in sport and physical activity increases.

Target 2011-12

Participation numbers in Activation events and activities increase annually²

Achievements at 30 June 2012**Achieved**

Participation in Activation-organised and supported events/programmes totalled 38,852. Total for the same period in 2010-2011 was 31,078.

d. Participation

Performance measure

Club participation numbers increase

Target 2011-12

3% increase in club participation numbers²

Achievements at 30 June 2012

Council will be unable to determine if this measure has been achieved because the survey was not undertaken. This survey has in the past been undertaken by Activation and/or external personnel. Activation are in the process of streamlining the club and active recreation group's database and collecting and collating membership demographics to enable this information to be provided without the need of a survey or to pay an external organisation to do this.

Level of service

Council will partner with external organisations to provide sport and active recreation services.

Partnerships

Performance measure

Positive, ongoing partnerships are developed and maintained that support sport and physical activity in Upper Hutt

Target 2011-12

Targets with Activation partner organisations are met

Achievements at 30 June 2012

- Partnership with Orongomai Marae for the delivery of two ten week men's health programmes in 2011-12.
- Partnership with Orongomai Marae for the delivery of one ten week women's wellness programme in 2011-2012.
- Partnership with Upper Hutt Rugby Club for Rugby World Cup- focused school activities.
- National Heart Foundation – Early Childhood Education Programme.
- Hutt City Council – Fundamental Movement Skills programme in Upper Hutt.
- Coordinated a range of Upper Hutt community organisations to participate in the Outdoor Recreation Promotion.
- Liaised with a number of schools, clubs and regional sports organisations as part of the Kiwi Sport project.
- Continued to work with Greater Wellington Regional Council on Active Travel Planning to support the implementation of regional school and workplace travel plans to encourage more active modes of transport.
- The Cancer Society – Sun Shade Scheme programme continued, which made sunshades available for community events and programmes.
- Activation has established partnerships with Tertiary Institutions (WELTEC; Massey University and University of Bath) to allow interns to work alongside Council officers for work experience and to assist the student's studies, internship, and post-graduate research opportunities.
- Assisted Hutt International Boys School (HIBS) students with their Duke of Edinburgh service programmes. This involved facilitating activities for the HIBS students in local primary schools.
- Regular liaison with local clubs and providers to provide the Active Futures programme.
- Partnered with, and supported a range of agencies and organisations to implement community events such as the National Heart Foundation Bike Jam, and Sport Wellington Buggy Walks.
- Liaised with a number of schools, local clubs and providers to implement a range of school programmes (fitness clubs, staff development days, role model visits, ki-o-rahi).

Level of service

Council will monitor the impact of sport and recreation on the health and wellbeing of Upper Hutt residents.

<p>Monitoring</p> <p>Performance measure</p> <p>The overall physical activity grade (as per the Active Recreation Project Evaluation report)</p>
<p>Target 2011-12</p> <p>To achieve a minimum score of 'B'⁴</p> <p>Achievements at 30 June 2012</p> <p>Council cannot determine if this target has been achieved or not as previously, evaluation has been undertaken in conjunction with Hutt City. However, Hutt City did not undertake this in the past year. A more specific survey is currently underway by Activation for Upper Hutt City.</p>

¹ Annual Community Group Survey

² Annual Activation Clubs and Groups Survey (Community Survey Group)

³ The above monitoring tools plus the National Physical Activity Survey (undertaken by SPARC) and the Hutt Valley Physical Activity Survey

⁴ The National Activity Guideline is a recognised measurement of desired physical activity levels. The guideline is: '*participated in at least 30 minutes of moderate intensity physical activity on 5 or more days of the week*'.

Work programme—Activation

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2012
Primary projects (ongoing)			
Activation	184	186	Rates proportion of funding
Total work programme expenditure	184	186	

Cost of service statement—Activation

	Actual 30 June 2012 (\$ 000)	Actual 30 June 2011 (\$ 000)	Forecast 30 June 2012 (\$ 000)
Operating statement			
General rates	186	147	185
Operating income	122	171	122
Total operating revenue	308	318	307
Operating costs	309	319	307
Interest	0	0	0
Depreciation	1	1	1
Total operating costs	310	320	308
Operating surplus/ (deficit)	(2)	(2)	(1)
Capital and reserves funding statement			
Capital expenditure	0	0	0
Loans repayments	0	0	0
Operating (surplus)/ deficit	2	2	1
Transfer to funds	0	0	0
Total funding required	2	2	1
Funded by			
Funding from non-cash expenses	2	2	1
Loans raised	0	0	0
Transfer from funds	0	0	0
Accumulated funds	0	0	0
Transfer from funds applied	2	2	1

Emergency Management

Overview

Upper Hutt City Council has joined with all the city and district councils in the region to form a Civil Defence and Emergency Management (CDEM) Group under the CDEM Act of 2002. Currently the group is moving toward having all emergency management staff and resources pooled together with the expectation of improved effectiveness from increased scale and coordination, as well as efficiencies from the centralised provision of services such as training and public education.

This activity is fundamental to achieving city-wide preparedness for emergencies, and will continue to develop, implement and monitor city-wide emergency management plans, and promote community preparedness for emergencies.

Activities undertaken supporting the community

Significant actions taken throughout the year as at 30 June 2012

- Joint training was undertaken with Wainuiomata Bush Fire Force. A seminar with Wainuiomata and Wellington Fire Force was held at Lower Hutt for familiarisation of management.
- A Welfare Centre exercise took place in May 2012 in Upper Hutt, utilising UHCC staff and volunteers. The aim was to exercise the process of setting up and running a welfare centre for displaced people due to an emergency, where evacuation has been necessary. The exercise had positive outcomes with processes and procedures being tested. As a result all welfare kits have been enhanced.
- Two fires were attended during the fourth quarter. A fire started at the rear of the Collins Range on Defence land in Trentham on 15 April. The fire took three hours to extinguish. A debrief highlighted issues regarding water capacity and the use of a tanker. As a result, UH Rural Fire Force has modified their methodology for filling NZ Fire tenders before setting up a dam for fire fighting where no water source is readily available.
- A second fire started at the Silver Stream Railway site on Monday 30 April when sparks from an old steam engine ignited the hillside. The fire was extinguished later that night with the use of both UHRF and the Wainuiomata Bush Fire Force and a helicopter. The fire reignited the following day, taking another three hours to extinguish.

Level of service objectives and performance measures

Level of service

Council will ensure that an appropriate civil defence emergency response system is operational for Upper Hutt.

Emergency management compliance

Performance measure

Emergencies are responded to in accordance with the Wellington Regional Civil Defence Emergency Management Group Plan and the Civil Defence Emergency Management Act 2002

Target 2011-12

100% compliance²

Achievements at 30 June 2012

Achieved

- The snow event of 15 – 17 August was monitored. The AA Traffic Website was utilised for road closures, linked from Hutt Valley Emergency Management Office (HVEMO) emergency status webpage.
- Standard operating procedure for activation of HVEMO was updated for planning processes pre-event.
- No emergencies were attended in the second, third and final quarter.

Community preparedness

Performance measure

Annual Community Survey households prepared for a Civil Defence emergency

Target 2011-12

62% of households are prepared for a Civil Defence emergency¹

Achievements at 30 June 2012

Achieved

75.3% of respondents were prepared.

Training (staff)**Performance measure**

Undertake staff training each year pertinent to the Coordinated Incident Management System model to ensure operational capacity

Target 2011-12

Hold at least one major training exercise per year to test readiness, response and recovery practice and procedures²

Achievements at 30 June 2012**Achieved**

- Planning and intel, and logistics training was undertaken on a joint basis for both UHCC and HCC. A request for additional commitment for Emergency Operations Centre (EOC) staff was made to both Councils.
- EOC staff, from both Councils were approached for Exercise Pacific Wave in November 2011, however due to the short duration of the exercise no exchange of staff took place.
- Waiting for an additional list of staff for training in the Coordinated Incident Management System (CIMS) and EOC functions.
- A welfare centre exercise took place in May 2012 in Upper Hutt, which required the involvement of UHCC staff and volunteers. A positive outcome was achieved and kits were updated.

Level of service

Council will ensure that an efficient system for reducing and suppressing fires in the Upper Hutt Rural Fire District is operative.

Rural fire compliance

Performance measures

Rural fires are responded to in accordance with the Upper Hutt City Rural Fire Plan and the Forest and Rural Fires Act 1977 and the Forest and Rural Fires Regulations 2005

Target 2011-12

100% compliance²

Achievements at 30 June 2012

Achieved

- A fire plan was completed and submitted to the National Rural Fire Authority (NRFA) during August 2011.
- An application for grant assistance was submitted to NRFA. The grant was successful and the money used for new equipment purchases.
- Joint fire training was undertaken with Wainuiomata Bush Fire Force in the second quarter of the year. A seminar with Wainuiomata and Wellington Fire Force was held at Lower Hutt for familiarisation for management.
- Nil fires were attended in first three quarters of the year.
- Two fires were attended in the fourth quarter.
- A fire started at the rear of the Collins Range on Defence land in Trentham on 15 April. The fire took three hours to extinguish. The debrief highlighted issues regarding water capacity and use of tanker.
- A second fire started at the Silver Stream Railway site on Monday 30 April when sparks from an old steam engine ignited the hillside. The fire was extinguished later that night with the use of both Upper Hutt Rural Fire and the Wainuiomata Bush Fire Force and a helicopter. The fire reignited the next day and took another three hours to extinguish.

¹ Annual Community Survey

² In-house monitoring

Level of service

Council will undertake capital and asset management works in a cost effective manner.

<p>Works</p> <p>Performance measures</p> <p>Capital works completion</p>
<p>Target 2011-12</p> <p>Works completed within budget and by 30 June each year (refer to Work Programme, below)</p> <p>Achievements at 30 June 2012</p> <p>Achieved</p> <p>The new 4 x 4 vehicle is now operational and has been fitted out with all the appropriate emergency services equipment.</p>

Work programme—Emergency Management

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2012
Capital works			
Vehicles	74	53	
Total work programme expenditure	74	53	

Cost of service statement—Emergency Management

	Actual 30 June 2012 (\$ 000)	Actual 30 June 2011 (\$ 000)	Forecast 30 June 2012 (\$ 000)
Operating statement			
General rates	479	484	473
Operating income	19	9	10
Total operating revenue	498	493	483
Operating costs	446	446	431
Interest	0	0	0
Depreciation	29	33	29
Total operating costs	475	479	460
Operating surplus/ (deficit)	23	14	23
Capital and reserves funding statement			
Capital expenditure	53	0	74
Loans repayments	0	0	0
Operating (surplus)/ deficit	(23)	(14)	(23)
Transfer to funds	52	48	52
Total funding required	82	34	103
Funded by			
Funding from non-cash expenses	29	34	30
Loans raised	0	0	0
Transfer from funds	53	0	73
Transfer from funds applied	82	34	103

Parks and Reserves

Overview

The Parks and Reserves division is responsible for managing the city parks, reserves and public gardens, for now and the future, to:

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

Council's aim is to provide a safe, pleasant, attractive and protected environment for all age groups to enjoy.

Activities undertaken supporting the community

Significant actions taken throughout the year as at 30 June 2012

- Council continued to maintain the gardens around the city centre to a high standard.
- The upgrades of the public toilets at Maidstone Max, Clouston Park and Te Haukaretu Park were completed. The old toilet block on Akatarawa Road was demolished as it had been replaced two years ago by the refurbished Exeloo.
- New replacement playgrounds were installed into Ward/Miro Street and the Turon Reserve in February 2012.
- The removal of the majority of large pine trees in Maidstone Park, around the Kingsley Heights area, is now complete. There remains a small stand of mature pine trees which will be mostly left as a confined group as they have a direct impact on the success of the downhill mountain bike track. Some re-vegetative planting took place this year along the edge of King Charles Drive where several pine trees were removed two years ago. The re-vegetation process will also include the control of pine seedlings in the cleared areas.
- The final stage of the formation of the Hutt River Trail link between Totara Park Bridge and the Whakatiki Stream has been completed.
- Council officers assisted the Community Garden Group at Clyma Park by providing furniture, a water supply, fruit trees and advice to the group which has successfully established the garden.
- The Black Stump in Marchant Road was leased to the Kinsmen Social Motorcycle club who have completely upgraded the inside of the building and the surrounding area to a high standard entirely at the club's cost.

Level of service objectives and performance measures

Level of service

Council will provide parks and reserves that meet community needs for recreation and leisure activities.

Satisfaction

Performance measure

Community satisfaction with the way that parks and reserves meet the survey respondents recreational needs

Target 2011-12

95% of respondents are satisfied or very satisfied¹

Achievements at 30 June 2012

Achieved

95.5% of respondents were satisfied or very satisfied.

Level of service

Council will provide, maintain and upgrade a selected range of parks, reserves and facilities as regional leisure attractions.

Safety

Performance measure

Playground equipment meets playground safety standards (currently NZS 5828 Playground Equipment and Surfacing)

Target 2011-12

All playground equipment meets current safety standards

Achievements at 30 June 2012

Achieved

All playgrounds are being maintained to the appropriate safety standards with no reported serious harm incidents or minor accidents.

Level of service

Council will maintain and improve on the environmental quality of its parks and reserves.

Native bush cover

Performance measure

To monitor the indigenous biological diversity in our significant natural areas through the use of five minute bird counts. The results are to be analysed and incorporated in the Regional Native Bird Monitoring Report prepared by the Greater Wellington Regional Council.

Target 2011-12

Maintain and/or improve the abundance verses diversity of bird life (per hectare) compared with the 2006 – 2007 benchmark and the regional average²

Achievements at 30 June 2012

The abundance verses diversity of bird life needs to be compared over a ten year cycle.

Bird monitoring was carried out in April/May 2012. Comparison reports are prepared annually and a full comparative report spanning a ten year survey period incorporating all data will be prepared in 2016 to evaluate the trends in biodiversity levels.

Level of service

Increasingly Council will enhance the appearance of Upper Hutt through attractive and well placed gardens.

Gardens

Performance measure

Community satisfaction with the city's public gardens

Target 2011-12

95% of respondents are satisfied or very satisfied¹

Achievements at 30 June 2012

Achieved

98% of respondents were satisfied or very satisfied.

Works**Performance measure**

Completion of capital works

Target 2011-12

Works completed within budget and by 30 June each year (Refer to Work Programme, below)

Achievements at 30 June 2012

The majority of works were completed within budget and timeframes. However some funds were carried over to the following year due to delays in the completion of the Maidstone Park sports ground development.

¹ Annual Community Survey² Greater Wellington Regional Council Native Bird Monitoring Report**Work programme—Parks and Reserves**

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2012
Asset management			
Toilets	85	29	The upgrades of Maidstone Max, Clouston Park and Te Haukaretu toilets have been completed. Work programmed for the upgrade of the public toilet at the Harcourt Park soccer ground (\$55k) will be redirected to the upgrade of the toilets / changing rooms at Maidstone Park as the Soccer Club is looking at relocating their clubrooms to the Maidstone Park pavilion in the near future once the new turf is operational.
Amenities replacement	82	67	The replacement of amenities was completed in accordance with the work programme, with the exception of \$15,000, which was carried over to compliment the Maidstone Park sports ground development.
New roading seal	19	0	The programmed new work was put on hold and the funds carried over to enable the roading network in Maidstone Park to be improved once the project has been completed.

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2012
Renewal roading resealing	52	0	The programmed work was put on hold and the funds carried over to enable the roading network in Maidstone Park to be undertaken once the project has been completed.
Play equipment	68	68	Ward/Miro Street and Turon Crescent playgrounds have been completed.
Maidstone Park building	150	5	The start of this project was delayed as the cost of the upgrade exceeded the available budget. Additional grant funding was obtained from the Pelorus Trust and the project started late in the year. \$145,000 has been carried forward to complete the upgrade in the 2012-13 year.
Capital works			
Revegetation of Maidstone Park	38	38	The felling of pine trees was completed in January 2012. Some native re-vegetation was carried out in previously cleared areas.
Large tree planting	7	7	Planting was completed within budget.
Upper Hutt hockey turf	3,869	3,784	Due to delays caused by inclement weather the project has yet to be completed.
Total capital work expenditure	4,370	3,998	
Other primary projects (new and ongoing)			
Large trees in reserves	20	13	Planting was completed under budget.
Native forest management programme	5	5	Work was completed within budget.
Monitoring native bush	3	3	The bird counts were carried out in April/May 2012.
Total work programme expenditure	4,398	4,019	

Cost of service statement—Parks and Reserves

	Actual 30 June 2012 (\$ 000)	Actual 30 June 2011 (\$ 000)	Forecast 30 June 2012 (\$ 000)
Operating statement			
General rates	2,127	2,082	2,182
Operating income	1,664	214	1,230
Total operating revenue	3,791	2,296	3,412
Operating costs			
Operating costs	2,370	2,332	2,555
Interest	57	14	167
Depreciation	491	455	377
Total operating costs	2,918	2,801	3,099
Operating surplus/ (deficit)	873	(505)	313
Capital and reserves funding statement			
Capital expenditure	3,998	462	4,220
Loans repayments	19	15	19
Operating (surplus)/ deficit	(873)	505	(313)
Transfer to funds	0	0	0
Total funding required	3,144	982	3,926
Funded by			
Funding from non-cash expenses	161	551	478
Loans raised	1,950	0	1,950
Transfer from funds	1,033	431	1,498
Transfer from funds applied	3,144	982	3,926

H²O Xtream

Overview

H²O Xtream is a fun oriented aquatic facility which opened in 1996. While it has a focus on fun for 10-14 year olds, it is available for use by the community at large. Many users come from around the Wellington region as well as elsewhere in New Zealand, especially over the school holiday periods.

Activities undertaken supporting the community

Significant actions taken throughout the year as at 30 June 2012

- A new initiative, Aqua Beatz Youth night, was held at H²O Xtream on 23 September 2011 with 269 participants. The success of this pilot programme has resulted in the sessions becoming a permanent event on the H²O Xtream calendar.
- The reopening celebration for the pool, held on 25 March 2012, was the most successful event to date with 1,172 people attending throughout the day, with 885 between the hours of 12.00 – 3.00 pm. Classic Hits Radio station entertained between 1.00 – 3.00 pm and entry to the pool and slides was free during this time.

As part of the reopening of the pool, another Aqua Beatz Youth night was held on 23 March 2012 with 180 teens attending.

- Following the success of the initial evening, a second Teen Wave for 10 – 12 year olds was held on 23 November 2011. 214 youngsters were entertained with the assistance of a DJ and games, and prizes were awarded in the Hawaiian Beach themed – Summer Hummer.
- Other teen targeted events were held on 13 April - Ducks r Us (217 attendees); 26 May - Freeze Frenzy (157 attendees); 15 June – Aqua Beatz (156 attendees).
- Women's Only Swim night continued to be well attended throughout the year.
- WaveBreakers Swim School continued to provide lessons for all of the community, including adults, pre-school, school age and special needs children.
- H²O Xtream provides a safe 'hang out' for teens on Friday nights.

Level of service objectives and performance measures

Level of service

H²O Xstream will provide a range of high quality aquatic leisure opportunities for people of all ages and abilities.

Satisfaction

Performance measure

Community satisfaction with the facilities and services provided at H²O Xstream

Target 2011-12

95% of respondents are satisfied or very satisfied¹

Achievements at 30 June 2012

Achieved*

91.6% of respondents were satisfied or very satisfied.

* within the $\pm 4.9\%$ margin of error

Use

a. Attendance

Performance measure

Annual attendance figures

Target 2011-12

At least 230,000 people visit over the year²

Achievements at 30 June 2012

Not achieved

The visitor numbers refer to swimmers in the pool, not spectators. 195,161 people used the pool during the period of this report (compared to 256,907 in 2010-11). A number of factors have contributed to this performance measure not being met. The advertised closure in August, which was subsequently only for one week, had an impact on numbers for that month. Likewise, the closure during February and March has significantly impacted on the ability to meet the target performance measure.

It should also be noted that the method in which swim numbers are recorded has been streamlined and now better reflects actual swim numbers.

b. School holiday usage

Performance measure

Use of H²O Xtream in the school holidays by the target market (10-14 years)

Target 2011-12

Greater than 55% of visitors during the school holidays are in the target market of 10-14 years²

Achievements at 30 June 2012

Not achieved

During all school holidays in the period covered by this report 51.3% of visitors were in the 10-14 year age group.

c. Swim school participation

Performance measure

Participation in WaveBreakers Swim School

Target 2011-12

Increase participation in the WaveBreakers Swim School from the previous year²

Achievements at 30 June 2012

Not achieved

1,520 people participated in the WaveBreakers Swim School for the period 1 July 2011–30 June 2012 compared to 2,274 for the same period in 2010-11. Due to the closure of the pool for term one 2012 there were no WaveBreakers swim classes provided, and the advertised closure in August 2011 had a negative impact on the term three 2011 numbers.

Market leader

Performance measure

Community rating of the level of 'fun' and 'excitement' at H²O Xtream

Target 2011-12

95% of users are satisfied or very satisfied¹

Achievements at 30 June 2012

Achieved

98.4% of respondents were satisfied or very satisfied.

Regional use

a. During school holidays

Performance measure

Regional use of H²O Xstream during school holidays

Target 2011-12

Regional use to exceed 50% of school holiday patrons³

Achievements at 30 June 2012

Achieved

Pool usage from patrons from outside of Upper Hutt city totalled 56.8% for all holidays over the period of this report.

b. Target market

Performance measure

Regional use and awareness of H²O Xstream by the target market (10-14 yr olds)

Target 2011-12

Increase regional attendance and awareness by the target market, on that of the previous survey figures

Achievements at 30 June 2012

Not achieved

This measure has been erratically and inconsistently measured over the past five years and there is no useful basis for comparison. The measure will not be used after 2011-12.

Level of service

H²O Xtream will meet or exceed all required standards for swimming pool operation.

Compliance

a. Swimming pools

Performance measure

Compliance with all required standards for swimming pool operation

Target 2011-12

Maintain pool operation and water quality in accordance with NZS 5826 Code of Practice for the Operation of Swimming Pool and the supervision of the pool in accordance with the NZ Pool Supervision Standard⁴

Achievements at 30 June 2012

Achieved

b. Pool safety

Performance measure

Pool Safe Accreditation

Target 2011-12

Pool Safe Accreditation achieved⁵

Achievements at 30 June 2012

Achieved

Pool Safe Accreditation is ongoing. The Pool Safe re-evaluation audit was successfully completed in January 2012.

Level of service

Facilitate and enhance community events.

Community events**Performance measure**

Develop and enhance community partnership in Council supported recreation and event programmes

Target 2011-12

Increased participation of the community in events⁶

Achievements at 30 June 2012**Achieved**

Unihoc and Flippaball tables are shown below.

Unihoc (schools)

	2010-2011	2011-2012
Primary	466 (69 teams)	464 (68 teams)
Intermediate	95 (15 teams)	120 (17 teams)

Flippaball (league)

	2010-2011	2011-2012
Primary	205(21 teams)	186 (20 teams)
Intermediate	160 (18 teams)	181 (17 teams)

Level of service

Council will undertake capital and asset management works in a cost effective manner.

<p>Works</p> <p>Performance measure</p> <p>Completion of capital works</p>
<p>Target 2011-12</p> <p>Works completed within budget and by 30 June each year (refer to Work Programme, below)</p> <p>Achievements at 30 June 2012</p> <p>Achieved</p> <p>Major works were completed during the closure (6 February – 18 March 2012) including reroofing, painting of interior, tiling, plant reconditioning/upgrade, plus other minor maintenance. The closure went six days over schedule due to the weather affecting work on the roof.</p>

¹ Annual Community Survey

² In-house H²O Xtream Database Survey

³ In-house School Holiday Survey

⁴ In-house and external monitoring by Environmental Lab

⁵ Pool Safe Assessment

⁶ In-house Event Monitoring

Work programme—H²O Xtream

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2012
Capital works			
New pool hall lights for H ² O Xtream	43	79	Works complete
Total capital work expenditure	43	79	
Asset management			
Closure of pool	1,009	946	Works complete
Total work programme expenditure	1,052	1,025	

Cost of service statement—H²O Xtream

	Actual 30 June 2012 (\$ 000)	Actual 30 June 2011 (\$ 000)	Forecast 30 June 2012 (\$ 000)
Operating statement			
General rates	1,416	1,236	1,273
Operating income	1,150	1,306	1,366
Total operating revenue	2,566	2,542	2,639
Operating costs	3,401	2,537	3,602
Interest	46	31	99
Depreciation	398	399	335
Total operating costs	3,845	2,967	4,036
Operating surplus/ (deficit)	(1,279)	(425)	(1,397)
Capital and reserves funding statement			
Capital expenditure	79	0	43
Loans repayments	51	40	51
Operating (surplus)/ deficit	1,279	425	1,397
Transfer to funds	0	0	0
Total funding required	1,409	465	1,491
Funded by			
Funding from non-cash expenses	415	412	347
Loans raised	1,000	0	1,000
Transfer from funds	(6)	53	144
Transfer from funds applied	1,409	465	1,491

Library

Overview

Upper Hutt City Library, a community centre for living, learning and leisure!

The library collects and maintains a wide range of information, recreational and local history material for the benefit of the entire Upper Hutt community. Access to the resources, both physical and digital is provided through a wide range of programmes and services to enable all sectors of the community to benefit from them. Specific emphasis is given to providing services to those groups with the greatest need and least ability to independently access the library. There is a strong focus on providing early literacy programmes and developing a love of reading in children. Barriers to physically accessing library services are addressed through the library's website and Outreach programmes.

The library provides support to grow skills; offers experiences to build confidence; create opportunities to engage in programmes and activities; or simply just a space to kick back and relax in a living room away from home.

Activities undertaken supporting the community

Significant actions taken throughout the year as at 30 June 2012

- **Mobile library makeover** - The overhaul of the mobile library, started in 2010-11, was completed on schedule and within budget enabling the Mobile to resume a full service on Monday 1 August 2011.
- **Community Archive** - A significant milestone for the library was the launch of the Upper Hutt Newspaper Archive. Upper Hutt Library can boast being the first public library in New Zealand to provide access to fully text searchable archived newspapers. The Archive currently features the Upper Hutt Leader from 1939-1964. The value of this resource to the community is immense for historic information and insights into how the city has evolved and grown.
- **Award** - Upper Hutt City Library once again received a prestigious award for the work done within the community in the area of adult education. The Dynamic Community Learning Awards 2011 were presented in Wanganui where the library received a Certificate of Commendation for 'excellence and innovation in adult and community education'. The judges for this award were particularly impressed by the devotion to the whole community regardless of circumstances, and the dedication to providing as many people as possible with opportunities to grow, learn and feel included in their library's programmes and events.
- **Community use of the Library** - A significant feature of the Central Library's redevelopment in 2010 was the creation of additional 'people' spaces. Areas with comfortable seating for reading and studying, and places to engage, discuss or simply feel connected to the community and the wider world. These multifunctional zones have provided a platform for the library to expand its level of programmes and services, with emphasis on programmes that have a large component of community involvement, contribute to the provision of information, lifelong learning, and early literacy.

During the last 12 months, programmes and events where the library has partnered with community groups and individuals have included:

- o 'Healthy Homes, Happy Pockets' series of workshops including the development of the library's worm farm and how to grow your own food
- o two writers' groups, one lead by Cat Connor a local author of international repute
- o the introduction of 'Hot Seats'. The Hot Seat is a desk available for local 'experts' to provide free information to individuals and small groups on a regular basis. Over 20 organisations and individuals are presently scheduled including Justices of the Peace, migrant support, genealogists, disability assistance and the Community Police Constable
- o the use of the library and it's internet access to facilitate the establishment of Upper Hutt's Time Bank
- o regular clinics by His Worship the Mayor and the use of the library by local government bodies and voluntary organisations to host community consultation workshops.

Level of service objectives and performance measures

Level of service

Council will provide an accessible and relevant library service to meet the needs of the community.

<p>1. Access</p> <p>a. Use</p> <p>Performance measures</p> <p>Community use of the library services</p>	
<p>Target 2011-12</p> <p>Increase the number of issues, physical visits and website visits from that of the previous year</p> <p>Minimum of:</p> <ul style="list-style-type: none"> • 665,000 items issued ² • 335,000 visitors ³ • 57,000 website visits ⁴ <p>For the 12 months ended 30 June 2011 there were:</p> <ul style="list-style-type: none"> • 664,701 items issued² • 334,103 visits to the library³ • 56,747 visits to the website⁴ 	<p>Achievements at 30 June 2012</p> <p>Achieved</p> <p>For the 12 months ended 30 June 2012 there were:</p> <ul style="list-style-type: none"> • 678,195 items issued² • 371,466 visits to the library ³ • 70,235 visits to the website⁴

b. Customer service

Performance measures

Community satisfaction with the level of customer service provided by library staff

Target 2011-12

95% of respondents are satisfied or very satisfied¹

Achievements at 30 June 2012**Achieved**

98.1% of respondents were satisfied or very satisfied.

2. Relevance

Range of resources

Performance measures

Community satisfaction with the range and quality of resources (e.g. books, DVDs, CDs) available at the library

Target 2011-12

95% of respondents are satisfied or very satisfied¹

Achievements at 30 June 2012**Achieved**

97.1% of respondents were satisfied or very satisfied.

Level of service

Council will undertake capital and asset management works in a cost effective manner.

Opportunities

Performance measures

Completion of capital works

Target 2011-12

Works completed within budget and by 30 June each year (refer to Work Programme, below)

Achievements at 30 June 2012

Achieved

¹ Annual Community Survey

² Library Management System (Horizon)

³ RFID gate counter

⁴ Website Server

Work programme—Library

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2012
Asset management			
Equipment replacements	8	9	Tablets, eBook readers, membership card printer and electronic whiteboard purchased.
Capital works			
Library resources	318	310	Savings made to cover additional security costs.
Total work programme expenditure	326	319	

Cost of service statement—Library

	Actual 30 June 2012 (\$ 000)	Actual 30 June 2011 (\$ 000)	Forecast 30 June 2012 (\$ 000)
Operating statement			
General rates	2,220	2,047	2,209
Operating income	274	255	287
Total operating revenue	2,494	2,302	2,496
Operating costs	2,041	1,912	2,006
Interest	76	83	80
Depreciation	550	441	420
Total operating costs	2,667	2,436	2,506
Operating surplus/ (deficit)	(173)	(134)	(10)
Capital and reserves funding statement			
Capital expenditure	319	1,931	326
Loans repayments	71	35	71
Operating (surplus)/ deficit	173	134	10
Transfer to funds	20	20	20
Total funding required	583	2,120	427
Funded by			
Funding from non-cash expenses	583	467	427
Loans raised	0	1,187	0
Loans to be raised	0	0	0
Transfer from funds	0	466	0
Transfer from funds applied	583	2,120	427

Expressions Arts and Entertainment Centre

Overview

The Expressions Arts and Entertainment Centre activity covers the provision of cultural, arts and leisure opportunities in the city, based in the centre complex.

The Centre includes the Genesis Energy Theatre (a 200-seat theatre), the Rotary Foyer, Mount Marua and Vector exhibition galleries, the Riverstone Recreation sport and recreation hall, a café and offices.

Expressions is a Council Controlled Organisation (CCO). The nature and scope of the activity provided by Expressions Arts and Entertainment Centre are the same as those intended for in the 2011-12 year. The Policy on Significance has not been triggered in relation to the ownership or contract with Expressions.

Activities undertaken supporting the community

Significant actions taken throughout the year as at 30 June 2012

- The Expressions Trust's full reporting document 'Annual Report on Financial and Non-Financial Performance: 1 July 2011 to 30 June 2012' is yet to be submitted to Council.
- Fundraising was completed for the new Kawai RX2 piano for the Rotary Foyer, completing the piano fitout for Expressions.
- A dynamic event and exhibition programme for 2012 was widely distributed.
- Development of the new website and promotional materials, targeted to build audiences and improve the appeal of the venue to hirers, is technically complete.
- The first Expressions Live concert for 2012 occurred on 20 March, which was a free lunch time event with a capacity crowd.
- There have been several well supported, often sell-out shows, at the Genesis Energy Theatre such as The Maisey Rika concert, part of the New Zealand Festival of the Arts regional programme.
- The Comedy Festival event staged by Notorious Management Ltd was highly successful.
- The 'Rockers and Rollers' exhibition featured a free print making demonstration with Vincent Drane from the Solander Gallery in Wellington.
- Over a hundred people attended the 'Memory' exhibition opening. A floor talk was offered to the public by the Managing Director of the Learning Connexion. Tutors hosted gallery tours for new and existing students of the Learning Connexion.
- The 'Common Thread' exhibition also had a very well supported opening with top New Zealand artists on site. This included the award winning screenplay writer for the movie 'Once Were Warriors', Riwia Brown addressing the opening crowd. A performance piece was presented live in the foyer in front of the audience before the official opening.
- Several educational opportunities and public programmes were offered during the first few months of 2012 in support of the exhibition programme at Expressions.

- Expressions hosted the Wellington Regional Arts Review, a juried exhibition selected by independent judges from over 150 submissions by artists living and working in the Greater Wellington Region (including Kapiti and Wairarapa). The judges' selection was representative of the submissions which included paintings, photography, textile based works, ceramics, drawings and sculpture from a range of established artists, students and first time exhibitors. The exhibition was officially opened in May by Councillor Mary Archibald with 150 artists and visitors attending. Several of the works were sold during the exhibition.

Level of service objectives and performance measures

Level of service

Council will ensure provision of a quality facility for cultural, arts, leisure and recreation.

Opportunities

a. Satisfaction

Performance measures

Community satisfaction with the range and number of arts opportunities in the city

Target 2011-12

92% of respondents are satisfied or very satisfied¹

Achievements at 30 June 2012

Achieved

93.8% of respondents were satisfied or very satisfied.

b. Attendance at events

Performance measures

Number of visitors to arts, cultural and recreational events at the Expressions Arts and Entertainment Centre

Target 2011-12

51,000 visitors²

Achievements at 30 June 2012

Not achieved

43,846 visitors during the 2011-12 year.

c. Attendance at exhibitions

Performance measures

Number of visitors to exhibitions at the Expressions Arts and Entertainment Centre

Target 2011-1215,000 visitors²**Achievements at 30 June 2012****Achieved**

16,952 visitors during the 2011-12 year.

¹ Annual Community Survey² In-house Expressions Survey**Work programme—Expressions**

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2012
Capital works			
Asset renewal	0	40	
Plant and equipment	31	22	For the replacement of the genie hoist
Total work programme expenditure	31	62	

To note – the extraordinary maintenance budget incurred \$40,000 worth of new capital, which is why the forecast and actual budget figures overleaf do not correlate.

Cost of service statement—Expressions

	Actual 30 June 2012 (\$ 000)	Actual 30 June 2011 (\$ 000)	Forecast 30 June 2012 (\$ 000)
Operating statement			
General rates	804	769	793
Operating income	16	16	14
Total operating revenue	820	785	807
Operating costs	781	762	807
Interest	0	0	0
Depreciation	184	182	175
Total operating costs	965	944	982
Operating surplus/ (deficit)	(145)	(159)	(175)
Capital and reserves funding statement			
Capital expenditure	62	12	31
Loans repayments	0	0	0
Operating (surplus)/ deficit	145	159	175
Transfer to funds	2	25	2
Total funding required	209	196	208
Funded by			
Funding from non-cash expenses	187	184	177
Loans raised	0	0	0
Transfer from funds	22	12	31
Accumulated funds	0	0	0
Transfer from funds applied	209	196	208

Property

Overview

The Property division covers the management of a range of properties owned by Council, but not currently needed for specific council activities, such as the old Cobb & Co site on Main Street, the two leased Railway Avenue properties, Harcourt Holiday Park, the Community Houses and miscellaneous property. The Hapai Club is also managed by the Property division; however the usage (hire/booking services) is managed by the Recreational Services division of Council.

Generally, these properties have been acquired for roading purposes, strategic purposes or parks development.

Level of service objectives and performance measures

Level of service

Council will manage its property to a 'fit for purpose' standard based on current use but without compromising the intended long term use of the property.

Occupancy

Performance measures

Occupancy rate for all of Council's rental housing

Target 2011-12

95% occupancy rate¹

Achievements at 30 June 2012

Not applicable

The sole rental property at Mangaroa was sold in March 2012.

¹In-house monitoring process, using management consultant's data

Work programme—Property

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2012
Capital works			
Alterations to building and land formation	0	8	The extraordinary budget incurred \$8,000 of new capital and has been transferred to capital works.
Land and building	0	1,103	The opportunity arose where Council could purchase the Cobb & Co site for land transport purposes.
Alteration to building and land	0	62	Costs associated with upgrading and subdividing land has been transferred to capital works.
Total work programme expenditure	0	1,173	

Cost of service statement—Property

	Actual 30 June 2012 (\$ 000)	Actual 30 June 2011 (\$ 000)	Forecast 30 June 2012 (\$ 000)
Operating statement			
General rates	84	(3)	(37)
Operating income	168	167	147
Total operating revenue	252	164	110
Operating costs	144	170	110
Interest	30	0	0
Depreciation	172	164	131
Total operating costs	346	334	241
Operating surplus/ (deficit)	(94)	(170)	(131)
Capital and reserves funding statement			
Capital expenditure	1,173	0	0
Loans repayments	0	0	0
Operating (surplus)/ deficit	94	170	131
Transfer to funds	4	7	4
Total funding required	1,271	177	135
Funded by			
Funding from non-cash expenses	165	161	131
Loans raised	1,103	0	0
Transfer from funds	3	16	4
Transfer from funds applied	1,271	177	135

Akatarawa Cemetery

Overview

This activity covers the management of the Akatarawa Cemetery by the Parks and Reserves division.

Council provides land and facilities for burial of people and a place for remembrance.

Activities undertaken supporting the community

The cemetery continued to be presented to a very high standard.

Level of service objectives and performance measures

Level of service

Akatarawa Cemetery will be managed as an attractive, restful memorial park.

Satisfaction

Performance measure

Satisfaction with the services provided at Akatarawa Cemetery

Target 2011-12

95% of respondents are satisfied or very satisfied¹

Achievements at 30 June 2012

Achieved

99.6% of respondents were satisfied or very satisfied.

¹Annual Community Survey

Cost of service statement—Akatarawa Cemetery

	Actual 30 June 2012 (\$ 000)	Actual 30 June 2011 (\$ 000)	Forecast 30 June 2012 (\$ 000)
Operating statement			
General rates	15	(4)	1
Operating income	213	223	253
Total operating revenue	228	219	254
Operating costs	225	215	251
Interest	0	0	0
Depreciation	8	9	6
Total operating costs	233	224	257
Operating surplus/ (deficit)	(5)	(5)	(3)
Capital and reserves funding statement			
Capital expenditure	0	0	0
Loans repayments	0	0	0
Operating (surplus)/ deficit	5	5	3
Transfer to funds	4	4	4
Total funding required	9	9	7
Funded by			
Funding from non-cash expenses	9	9	7
Loans raised	0	0	0
Transfer from funds	0	0	0
Transfer from funds applied	9	9	7

Support services

Overview

The support services activity covers a range of management, internal administration and support services that keep Council operating on a day-to-day basis.

Specific groups include: the Chief Executive, executive and divisional management, administration, cafeteria, finance, democratic services, legal, human resources, information systems, policy and reporting, visitor information centre and the civic administration building.

Activities undertaken supporting the community

- The Sustainability Strategy 2012-22 was adopted on 27 June 2012. This is a significant first step towards achieving the kind of future we want for Upper Hutt without compromising the city's amenity values or the wellbeing of our families and future generations.
- One of the most significant initiatives in the Sustainability Strategy involves investigating, monitoring and attempting to remediate the toxic algae problem in our city's rivers. Te Awakairangi, or the Hutt River, is an iconic feature of the Hutt Valley and an important part of our community life. Prolific toxic algae blooms in recent summers have caused concern within the community, and present health risks to animals and people. UHCC and Greater Wellington Regional Council (GWRC) are working on a monitoring investigation plan that will help inform remediation options/actions.
- Food waste is becoming an increasingly high-profile environmental issue due to the high volumes of food waste entering landfills. Frequently this is perfectly good food thrown away uneaten. Love Food Hate Waste is a successful international programme intended to reduce food waste by promoting behaviour change in households and businesses. UHCC in collaboration with the other Wellington region councils submitted an application to the Ministry for the Environment waste levy fund, to conduct a Love food Hate Waste programme feasibility study. The study will determine whether the Love Food Hate Waste programme would be effective in the Wellington region.
- The scooter racks ordered with GWRC/UHCC funding have been delivered to the six schools who applied. The schools say these racks have made it a lot easier for them to store scooters, resolving health and safety issues at school and providing greater security. Scooters are far and away the most popular mode of active transport to school for kids, and large numbers of children opting to scooter to school instead of coming via car.
- The McDonalds Franchise sponsorship of the trial Fruit Trees in Schools programme delivered fruit trees to Silverstream School and Orongomai Marae in Upper Hutt. This trial programme has been hugely successful and we look forward to the possibility of its expansion in the future.
- A number of schools are now signed up to the School Travel Planning (STP) programme and have been making significant progress towards reducing the number of car trips made by pupils to and from school. Several schools are involved in the survey process at present, and will begin working on an action plan once the results of these surveys have been processed. Even schools which are not STP schools have been working with Council's Sustainability Education Officer to implement travel plans and policies which promote active transport to school.

- The 2011-2012 water conservation campaign wrapped up with a popular 'Make an Ad, Win an iPad' competition. The competition was won by a Ferguson Intermediate schoolgirl (aged 11), of Riverstone Terraces

Level of service objectives and performance measures

Level of service

Council will undertake capital and asset management works in a cost effective manner.

Works

Performance measure

Completion of capital works

Target 2011-12

Works completed within budget and by 30 June each year (refer to Work Programme, below)

Achievements at 30 June 2012

Work is progressing in accordance with the works programme.

Work programme—Support services

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2012
Capital works			
Extraordinary maintenance	0	20	The extraordinary maintenance budget incurred \$20,000 worth of new capital, which is why the forecast budget is zero.
Minor equipment	3	0	
Total capital work expenditure	3	20	
Other primary projects (new and ongoing)			
Sustainability strategy*	76	76	The Upper Hutt City Sustainability Strategy was adopted on 27 June 2012.
Eco-friendly incentives*	16	22	Council is trialling the e-bench energy monitoring system for 12 months.
Total work programme expenditure	95	118	

Approved carryover projects from previous years budgets

Projects	Budget (\$ 000)	Actual (\$ 000)	Funded by
Infrastructure management consultants	66	66	Rates
Information system	10	10	Rates
Total	76	76	

Cost of service statement—Support services

	Actual 30 June 2012 (\$ 000)	Actual 30 June 2011 (\$ 000)	Forecast 30 June 2012 (\$ 000)
Operating statement			
General rates	43	(121)	50
Operating income	7,976	7,881	7,691
Total operating revenue	8,019	7,760	7,741
Operating costs	7,860	7,765	7,589
Interest	7	9	7
Depreciation	109	107	95
Total operating costs	7,976	7,881	7,691
Operating surplus/ (deficit)	43	(121)	50
Capital and reserves funding statement			
Capital expenditure	20	27	3
Loans repayments	12	10	12
Operating (surplus)/ deficit	(43)	121	(50)
Transfer to funds	9	9	35
Total funding required	(2)	167	0
Funded by			
Funding from non-cash expenses	0	0	0
Loans raised	0	0	0
Transfer from funds	(2)	167	0
Accumulated funds	0	0	0
Transfer from funds applied	(2)	167	0

Economic development

Overview

The Economic Development activity covers promotion for the whole city area, including the visitor industry and business liaison services.

Council actively works with the business sector to identify and support initiatives to foster economic growth and to promote the city, its events and attractions.

Activities undertaken supporting the community

Significant actions taken throughout the year as at 30 June 2012

- Upper Hutt City Council worked with the Rugby World Cup community groups to deliver a RWC 2011 events programme. Rugby World Cup Banners were also placed in and around the city with a special focus on the city centre.
- Upper Hutt City Council worked with interested parties on the development of the Wellington to Wairarapa cycleway. The cycleway route starts at the mouth of the Hutt River, travelling along the Hutt River Trail, the Rimutaka Rail Trail and into the Wairarapa.
- Upper Hutt City Council supported a range of activities such as:
 - An ongoing business visitation programme to help the local commerce and industry community to solve and address a range of issues.
 - The Christmas Parade with the installation of Christmas banners in and around the city centre.
 - Various retail promotions organised by Experience Upper Hutt.
 - A Celebration Day with Staglands Wildlife Reserve to signal the completion of the three new bridges in Akatarawa Valley. Council also worked with Staglands on their plans for their 40 years celebrations during 2012.
 - Community events such as Fireworks Fantastic and Carols in the Park.
 - Upper Hutt City Council worked with Experience Upper Hutt on the 2011 Business Awards.
 - Working with the local business community to encourage participation in the Wellington on a Plate culinary festival and Wellington Business Gold Awards.
 - Secured funding and organised several major summer events such as Pelorus Trust funding for the Summer Carnival, the Summer Hummer concert at Harcourt Park, and the Toni Gibson debut concert at Expressions.
- In June 2012, Council decided to relocate the i-SITE from its location on Main Street to within the Expressions Arts and Entertainment Centre. This activity has now been contracted to Expressions.

Level of service objectives and performance measures

Level of service

Council will provide support to local businesses by:

- establishing strong working relationships with local and regional businesses;
- identifying and addressing business needs and opportunities; and
- funding regional marketing initiatives, except those now covered by the Wellington Regional Strategy and funded by Greater Wellington Regional Council rates.

1. Role

Performance measure

Community satisfaction with the focus of Council in supporting economic development

Target 2011-12

80% of respondents are satisfied or very satisfied¹

Achievements at 30 June 2012

Not achieved

66.5% of respondents were satisfied or very satisfied.

2. Business Liaison

Performance measure

Business satisfaction with liaison between Council and the sector

Target 2011-12

86% of businesses are satisfied or very satisfied³

Achievements at 30 June 2012

Not achieved

62.0% of respondents were satisfied or very satisfied.

Level of service

Council will actively promote Upper Hutt as a great place to live.

<p>Promotion</p> <p>a. i-SITE Visitor Information Centre</p> <p>Performance measure</p> <p>Community satisfaction with services provided by the i-SITE Visitor Information Centre</p>
<p>Target 2011-12</p> <p>90% of respondents are satisfied or very satisfied¹</p> <p>Achievements at 30 June 2012</p> <p>Achieved</p> <p>98% of respondents were satisfied or very satisfied.</p>
<p>b. Promotion of the city</p> <p>Performance measure</p> <p>Community satisfaction with Council's promotion of Upper Hutt</p>
<p>Target 2011-12</p> <p>87% of respondents are satisfied or very satisfied¹</p> <p>Achievements at 30 June 2012</p> <p>Achieved*</p> <p>86.6% of respondents were satisfied or very satisfied.</p> <p>*Within the ±4.9% margin of error</p>

Level of service

Council will stimulate revitalisation of the city centre.

Main Street Programme / Experience Upper Hutt**a. Liaison****Performance measure**

CBD business owners satisfaction with liaison between Experience Upper Hutt and the CBD

Target 2011-12

90% of respondents are satisfied or very satisfied²

Achievements at 30 June 2012**Not achieved**

60.0% of respondents were satisfied or very satisfied.

b. Satisfaction**Performance measure**

CBD business owners satisfaction with Experience Upper Hutt's focus on CBD revitalisation

Target 2011-12

90% of respondents are satisfied or very satisfied²

Achievements at 30 June 2012**Not achieved**

56.0% of respondents were satisfied or very satisfied.

¹ Annual Community Survey

² CBD Retailers' Survey

³ Annual Business Survey

Work programme – Economic Development

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2012
Primary projects (new and ongoing)			
Experience Upper Hutt	80	80	Funding for current year as per plan
Total work programme expenditure	80	80	

Cost of service statement

	Actual 30 June 2012 (\$ 000)	Actual 30 June 2011 (\$ 000)	Forecast 30 June 2012 (\$ 000)
Operating statement			
General rates	827	703	815
Operating income	37	32	28
Total operating revenue	864	735	843
Operating costs	867	748	844
Interest	0	0	0
Depreciation	21	23	6
Total operating costs	888	771	850
Operating surplus/ (deficit)	(24)	(36)	(7)
Capital and reserves funding statement			
Capital expenditure	0	0	0
Loans repayments	0	0	0
Operating (surplus)/ deficit	24	36	7
Transfer to funds	0	0	0
Total funding required	24	36	7
Funded by			
Funding from non-cash expenses	24	26	7
Loans raised	0	0	0
Transfer from funds	0	10	0
Transfer from funds applied	24	36	7



Financials

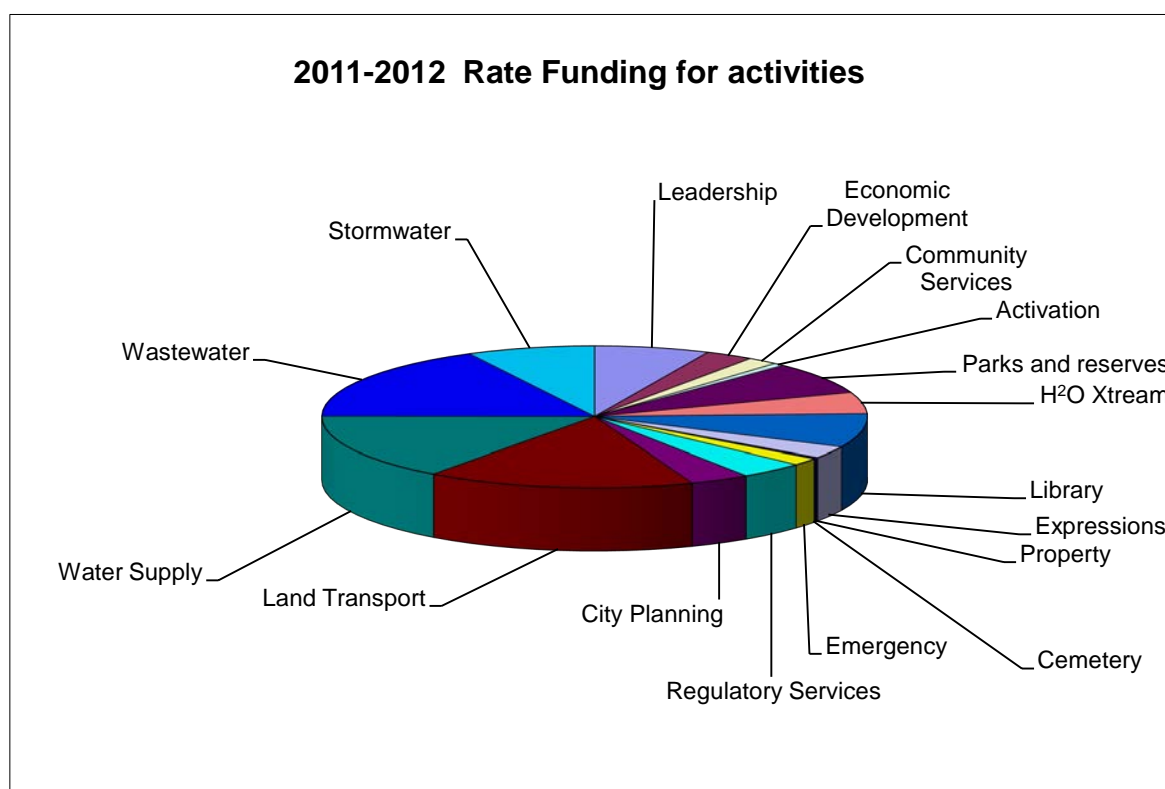
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Council financial statistics

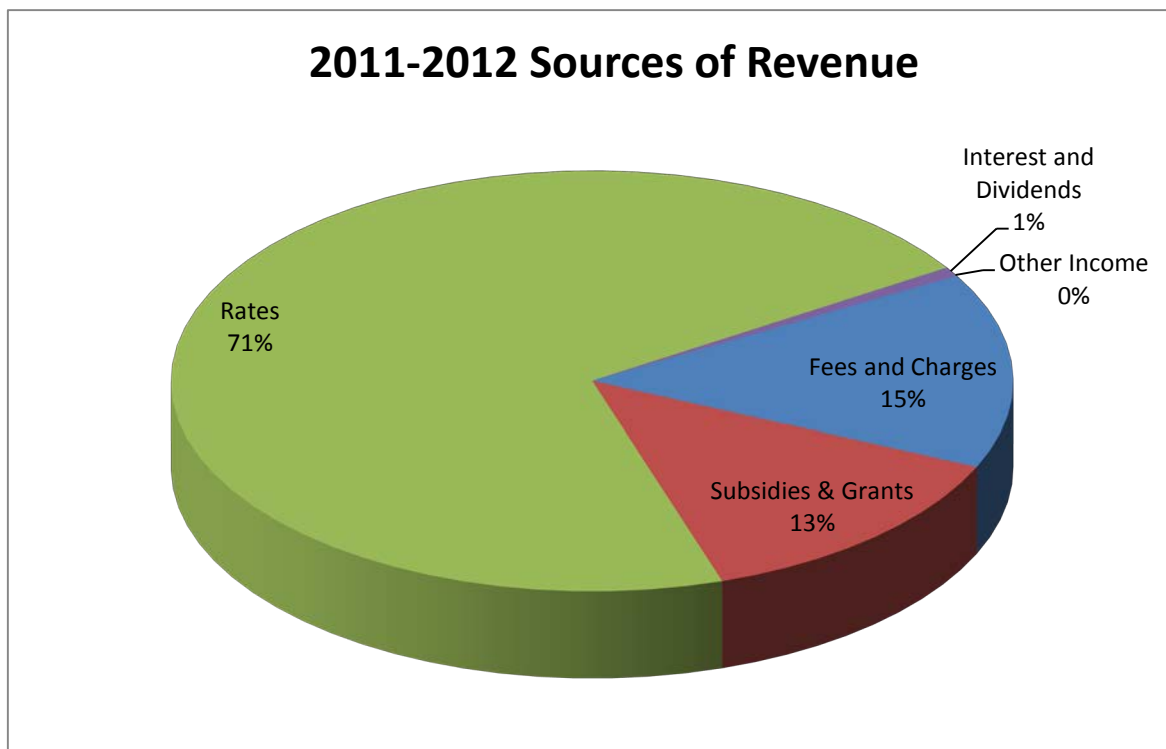
Five year financial performance summary

	Actual 2011-12 (\$000)	Actual 2010-11 (\$000)	Actual 2009-10 (\$000)	Actual 2008-09 (\$000)	Actual 2007-08 (\$000)	Forecast 2011-12 (\$000)
Rates	28,965	27,528	26,397	25,064	23,685	28,750
Net surplus / (deficit)	(4,264)	(1,444)	(3,052)	(1,723)	4,859	(2,122)
Working capital	(4,600)	(3,481)	(3,172)	997	637	1,067
Public debt	25,956	20,512	18,617	18,074	17,796	24,669
Total net assets	662,646	576,071	523,598	524,857	528,111	571,877



Council financial statistics

	Actual 2011-12 (\$000)	Actual 2010-11 (\$000)	Actual 2009-10 (\$000)	Actual 2008-09 (\$000)	Actual 2007-08 (\$000)	Forecast 2011-12 (\$000)
Proportion of rates to total income (%)	70.94%	68.58%	69.25%	63.33%	57.20%	69.7%
Average rates per rateable property	\$1,774	\$1,686	\$1,630	\$1,564	\$1,493	\$1,782
Total interest expense on net public debt (%)	6.1%	7.8%	8.0%	7.8%	7.2%	7.5%
External net public debt to annual rates (%)	86.9%	74.5%	70.5%	72.1%	75.1%	75.5%
External net public debt per rateable property	\$1,589	\$1,256	\$1,149	\$1,128	\$1,122	\$1,345
External net public debt to total equity	4.1%	3.6%	3.6%	3.4%	3.5%	3.8%



Financial statements

Statement of accounting policies

Reporting entity

Upper Hutt City Council is a territorial local authority governed by the Local Government 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 13B 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 or 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 the purposes of New Zealand equivalents to International Financial Reporting Standards (NZIFRS)

The financial statements of Upper Hutt City Council are for the year ended 30 June 2012. The financial statements were adopted for issue by Council on 31 October 2012.

Basis of preparation

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 98 and Part 3 of Schedule 3 of Schedule 10, which include the requirement to comply with New Zealand's generally, accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZIFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

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 Statement of Comprehensive Income.

Changes in accounting policies

There have been no changes in accounting policies during the financial year.

The Council and group have adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

- Amendments to NZIAS 1 *Presentation of Financial Statements*. The amendments introduce a requirement to present, either in the statement of changes in equity or the notes, for each component of equity, an analysis of other comprehensive income by item. The Council has decided to present this analysis in note 19.
- FRS-44 *New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments)* – The purpose of the new standard and amendments is to harmonise Australian and New Zealand accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The main effect of the amendments on the Council and group is that certain information about property valuations is no longer required to be disclosed. Note 12A, B, C, and 13 has been updated for these changes.
- Amendments to NZ IFRS 7 *Financial Instruments: Disclosures*- The amendment reduces the disclosure requirements relating to credit risk. Note 18 has been updated for the amendments.

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

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

- NZ IFRS 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Council is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current international Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Council expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Council is unable to assess the implications of the new Accounting Standings Framework at this time.

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

Significant accounting policies

Basis of Consolidation

The consolidated financial statements are prepared adding together like items of assets, liabilities, equity, income, and expenses on a line-by-line basis. All significant intragroup balances, transactions, income, and expenses are eliminated on consolidation.

Subsidiary

Upper Hutt City Council consolidates its subsidiary Expressions Arts and Entertainment Centre in the group financial statements. Upper Hutt City Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities. This power exists where Upper Hutt City Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by Upper Hutt City Council or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

Budget figures

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

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Rates

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which rates have been set. Rates revenue is recognised when payable.

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.

Traffic and parking infringements

Traffic and parking infringements are recognised when tickets are issued.

Government grants

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

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 assets

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

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

Interest and dividends

Interest income is recognised using the effective interest method.

Dividends are recognised upon receipt.

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 changed. 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.

Borrowing costs

The Council and group have elected to defer the adoption of NZ IAS 23 Borrowing Costs (Revised 2007) in accordance with its transitional provisions that are applicable to public benefit entities.

Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

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.

Allocation of overheads to significant activities

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

Internal transactions

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

Taxation

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

Cash and cash equivalents

Cash and cash equivalents includes cash on 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 statement of financial position.

Trade and other receivables

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

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

Goods and Services Tax (GST)

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

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

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

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

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 or deficit;
- held to maturity investments;
- loans and receivables; and
- financial assets at fair value through other comprehensive income.

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

Financial assets at fair value through other comprehensive income

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

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

If impairment evidence exists for investments at fair value through other comprehensive income, 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 income is reclassified from equity to the surplus or deficit.

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

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

The four categories for financial assets are:

1. Financial assets at fair value through surplus or deficit

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

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

Financial assets in this category include shares and bonds.

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

2. Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. 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 "Trade and Other Receivables" in the 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 non-derivative financial 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 less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

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 income

Financial assets at fair value through other comprehensive income 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 other comprehensive income except for impairment losses which are recognised in the surplus or deficit.

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

Impairment of financial assets

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

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

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

Accounting for derivative financial instruments

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

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date. The method of recognizing 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.

- Upper Hutt City Council has a series of policies providing risk management for interest rates and the concentration of credit risk. Upper Hutt City Council is risk averse and seeks to minimise exposure from its treasury activities. Upper Hutt City Council has an established Borrowing and Investment policy specifying what transactions can be entered into. The policy does not allow any transactions that are speculative in nature to be entered into.
- Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could particularly impact on the cost of borrowing or the return from an investment.
- The interest rates on Upper Hutt City Council investments are disclosed in Note 8, Notes to the Financial Statements.
- The actual management policies are set out in the separate policy document, 'Borrowing and Investment 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 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.

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. Gains and losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Non-current assets held for sale

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

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

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

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

Intangible assets

Software acquisition and development

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

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

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Income.

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

- computer software 3 years 33%

Impairment of non-financial assets

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

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

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

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that asset. Where that results in a debit balance in the revaluation reserve for that class of asset, that balance is recognised in the surplus or deficit. For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

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

For assets not carried at revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the surplus or deficit.

Property, plant and equipment

Property, plant and equipment include:

Operational property, plant and equipment

These include land, buildings, improvements, library books, plant and equipment and motor vehicles.

Restricted property, plant and equipment

Restricted property, plant and equipment 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 restrictions.

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.

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

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.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to 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 and for infrastructural assets reassessed every year. All other asset classes are carried at depreciated historical costs. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

- **land, buildings, plant, furniture and equipment**

have been revalued as at 30 June 2009 by Ken Tonks, Registered Valuer of TSE Group Limited, except for minor structures, vehicles, computers and minor miscellaneous office equipment. Minor structures, vehicles, computers and minor miscellaneous office equipment are valued at historical cost. The revalued assets were valued depending on their nature on either a depreciated replacement cost or optimised depreciated replacement basis. Land valuation under \$120,000 was not revalued. This land is based on Quotable Value valuation as at 1 August 2007

- **infrastructure assets**

are the fixed utility network systems owned by council and include roading, water, stormwater, land under roads, reservoir reserve land and wastewater piping. These assets are valued on the depreciated replacement value basis as at 30 June 2012 by the City Engineers. The valuation of these assets was independently reviewed by two valuer's as at 30 June 2008. Infrastructural Assets under Stormwater, Wastewater, Telemetry and Roothing was independently reviewed by Graham Hughson, Sector Director, Advisory services of Maunsell Limited. Infrastructure assets are reassessed every year as at 30 June by city engineers

- **Hutt Valley Wastewater Scheme**

was valued on the depreciated replacement value basis as at 1 July 2008. The valuation of these assets was valued by Capacity and independently reviewed by AECOM Limited as at 1 July 2008. The valuer was Graham Hughson, BE (Civil), DIP Mgmt, CPEng, MIPENZ

- **land under roads**

was valued based on fair value. Under NZIFRS Upper Hutt City Council has elected to use the fair value of land under roads as at 30 June 2004 as deemed cost. Land under roads is no longer revalued

- **restricted assets**

are assets that cannot be disposed of because of legal and other restrictions. These assets have been revalued as at 30 June 2009 by Ken Tonks, Registered Valuer of TSE Group Limited. Revaluations will be carried out five yearly

- **Library collection**

has been revalued at depreciated replacement cost as at 30 June 2011 in accordance with the guidelines released by the New Zealand Library Association and the National Library of NZ using the readily available market prices to determine fair value. Library valuations are performed by the City Librarian and the methodology is checked by Peter Trewern of New Zealand Book Auctions. The library collection and heritage book collection was revalued as at 30 June 2011 by the City Librarian. The valuation was independently checked by Peter Trewern in 2011. Revaluations are carried out four yearly

- **vested assets**

have been valued on the actual quantities of infrastructure components vested and the current in the ground cost of providing identical services. The vested assets have been valued by the developer's engineers and council's engineering staff

- **works of art**

are revalued every three years based on an estimate of current market value by an independent registered valuer.

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

Accounting for revaluations

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

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

Depreciation

- all assets, except for land and road formations, have been depreciated on either a Straight Line or Diminishing Value basis at rates estimated to write off the cost of the assets over their estimated useful life.

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

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

Depreciation		
Straight-line Depreciation	Years	Rate
Bridges	20 to 100 years	1% to 5%
Buildings	10 to 100 years	1% to 10%
Buildings fitout and services	10 to 40 years	2.5% to 10%
Computer equipment	3 to 5 years	20% to 33.3%
Furniture and office equipment	5 to 15 years	6.67% to 20%
Library books	2 to 10 years	10% to 50%
Parks and reserves services	10 to 100 years	1% to 10%
Plant and equipment	4 to 50 years	2% to 25%
Infrastructure Assets		
Roading		
Carparks	50 years	2%
Culverts	50 to 80 years	1.25% to 2%
Footpaths / accessways	35 years	2.86%
Roads (except land and formation)	7 to 20 years	5% to 14%
Road formation	80 to 150 years	0.5% to 1.25%
Road marking	2 to 10 years	10% to 50%
Road signs	10 years	10%
Roundabouts	50 years	2%
Stormwater channels	35 to 60 years	1.66% to 2.8%
Street and traffic lights	5 to 50 years	2% to 20%
Street furniture and other features	15 to 25 years	4% to 6.67%
Subways	80 years	1.25%
Sumps	60 years	1.66%

Depreciation		
Straight-line Depreciation	Years	Rate
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%
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 15 years	6.67% - 20%

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

Employee entitlements

Short term employee entitlements

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

Long term entitlements

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

The calculations are based on:

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

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

Provisions

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

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

Leases

Finance leases

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

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

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

Operating leases

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

Borrowings

Borrowings are initially recognised at their fair value net of transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the council or group has an unconditional right to defer settlement of the liability for at least 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 in Upper Hutt City Council and is measured as the difference between total assets less total liabilities. Public equity is disaggregated and classified into the following components.

Components of equity are:

- accumulated funds
- restricted reserves
- asset revaluation reserve
- fair value through other comprehensive income reserve

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 income reserves

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

Statement of cash flows

Operating activities include cash received from all income sources of Council and record the cash payments made for the supply of goods and services. Investing activities are those activities relating to the acquisition and disposal of non-current assets. Financing activities comprise the change in equity and debt capital structure of the council.

Critical accounting estimates and assumptions

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

Infrastructural assets

There are a number of assumptions and estimates used when performing Depreciated Replacement Cost valuations over infrastructural assets. These include:

- the physical deterioration and condition of an asset, for example the council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example stormwater, wastewater and water supply pipes those that are underground. This risk is minimised by council performing a combination of physical inspections and condition modelling assessments of underground assets
- estimating any obsolescence or surplus capacity of an asset
- 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 surplus or deficit. To minimise this risk Upper Hutt City Council infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Upper Hutt City Council's asset management planning activities, which gives Upper Hutt City Council further assurance over its useful life estimates
- experienced independent valuer's perform the council's infrastructural asset revaluations.

Critical judgments in applying accounting policies


Management has exercised the following critical judgements in applying accounting policies for the year ended 30 June 2012:

- none as at 30 June 2012.

Statement of financial position

	Notes	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Forecast Parent 30 Jun 12 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
EQUITY						
Accumulated funds	19	238,321	241,718	242,375	238,399	241,799
Restricted reserves	20	4,765	4,847	2,125	4,804	4,886
Asset revaluation reserves	21	385,544	329,506	327,377	385,544	329,506
Total equity		628,630	576,071	571,877	628,747	576,191
ASSETS						
Current assets						
Cash and cash equivalents	7	4,297	4,706	81	4,378	4,798
Other financial assets	8	1,000	2,500	5,191	1,037	2,535
Derivative financial instruments	9	0	0	0	0	0
Trade and other receivables	10	3,234	2,868	2,986	3,266	2,869
Inventories	11	19	18	0	29	30
Total current assets		8,550	10,092	8,258	8,710	10,232
Non - Current Assets						
Non - financial assets	8	84	184	233	84	184
Derivative financial instruments	9	0	0	0	0	0
Trade and other receivables	10	120	141	106	120	141
Permanent art collection	12	0	0	0	26	26
Property, plant and equipment	12	82,595	78,567	77,176	82,641	78,614
Infrastructure assets	13	571,297	515,073	517,498	571,297	515,073
Intangible assets	14	0	0	0	0	0
Total non - current assets		654,096	593,965	595,013	654,168	594,038
Total assets		662,646	604,057	603,271	662,878	604,270
LIABILITIES						
Current liabilities						
Accounts payable	15	6,883	6,174	6,000	6,984	6,267
Derivative financial instruments	9	143	0	0	143	0
Employee entitlements	16	751	688	550	765	688
Public debt - current portion	17	5,373	6,734	641	5,373	6,734
Total current liabilities		13,150	13,596	7,191	13,265	13,689
Non - current liabilities						
Derivative financial instruments	9	0	233	0	0	233
Employee entitlements	16	283	379	175	283	379
Public debt - term portion	17	20,583	13,778	24,028	20,583	13,778
Total non - current liabilities		20,866	14,390	24,203	20,866	14,390
Total liabilities		34,016	27,986	31,394	34,131	28,079
NET ASSETS		628,630	576,071	571,877	628,747	576,191

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


 Wayne Guppy
 Mayor


 Chris Upton
 CHIEF EXECUTIVE

Statement of comprehensive income

	NOTES	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Forecast Parent 30 Jun 12 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
OPERATING REVENUE						
Rates	1	28,965	27,528	28,750	28,965	27,528
Fees and charges	2	6,053	8,680	9,632	6,189	8,832
Subsidies and grants	3	5,431	3,227	2,603	5,484	3,268
Interest and dividends	4	294	269	241	299	275
Gains		90	434	0	90	434
Total operating revenue		40,833	40,138	41,226	41,027	40,337
OPERATING EXPENDITURE						
Personnel costs		9,094	8,571	8,509	9,499	8,888
Depreciation and amortisation expense		11,469	10,992	10,878	11,476	11,000
Finance costs		1,365	1,592	1,883	1,365	1,592
Other expenses	6	23,169	20,427	22,078	22,954	20,337
Total operating expenditure		45,097	41,582	43,348	45,294	41,817
Surplus/(deficit) before and after tax		(4,264)	(1,444)	(2,122)	(4,267)	(1,480)
Other comprehensive income						
Gains on infrastructural property assets revaluations	13A	56,639	53,684	6,326	56,639	53,684
Gains on operational property revaluations	12B	178	241	0	178	241
Total other comprehensive income		56,817	53,925	6,326	56,817	53,925
Total comprehensive income		52,553	52,481	4,204	52,550	52,445

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

Statement of changes in equity

	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Forecast Parent 30 Jun 12 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Equity at the start of the year	576,071	523,598	567,673	576,191	523,754
Total comprehensive income previously reported	52,553	52,481	4,204	52,550	52,445
Effect on accumulated funds reinstatement	6	(8)	0	6	(8)
Total comprehensive income as restated	52,559	52,473	4,204	52,556	52,437
Equity at the end of the year	628,630	576,071	571,877	628,747	576,191

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

Statement of cash flows

	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Forecast Parent 30 Jun 12 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided from:					
Rates	29,185	27,835	28,750	29,185	27,835
Other receipts	10,386	9,466	9,990	10,575	9,706
Interest received	283	247	241	288	253
Dividends received	0	0	0	0	0
Regional Council rates	6,800	6,294	0	6,800	6,294
	<u>46,654</u>	<u>43,842</u>	<u>38,981</u>	<u>46,848</u>	<u>44,088</u>
Cash was applied to:					
Suppliers and employees	(30,894)	(28,735)	(30,565)	(31,076)	(29,034)
Interest paid	(1,160)	(1,593)	(1,883)	(1,160)	(1,593)
Goods and Services Tax (net)	(151)	18	0	(150)	18
Regional Council rates	(6,858)	(6,305)	0	(6,858)	(6,305)
	<u>(39,063)</u>	<u>(36,615)</u>	<u>(32,448)</u>	<u>(39,244)</u>	<u>(36,914)</u>
Net cash inflow (outflow) from operating activities	22	7,591	6,533	7,604	7,174
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided from:					
Proceeds from sale of property, plant and equipment	229	410	86	229	410
Maturity of investments	1,500	0	360	1,500	0
	<u>1,729</u>	<u>410</u>	<u>446</u>	<u>1,729</u>	<u>410</u>
Cash was applied to:					
Purchase of investments	0	(122)	0	(17)	(99)
Purchase of property, plant and equipment	(15,173)	(10,158)	(8,260)	(15,180)	(10,173)
	<u>(15,173)</u>	<u>(10,280)</u>	<u>(8,260)</u>	<u>(15,197)</u>	<u>(10,272)</u>
Net cash inflow (outflow) from investing activities	(13,444)	(9,870)	(7,814)	(13,468)	(9,862)

	NOTES	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Forecast Parent 30 Jun 12 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
CASH FLOWS FROM FINANCING ACTIVITIES						
Cash was provided from:						
Loan Raised		6,064	2,464	3,940	6,064	2,464
Cash was applied to:						
Loan Repayments		(620)	(569)	(620)	(620)	(569)
Net cash inflow (outflow) from financing activities		5,444	1,895	3,320	5,444	1,895
Net increase (decrease) in Cash, Cash Equivalents and Bank Overdrafts		(409)	(748)	2,039	(420)	(793)
Cash and cash equivalents as at 01 July		4,706	5,454	(1,958)	4,798	5,591
Cash and cash equivalents as at 30 June		4,297	4,706	81	4,378	4,798
Composition of cash						
Cash and cash equivalents and bank overdrafts	7	597	406	11	678	498
Call account	7	700	1,300	70	700	1,300
Short term deposits maturing three months or less	7	3,000	3,000	0	3,000	3,000
		4,297	4,706	81	4,378	4,798

Statement of commitments

	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Capital commitments approved and contracted	3,114	5,347	3,114	5,347

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

Operating leases as lessee

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

Non-cancellable operating lease commitment as a lessee

	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Property, plant and equipment				
Not later than one year	274	372	296	399
Later than one year and not later than five years.	303	410	303	410
Five years and later.	13	26	13	28
Total non-cancellable operating leases	590	808	612	837

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil. (2011 \$nil)

Leases can be renewed at Upper Hutt City Council option, with rents set by reference to current market rates for items of equivalent age and condition.

On some contracts Upper Hutt City Council does have the option to purchase the asset at the end of the lease term but does not exercise that right.

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

Upper Hutt City Council has other non-cancellable contracts approved under its tender process for the maintenance and provision of services for its city.

The majority of these operating contracts have non-cancellable term of 24 months.

The future contracts to be paid under the provision of future services are as follows:

Other non-cancellable contracts

	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Not later than one year	8,999	9,516	8,999	9,516
Later than one year and not later than five years.	1,228	6,339	1,228	6,339
Five years and later.	0	937	0	937
Total other non-cancellable contracts	10,227	16,792	10,227	16,792
Total non-cancellable commitments	13,931	22,947	13,953	22,976

Non-cancellable operating lease commitment as a lessor

Upper Hutt City Council has no investment property; however it holds some property for strategic purposes in the development of the city.

These properties while being held for development are leased under operating leases. The majority of these leases have a non-cancellable term of up to five years.

The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

Non-cancellable operating leases as lessor

	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Not later than one year	139	113	139	113
Later than one year and not later than five years.	360	298	360	298
Five years and later.	1,316	1,376	1,316	1,376
Total non-cancellable operating leases	1,815	1,787	1,815	1,787

No contingent rents have been recognised in the Statement of Performance during the period (Nil 2011).

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

Notes to the financial statements – year ended 30 June 2012

Note 1 - Rates

	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
General rates	16,391	15,767	16,391	15,767
Water - targeted rates	3,286	2,894	3,286	2,894
Water fire protection rates	1,097	1,019	1,097	1,019
Stormwater disposal rates	2,232	2,175	2,232	2,175
Wastewater pan charges	5,753	5,446	5,753	5,446
Karapoti Bridge rates	2	2	2	2
Rates penalties	204	225	204	225
Total rates income	28,965	27,528	28,965	27,528

Rates remissions

Rates revenue is shown net of rate remission.

Upper Hutt City Council's rates remission policy allows Upper Hutt City Council to remit rates 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 Economic Development Policy.

Rate remissions	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Total gross rates revenue	29,135	27,805	29,135	27,805
<i>Less rates remission</i>				
Land protected for historical or cultural Purposes				
Land used for sport	92	92	92	92
Rate penalties remissions	18	17	18	17
Remissions Economic Development Policy	60	168	60	168
Total remissions	170	277	170	277
Rates revenue net of remissions	28,965	27,528	28,965	27,528

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.

Note 2 – Fees and charges

	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Metered water charges	945	933	945	933
Property rentals	48	52	48	52
Permit and licence fees	1,170	1,130	1,170	1,130
H ² O Xtream and Expression charges	1,043	1,167	1,179	1,319
Library, parks, cemetery and community charges	467	459	467	459
Vested assets	598	2,361	598	2,361
Insurance recovery	0	13	0	13
Other charges	1,782	2,565	1,782	2,565
Total Fees and Charges income	6,053	8,680	6,189	8,832

Note 3 – Subsidies and grants

	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Roading subsidies (NZTA ¹)	3,873	2,700	3,873	2,700
Petrol tax (crown)	142	143	142	143
Public transport subsidies (GWRC ²)	0	0	0	0
Social community project grants	266	353	266	353
Lotteries library grant	0	0	0	0
Other grants and subsidies	1,150	31	1,203	72
Total subsidies and grant income	5,431	3,227	5,484	3,268

¹ New Zealand Transport Agency

² GWRC - Greater Wellington Regional Council

Note 4 – Interest and dividends

	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Other financial assets	281	262	286	268
Trade receivables - community loans	13	7	13	7
Dividend	0	0	0	0
Total interest and dividends	294	269	299	275

Note 5 – Rate and general funding requirement for each activity

	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Forecast Parent 30 Jun 12 (\$000)
Leadership	1,974	1,960	2,085
Land Transport	4,587	4,264	4,577
Water Supply	4,352	4,051	4,358
Wastewater	5,021	5,394	5,717
Stormwater	2,201	1,346	2,187
Rubbish and recycling	(246)	(517)	(323)
Planning and regulatory services			
<i>City Planning</i>	1,026	1,058	1,005
<i>Building and compliance services</i>	1,114	1,052	436
Community Development			
<i>Community Services</i>	525	520	530
<i>Activation</i>	186	147	185
<i>Emergency Management</i>	479	484	473
Facilities			
<i>Parks and Reserves</i>	2,127	2,082	2,182
<i>H²O Xtream</i>	1,416	1,236	1,273
<i>Library</i>	2,220	2,047	2,209
<i>Expressions Arts and Entertainment Centre</i>	804	769	793
<i>Property</i>	84	(3)	(37)
<i>Akatarawa Cemetery</i>	15	(4)	1
<i>Support Services</i>	43	(121)	50
Economic Development	827	703	815
Total rate funding requirement for each activity	28,755	26,468	28,516

This note reconciles to the Cost of Services Statements in the Statement of Service Performance section.

Note 6 – Other expenses

	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Insurance	501	263	508	269
Disaster Fund Insurance	241	54	241	54
Audit Fees and disbursements	122	117	131	127
Audit LTCCP	71	10	71	10
Rental	308	325	310	327
Loss on disposal of assets	884	477	884	477
Penalty remission	18	17	18	17
Rates remission – sports clubs and other non-profit bodies as per the Upper Hutt City Council	92	92	92	92
Consultants	856	862	856	862
Printing, photocopying and stationary	143	152	163	171
Telephone rental, mobile and tolls	159	170	162	173
Motor Vehicles	307	300	311	304
Electricity/Gas energy (includes street lighting)	760	403	821	458
Rates on UHCC properties	1,496	1,267	1,496	1,267
Land transport general maintenance	1,267	1,062	1,267	1,062
Water reticulation maintenance	537	522	537	522
Sewer maintenance	421	454	421	454
Drain maintenance	222	181	222	181
Bulk drainage levy	2,432	2,255	2,432	2,255
Bulk water levy	2,277	2,198	2,277	2,198
Other operating expenses	10,055	9,255	9,734	9,066
Total other expenses	23,169	20,427	22,954	20,337

Note 7 – Cash and cash equivalents

	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Cash on hand	4	4	5	5
Bank balances/ (bank overdrafts)	593	402	673	493
Call account	700	1,300	700	1,300
Short term deposits maturing three months or less from date of acquisition	3,000	3,000	3,000	3,000
Total cash and cash equivalents	4,297	4,706	4,378	4,798

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

Refer to note 8 for weighted average effective interest rate for cash and cash equivalents.

The bank overdraft is unsecured. The facility totals \$600,000 (2011: \$600,000). The current interest rate on the facility is 11.90% per annum, (2011: 11.90% per annum).

Note 8 – Other financial assets

	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Current portion				
<i>Loans and receivables</i>				
Short-term deposits with maturities of 4-12 months	1,000	2,500	1,037	2,535
Total current portion	1,000	2,500	1,037	2,535
Non-Current portion				
<i>Loans and receivables</i>				
Pins Security	8	8	8	8
<i>Fair value through Equity- unlisted shares</i>				
Investment in Civic Assurance Ltd	46	26	46	26
Investment in Smartlinx3 Ltd	30	150	30	150
Total Non-current portion	84	184	84	184

Carrying value of short term deposit equates to fair value.

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

PINS investment has been written down to its current realisable value. There were no impairment provisions for other financial assets (nil: 2011). As at 30 June 2012 the latest sale value for Smartlinx3 Ltd shares was \$8.00 per share. Council has 3,750 of these shares and 51,209 shares in Civic Assurance Ltd at \$0.90 cents per share.

Maturity analysis and effective interest rates

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

2012	Short term deposits Parent (\$000)	Short term deposits Group (\$000)	Other Council and Group (\$000)
Short term deposits (with maturities of 3 months or less; average maturity 90 days)	3,000	3,000	0
<i>weighted average effective interest rate</i>	3.56%	3.56%	0%
Short term deposits (with maturities of 4-12 months or less; average maturity 109 days)	1,000	1,037	0
<i>weighted average effective interest rate</i>	3.67%	3.68%	0%
Pins Security (maturity 31 January 2014)	0	0	8
<i>weighted average effective interest rate</i>	0%	0%	0%
Call account	700	700	0
<i>weighted average effective interest rate</i>	2.50%	2.50%	0%
	4,700	4,737	8

2011	Short term deposits Parent (\$000)	Short term deposits Group (\$000)	Other Council and Group (\$000)
Short term deposits (with maturities of 3 months or less; average maturity 91 days)	3,000	3,000	0
<i>weighted average effective interest rate</i>	3.67%	3.67%	0%
Short term deposits (with maturities of 4-12 months or less; average maturity 107 days)	2,500	2,535	0
<i>weighted average effective interest rate</i>	3.81%	3.83%	0%
Pins Security (maturity 31 January 2014)	0	0	8
<i>weighted average effective interest rate</i>	0%	0%	0%
Call account	1,300	1,300	0
<i>weighted average effective interest rate</i>	2.50%	2.50%	0%
	6,800	6,835	8

Note 9 – Derivative financial instruments**Interest rate swaps – fair value**

	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Current asset portion	0	0	0	0
Non-current asset portion	0	0	0	0
Current liability portion	(143)	0	(143)	0
Non-current liability portion	0	(233)	0	(233)

The notional principal amounts of the outstanding interest rate swap contracts at 30 June 2012 were \$2.895 million (2011 \$2.895 million). The swap matures 27 March 2013 (\$2.895 million).

Note 10 – Trade and other receivables

	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Rates receivables	712	898	712	898
Sundry debtors	646	421	652	432
Community loans	154	174	154	174
GST	308	158	331	181
Related party receivables	0	38	0	0
Accrued revenue	1,348	1,139	1,349	1,142
Prepayments	236	231	238	233
	3,404	3,059	3,436	3,060
Less provision for impairment of receivables	(50)	(50)	(50)	(50)
Total trade and other receivables	3,354	3,009	3,386	3,010
Less Non-Current portion:				
Community Loans	120	141	120	141
Total Non-Current Portion	120	141	120	141
Current Portion	3,234	2,868	3,266	2,869

The fair value of community loans is \$153,510 (2011 \$173,947). Fair value has been determined using cash flows discounted at a rate of 2.5% to 7.25% (2011: 7.75%)

The face value of community loans is \$174,518 (2011 \$202,589).

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

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

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 of 30 June 2012 and 2011, all overdue receivables, except for rates receivables, have been assessed for impairment and appropriate provisions applied. Upper Hutt City Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The impairment provision has been calculated based on expected losses for 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 in previous periods and a review of specific debtors.

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

Provision for impairment of receivables	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
At 1 July	50	50	50	50
Additional provisions made during the year	11	6	11	6
Receivables written off during period	(11)	(6)	(11)	(6)
At 30 June	50	50	50	50

Age of rates receivables	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
The age of rates receivable overdue that have not been impaired are as follows:				
Current 90 Days over	699	767	699	767
1 to 2 year old	13	104	13	104
2 to 3 years old	0	27	0	27
greater than 3 years old	0	0	0	0
Carrying Amount as at 30 June	712	898	712	898

Age of sundry debtors

The age of sundry debtors overdue that have not been impaired are as follows:

	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Past due 1-30 days	537	283	542	293
Past due 31 -60 days	20	44	21	44
Past due 61 -90 days	18	44	18	44
Past due greater than 90 days	71	50	71	51
Carrying Amount as at 30 June	646	421	652	432

Note 11 - Inventories

	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Printing, photocopying and stationery supplies	19	18	29	30

The carrying amount of inventories held for distribution is measured at current replacement cost at 30 June 2012.

The carrying amount of inventories pledged as security for liabilities is \$nil (2011: \$nil).

Note 12A – 2012 Council operational; assets, property, plant and equipment

	Opening Cost/ Valuation CV 1 Jul 11 (\$000)	Accum. Depn. and impairment charge AD 1 Jul 11 (\$000)	Opening Book Value BV 1 Jul 11 (\$000)	Current Year Additions (\$000)	Current Year Disposals BV (\$000)	Current Year Revaluation/ Return to Equity (\$000)	Current Year Annual Depn. (\$000)	WIP Capitised Transferred (\$000)	Eliminate Depn on Revaluation/ Disposals (\$000)	Closing Cost/ Valuation CV 30 Jun 12 (\$000)	Closing Accum. Depn AD 30 Jun 12 (\$000)	Closing Book Value BV 30 Jun 12 (\$000)
	A	B	C	D	E	F	G	H	I	J	K	L
Current surplus assets	1,836	(7)	1,829	62	(215)	0	0	0	7	1,676	0	1,676
Land	9,252	0	9,252	624	0	0	0	0	0	9,876	0	9,876
Buildings	29,362	(1,400)	27,962	668	0	10	(814)	0	0	30,040	(2,214)	27,826
Furniture and equipment	2,160	(2,016)	144	9	0	0	(66)	0	1,254	915	(828)	87
Library books	2,476	0	2,476	310	(17)	0	(317)	0	3	2,766	(314)	2,452
Motor vehicles	873	(562)	311	55	(5)	0	(59)	0	35	888	(586)	302
Plant	6,280	(1,750)	4,530	157	0	0	(513)	0	8	6,429	(2,255)	4,174
Work in progress	89	0	89	3,789	0	0	0	0	0	3,878	0	3,878
Total operational assets 2012	52,328	(5,735)	46,593	5,674	(237)	10	(1,769)	0	1,307	56,468	(6,197)	50,271

Formulas

Opening CV to Closing CV $A + D + E + F + H - I$ Opening CV to Closing BV $J + K$ Opening AD to Closing AD $B + G + I$ Opening CV to Closing BV $A + B + D + E + F + G + H$

Note 12B – 2012 Council restricted assets, restricted property, plant and equipment

	Opening Cost/ Valuation CV 1 Jul 11 (\$000)	Accum. Deprn. and impairment charge AD 1 Jul 11 (\$000)	Opening Book Value BV 1 Jul 11 (\$000)	Current Year Additions (\$000)	Current Year Disposals BV (\$000)	Current Year Revaluation/ Return to Equity (\$000)	Current Year Annual Depn. (\$000)	WIP Capitised Transferred (\$000)	Eliminate Deprn on Revaluation/ Disposals (\$000)	Closing Cost/ Valuation CV 30 Jun 12 (\$000)	Closing Accum. Deprn AD 30 Jun 12 (\$000)	Closing Book Value BV 30 Jun 12 (\$000)
	A	B	C	D	E	F	G	H	I	J	K	L
Land	23,956	0	23,956	223	0	0	0	0	0	24,179	0	24,179
Buildings	1,817	(191)	1,625	237	0	168	(100)	0	0	2,222	(291)	1,931
Parks and Reserves services	6,566	(226)	6,341	0	0	0	(126)	0	0	6,566	(352)	6,214
Total restricted assets 2012	32,339	(417)	31,922	460	0	168	(226)	0	0	32,967	(643)	32,324
Total Council property, plant and equipment 2012	84,667	(6,152)	78,515	6,134	(237)	178	(1,995)	0	1,307	89,435	(6,840)	82,595

Formulas

Opening CV to Closing CV A + D + E + F + H - I

Opening CV to Closing BV J + K

Opening AD to Closing AD B + G + I

Opening CV to Closing BV A + B + D + E + F + G + H

Note 12C – 2012 Subsidiaries assets, property, plant and equipment

	Opening Cost/ Valuation CV 1 Jul 11 (\$000)	Accum. Deprn. and impairment charge AD 1 Jul 11 (\$000)	Opening Book Value BV 1 Jul 11 (\$000)	Current Year Additions (\$000)	Current Year Disposals BV (\$000)	Current Year Revaluation/ Return to Equity (\$000)	Current Year Annual Depn. (\$000)	WIP Capitised Transferred (\$000)	Eliminate Deprn on Revaluation/ Disposals (\$000)	Closing Cost/ Valuation CV 30 Jun 12 (\$000)	Closing Accum. Deprn AD 30 Jun 12 (\$000)	Closing Book Value BV 30 Jun 12 (\$000)
Expressions property, plant and equipment	82	(35)	47	6	0	0	(7)	0	0	88	(42)	46
Total subsidiary assets 2012	82	(35)	47	6	0	0	(7)	0	0	88	(42)	46
Total group property, plant and equipment 2012	82,749	(6,187)	78,562	6,140	(237)	(178)	(2,002)	0	1,307	89,523	(6,882)	82,641
	A	B	C	D	E	F	G	H	I	J	K	L

NOTES:

Opening work in progress of \$141,000 has been separated between operational (\$89K) and infrastructure (\$52K)

¹ Mangaroa Depot dwelling house has been sold. Remaining assets for sale are three separate blocks of land.

Formulas

Opening CV to Closing CV A + D + E + F + H - I

Opening CV to Closing BV J + K

Opening AD to Closing AD B + G + I

Opening CV to Closing BV A + B + D + E + F + G + H

Note 12A – 2011 Council operational assets, property, plant and equipment

	Opening Cost/ Valuation CV 1 Jul 10 (\$000)	Accum. Depr. and impairment charge AD 1 Jul 10 (\$000)	Opening Book Value BV 1 Jul 10 (\$000)	Current year Additions (\$000)	Current year Disposals (\$000)	Current year Revaluation / Return to Equity (\$000)	Current year Annual Deprn. (\$000)	WIP Transferred (\$000)	Eliminate on Revaluation/ Disposal (\$000)	Closing Cost/ Valuation CV 30 Jun 11 (\$000)	Closing Accum. Deprn AD 30 Jun 11 (\$000)	Closing Book Value BV 30 Jun 11 (\$000)
	A	B	C	D	E	F	G	H	I	J	K	L
Current surplus assets	1,836	(3)	1,833	0	0	0	(4)	0	0	1,836	(7)	1,829
Land	10,040	0	10,040	0	0	(788)	0	0	0	9,252	0	9,252
Buildings	26,587	(697)	25,890	2,775	0	0	(703)	0	0	29,362	(1,400)	27,962
Furniture and equipment	2,151	(1,970)	181	12	0	0	(49)	0	3	2,160	(2,016)	144
Library books	2,337	(797)	1,540	271	(15)	1,030	(350)	0	1,147	2,476	0	2,476
Motor vehicles	687	(550)	137	206	(5)	0	(27)	0	15	873	(562)	311
Plant	6,121	(1,257)	4,864	159	0	0	(493)	0	0	6,280	(1,750)	4,530
Work in progress	1,277	0	1,277	141	0	0	0	(1,277)	0	141	0	141
Total operational assets 2011	51,036	(5,274)	45,762	3,564	(20)	242	(1,626)	(1,277)	1,165	52,380	(5,735)	46,645

Formulas

Opening CV to Closing CV $A + D + E + F + H - I$ Opening CV to Closing BV $J + K$ Opening AD to Closing AD $B + G + I$ Opening CV to Closing BV $A + B + D + E + F + G + H$

Note 12B – 2011 Council restricted assets, restricted property, plant and equipment

	Opening Cost/ Valuation CV 1 Jul 10 (\$000)	Accum. Depn. and impairment charge AD 1 Jul 10 (\$000)	Opening Book Value BV 1 Jul 10 (\$000)	Current year Additions (\$000)	Current year Disposals (\$000)	Current year Revaluation / Return to Equity (\$000)	Current year Annual Depn. (\$000)	WIP Transferred (\$000)	Eliminate on Revaluation/ Disposal (\$000)	Closing Cost/ Valuation CV 30 Jun 11 (\$000)	Closing Accum. Depn. AD 30 Jun 11 (\$000)	Closing Book Value BV 30 Jun 11 (\$000)
	A	B	C	D	E	F	G	H	I	J	K	L
Land	23,958	0	23,958	0	(6)	4	0	0	0	23,956	0	23,956
Buildings	1,755	(95)	1,660	62	0	0	(96)	0	0	1,817	(191)	1,626
Parks and Reserves services	6,367	(108)	6,259	199	0	0	(118)	0	0	6,566	(226)	6,340
Total restricted assets 2011	32,080	(203)	31,877	261	(6)	4	(214)	0	0	32,339	(417)	31,922
Total Council property, plant and equipment 2011	83,116	(5,477)	77,639	3,825	(26)	246	(1,840)	(1,277)	1,165	84,719	(6,152)	78,567

Formulas

Opening CV to Closing CV $A + D + E + F + H - I$ Opening AD to Closing AD $B + G + I$ Opening CV to Closing BV $J + K$ Opening CV to Closing BV $A + B + D + E + F + G + H$

Note 12C – 2011 Subsidiaries assets, property, plant and equipment

	Opening Cost/ Valuation CV 1 Jul 10 (\$000)	Accum. Depn. and impairment charge AD 1 Jul 10 (\$000)	Opening Book Value BV 1 Jul 10 (\$000)	Current year Additions (\$000)	Current year Disposals (\$000)	Current year Revaluation / Return to Equity (\$000)	Current year Annual Depn. (\$000)	WIP Transferred (\$000)	Eliminate on Revaluation/ Disposal (\$000)	Closing Cost/ Valuation CV 30 Jun 11 (\$000)	Closing Accum. Depn AD 30 Jun 11 (\$000)	Closing Book Value BV 30 Jun 11 (\$000)
	A	B	C	D	E	F	G	H	I	J	K	L
Expressions property, plant and equipment	78	(38)	40	15	0	0	(8)	0	11	82	(35)	47
Total subsidiary assets 2011	78	(38)	40	15	0	0	(8)	0	11	82	(35)	47
Total group property, plant and equipment 2011	83,194	(5,515)	77,679	3,840	(26)	246	(1,848)	(1,277)	1,176	84,801	(6,187)	78,614

NOTES:

Work in progress \$1,277,000 from 2010 has been transferred into building assets.

¹ Assets available for sale are the Maymorn Depot dwelling house and three separate blocks of land.

Formulas

Opening CV to Closing CV A + D + E + F + H - I

Opening CV to Closing BV J + K

Opening AD to Closing AD B + G + I

Opening CV to Closing BV A + B + D + E + F + G + H

Note 12D – Permanent art collection

	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Pumpkin Cottage Art Collection	0	0	26	26

NOTE:

The Pumpkin Cottage Art Collection was donated to Expressions and valued at \$26,095 by an independent valuer in September 2009.

Note 13A – 2012 Council infrastructural assets

	Opening Cost/ Valuation CV 1 Jul 11 (\$000)	Accum. Deprn. and impairment charge AD 1 Jul 11 (\$000)	Opening Book Value BV 1 Jul 11 (\$000)	Current year Additions (\$000)	Current year Disposals (\$000)	Current year Revaluation / Return to Equity (\$000)	Current year Annual Depn. (\$000)	WIP Transferred (\$000)	Eliminate on Revaluation/ Disposal (\$000)	Closing Cost/ Valuation CV 30 Jun 12 (\$000)	Closing Accum. Deprn AD 30 Jun 12 (\$000)	Closing Book Value BV 30 Jun 12 (\$000)
	A	B	C	D	E	F	G	H	I	J	K	L
Land under roads at cost	86,847	0	86,847	0	(3)	0	0	0	0	86,844	0	86,844
Roads	169,652	0	169,652	5,521	(283)	9,047	(4,009)	0	4,009	179,928	0	179,928
Stormwater	84,514	0	84,514	1,637	(180)	14,614	(1,269)	0	1,269	99,316	0	99,316
Telemetry	342	0	342	26	(11)	26	(40)	0	40	343	0	343
Wastewater	71,269	0	71,269	587	(194)	11,413	(1,486)	0	1,486	81,589	0	81,589
Water	66,367	0	66,367	1,181	(199)	14,338	(1,232)	0	1,232	80,455	0	80,455
Hutt Valley Wastewater Assets (note 13B)	42,573	(6,491)	36,082	547	0	7,201	(1,437)	0	7,099	43,222	(829)	42,393
Work in progress	52	0	52	385	0	0	0	(8)	0	429	0	429
Total infrastructure assets 2012	521,616	(6,491)	515,125	9,884	(870)	56,639	(9,473)	(8)	15,135	572,126	(829)	571,297

NOTE:

Opening WIP \$141K split correction made between operational and infrastructure opening work in progress.

Formulas

Opening CV to Closing CV $A + D + E + F + H - I$

Opening CV to Closing BV $J + K$

Opening AD to Closing AD $B + G + I$

Opening CV to Closing BV $A + B + D + E + F + G + H$

Note 13A – 2011 Council infrastructural assets

	Opening Cost/ Valuation CV 1 Jul 10 (\$000)	Accum. Deprn. and impairment charge AD 1 Jul 10 (\$000)	Opening Book Value BV 1 Jul 10 (\$000)	Current year Additions (\$000)	Current year Disposals (\$000)	Current year Revaluation / Return to Equity (\$000)	Current year Annual Depn. (\$000)	WIP Transferred (\$000)	Eliminate on Revaluation/ Disposal (\$000)	Closing Cost/ Valuation CV 30 Jun 11 (\$000)	Closing Accum. Deprn AD 30 Jun 11 (\$000)	Closing Book Value BV 30 Jun 11 (\$000)
	A	B	C	D	E	F	G	H	I	J	K	L
Land under roads at cost	86,233	0	86,233	790	(247)	71	0	0	0	86,847	0	86,847
Roads	153,062	(7,152)	145,910	4,407	(137)	23,408	(3,936)	0	11,088	169,652	0	169,652
Stormwater	75,505	(2,305)	73,200	1,186	0	11,347	(1,219)	0	3,524	84,514	0	84,514
Telemetry	377	(83)	294	49	0	41	(42)	0	125	342	0	342
Wastewater	64,513	(2,692)	61,821	917	0	9,941	(1,410)	0	4,102	71,269	0	71,269
Water	60,265	(2,287)	57,978	1,025	0	8,553	(1,189)	0	3,476	66,367	0	66,367
Hutt Valley Wastewater Assets (note 13B)	42,216	(5,135)	37,081	357	0	0	(1,356)	0	0	42,573	(6,491)	36,082
Total infrastructure assets 2011	482,171	(19,654)	462,517	8,731	(384)	53,361	(9,152)	0	22,315	521,564	(6,491)	515,073

NOTES:

Hutt City Council control of the financial information in the Hutt Valley Wastewater Assets (note 13B)
Upper Hutt City Council has adjusted its balances in 2010 to match late information from Hutt City Council for 2009.

Formulas

Opening CV to Closing CV A + D + E + F + H - I

Opening CV to Closing BV J + K

Opening AD to Closing AD B + G + I

Opening CV to Closing BV A + B + D + E + F + G + H

Note 13B – 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 the quality of the discharge. Upper Hutt pays an annual levy to the Hutt City Council, which manages the Wastewater system, based on an apportionment of between 26% and 31% for Upper Hutt City Council. Upper Hutt City Council is funding the Hutt Valley Wastewater Scheme in line with the Strategic Plan Funding model. While Upper Hutt City Council does not have any direct control over the Scheme it is entitled to a share of the proceeds from any sale of the Scheme's assets.

The Hutt Valley Wastewater Scheme was valued on the depreciated replacement value basis as at 31 December 2011. The valuation of these assets was independently reviewed by Colin Gerrard (BSc, MSc, GIPENZ) principal consultant and reviewed by Ian Martin (BE, CPEng, MIPENZ), associate director, AECOM (NZ) Ltd.

As at 30 June 2012 Upper Hutt City Council now has an interest in the total assets of \$42.393 million (2011 \$36.082 million) which is recognised as part of Infrastructural assets.

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

Hutt Valley wastewater scheme transactions	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Drainage Levy	2,362	2,225	2,362	2,225
Capital Contributions	547	357	547	357
Trade Waste Income	(127)	(117)	(127)	(117)

Note 14 – Intangible assets

Computer software	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Balance at 01 July				
Cost	162	162	162	162
Accumulated amortisation and impairment	(162)	(162)	(162)	(162)
Opening carrying amount	0	0	0	0
Year ended 30 June				
Additions	0	0	0	0
Amortisation charge	0	0	0	0
Closing carrying amount at 30 June	0	0	0	0
Cost balance at 30 June	162	162	162	162
Accumulated amortisation and impairment	(162)	(162)	(162)	(162)
Closing cost amount at 30 June	0	0	0	0

Note 15 – Trade and other payables

	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Trade creditors	3,521	3,759	3,608	3,827
Rates in advance	678	644	678	644
Greater Wellington Regional Council Rates	236	293	236	293
Fees in advance	692	471	692	472
Amounts due to related parties	37	4	0	0
Accrued interest payable	251	46	251	46
Payroll liability	160	128	160	128
Other liabilities	589	54	589	54
Deposits and trust accounts	719	775	770	803
Total Trade and Other Payables	6,883	6,174	6,984	6,267

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value. Provisions are contained within other liabilities in Trade and Other Payables

Provisions	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Weathertightness claims	562	22	562	22

Four claims have been lodged with the Weathertight Homes Resolution Service (WHRS) as at 30 June 2012 (2011, 3).

These claims relate to Weathertightness issues of homes in the Upper Hutt area and name the Council as well as other parties. A provision for these three claims has been established based at 20% on the actuarial assessment of claims based on historical average claim level and other information held. The Council has insurance in place that covers one claim.

Note 16 – Employee benefit liabilities

	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Accrued pay	208	145	222	145
Annual leave	515	520	515	520
Sick leave	28	23	28	23
Retirement and long service leave	283	379	283	379
Total employee benefit liabilities	1,034	1,067	1,048	1,067
Current	751	688	765	688
Non-current	283	379	283	379
Total employee entitlements	1,034	1,067	1,048	1,067

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 2.61% (2011 2.65%) and an inflation rate of 1% (2011 5.30%).

Note 17 - Borrowings

	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Current				
Secured loans	5,373	6,734	5,373	6,734
Interest free loan - EECA	0	0	0	0
Total current borrowings	5,373	6,734	5,373	6,734
Non-current				
Secured loans	20,583	13,778	20,583	13,778
Interest free loan - EECA	0	0	0	0
Total non-current borrowings	20,583	13,778	20,583	13,778
Total borrowings	25,956	20,512	25,956	20,512

Fixed-rate debt

Upper Hutt City Council's secured debt of \$15.147 million (2011 \$7.584 million) is issued at fixed rates of interest.

Floating-rate debt

Upper Hutt City Council's secured debt of \$10.809 million (2011 \$12.928 million) is issued at floating rates of interest.

Interest free loan

Upper Hutt City Council has now no interest free loans.

Security

The overdraft is unsecured. The maximum amount that can be drawn down against the overdraft facility is \$600,000 (2011 \$600,000). There are no restrictions on the use of this facility.

Council has a multi option credit line facility available to it, currently it is \$60,420 (NIL 2011).

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 \$30.208 million (2011 \$24.258 million), under its Debenture Trust Deed. This stock has been issued to three banking institutions as security for existing facilities totalling committed funds of \$25.956 million (2011 \$20.512 million) and uncommitted facilities available to the value of \$0.62 million (2011 \$0.62 million).

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

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

Interest Rates

The weighted average effective interest rate on loans outstanding (current and non-current) at 30 June 2012 was 6.11% (8.16% in June 2011). The loans are secured by a rate made pursuant to Section 115 of the Local Government Act 2002 upon the rateable property in the City of Upper Hutt.

Maturity analysis and effective interest rates

The following is a maturity analysis of Upper Hutt City Council's borrowings. There are no early repayment options.

Borrowings	30 Jun 12 Secured Loans Parent and Group	30 Jun 11 Secured Loans Parent and Group
Less than one year	5,373	6,734
<i>weighted average effective interest rate</i>	6.11%	8.16%
Later than one year but not more than five years	20,583	13,778
<i>weighted average effective interest rate</i>	6.11%	8.16%
Later than five years	0	0
<i>weighted average effective interest rate</i>	0.00%	0.00%
Total Borrowings	25,956	20,512

The carrying amounts and the fair value on on-current borrowings are as follows:

Fair value of non-current borrowings	Carrying Amounts		Fair Value	
	30 Jun 12 (\$000)	30 Jun 11 (\$000)	30 Jun 12 (\$000)	30 Jun 11 (\$000)
Non-current				
Secured Loans	20,583	13,778	20,583	13,778
Total Non-Current borrowings	20,583	13,778	20,583	13,778

The Energy Efficiency Commission authority (EECA) interest free loan was valued at amortised cost using a rate of NIL (7.22% 2011). This loan was original determine using cashflows discounted at a rate of 7.22% has now finished.

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

Note 18 – 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 Australian and New Zealand Bank (ANZ). 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 market 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 \$2.895 million (2011, \$2.895 million).

A – Financial instrument categories

	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Financial assets				
Fair value through surplus and deficit	0	0	0	0
Derivative financial instrument assets	0	0	0	0
Loans and receivables				
Cash at bank and cash equivalents	4,297	4,706	4,378	4,798
Debtors and other receivables	3,200	2,835	3,232	2,836
Other financial assets				
- term deposits	1,008	2,508	1,045	2,543
- community loans	154	174	154	174
Total loans and receivables	8,659	10,223	8,809	10,350
Fair value through other comprehensive income				
Other financial assets				
- unlisted shares	76	176	76	176
Total fair value through other comprehensive income	76	176	76	176
Financial Liabilities				
Fair value through profit and loss	143	233	143	233
Derivative financial instrument	143	233	143	233
Financial liabilities at amortised cost				
Creditors and other payables	6,883	6,174	6,984	6,267
Borrowings				
- secured loans	25,956	20,512	25,956	20,512
Total financial liabilities at amortised cost	32,839	26,686	32,940	26,779

B – Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

Quoted market price (level one) - Financial instruments with quoted prices for identical instruments in active markets.

Valuation technique using observable inputs (level two) - Financial instruments with quoted price for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Valuation techniques with significant non-observable inputs (level three) - Financial instruments valued using models where one or more significant inputs are not observable.

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

	Total \$000	Valuation Technique		
		Quoted \$000	Observable \$000	Significant \$000
Council 30 June 2012				
Financial assets				
Derivatives	0	0	0	0
Shares	76	0	76	0
Financial liabilities				
Derivatives	143	143	0	0
Group 30 June 2012				
Financial assets				
Derivatives	0	0	0	0
Shares	76	0	76	0
Financial liabilities				
Derivatives	143	143	0	0
Council 30 June 2011				
Financial assets				
Derivatives	0	0	0	0
Shares	176	0	176	0
Financial liabilities				
Derivatives	233	233	0	0

	Total \$000	Valuation Technique		
		Quoted \$000	Observable \$000	Significant \$000
Group 30 June 2011				
Financial assets				
Derivatives	0	0	0	0
Shares	176	0	176	0
Financial liabilities				
Derivatives	233	233	0	0

C – Financial instrument risks

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

Market risk

Currency Risk

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

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Cash flow Interest rate risk

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

Credit Risk

Credit risk is the risk that a third party will default on its obligations to Upper Hutt City Council causing Upper Hutt City Council to incur a loss. Due to the timing of its cash inflows and outflows, Upper Hutt City Council invests surplus cash into term deposits which gives rise to credit risk. Upper Hutt City Council's Investment policy limits the amount of credit exposure to any one financial institution or organisation. Upper Hutt City Council only invests with entities that have a Standard and Poor's credit rating of at least A2 for short term and A- for long term investments.

Upper Hutt City Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

C – Maximum exposure to credit risk	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Upper Hutt City Council's maximum credit exposure for each class of financial instrument is as follows:				
Cash at bank and term deposits	5,305	7,214	5,423	7,341
Debtors and other receivables	3,200	2,835	3,232	2,836
Community and related party loans	154	174	154	174
Derivative financial instrument assets	0	0	0	0
Total credit risk	8,659	10,223	8,809	10,351

D – Credit quality of financial assets

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

Credit quality of financial assets	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Counterparties with credit ratings				
Cash at bank and term deposits				
AA (Standard and Poors)	0	7,202	0	7,328
AA- (Standard and Poors)	5,297	0	5,415	0
Aa1 (Moody's - Principal only)	8	8	8	8
Total Cash at bank and term deposits	5,305	7,210	5,423	7,336
Derivative financial instrument assets:				
AA (Standard and Poors)	0	0	0	0
Total Cash at bank and term deposits	0	0	0	0
Counterparties without Credit Ratings				
Community and related party loans:				
Existing Counterparty with defaults in past	14	15	14	15
Existing Counterparty with no defaults in past	140	159	140	159
Total community and related party loans	154	174	154	174

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

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

E – Liquidity risk

Management of liquidity risk

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

In meeting its liquidity requirements, Upper Hutt City Council maintains a target level of investments that must mature within the next twelve months. Upper Hutt City Council manages its borrowings in accordance with its funding and financial policies, which include a Liability Management policy. These policies have been adopted as part of Upper Hutt City Council's Long Term Council Community Plan. Upper Hutt City Council has a maximum amount that can be drawn against its overdraft facility of \$600,000 (2010 \$600,000). There are no restrictions on the use of this facility.

F – Contractual maturity analysis of financial liabilities

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

Contractual maturity analysis of financial liabilities	Carrying amount \$000	Contractual cash flows \$000	Less than 1 Year \$000	1-2 Years \$000	2-5 Years \$000	More than 5 Years \$000
Council 2012						
Creditors and other payables	6,883	6,883	6,883	0	0	0
Secured Loans	25,956	27,307	14,718	12,589	0	0
Total	32,839	34,190	21,601	12,589	0	0
Group 2012						
Creditors and other payables	6,984	6,984	6,984	0	0	0
Secured Loans	25,956	27,307	14,718	12,589	0	0
Total	32,940	34,291	21,702	12,589	0	0

Contractual maturity analysis of financial liabilities	Carrying amount \$000	Contractual cash flows \$000	Less than 1 Year \$000	1-2 Years \$000	2-5 Years \$000	More than 5 Years \$000
Council 2011						
Creditors and other payables	6,174	6,174	6,174	0	0	0
Secured Loans	20,512	21,534	14,633	6,901	0	0
Total	26,686	27,708	20,807	6,901	0	0
Group 2011						
Creditors and other payables	6,267	6,267	6,267	0	0	0
Secured Loans	20,512	21,534	14,633	6,901	0	0
Total	26,779	27,801	20,900	6,901	0	0

G – Contractual maturity analysis of financial assets

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

Contractual maturity analysis of financial assets	Carrying amount \$000	Contractual cash flows \$000	Less than 1 Year \$000	1-2 Years \$000	2-5 Years \$000	More than 5 Years \$000
Council 2012						
Cash and cash equivalents	4,297	4,297	4,297	0	0	0
Debtors and other receivables	3,200	3,200	3,200	0	0	0
Other financial assets:						
- term deposits	1,008	1,019	1,011	0	8	0
- community and related party loans	154	168	38	75	55	0
Total	8,659	8,684	8,546	75	63	0
Group 2012						
Cash and cash equivalents	4,378	4,378	4,378	0	0	0
Debtors and other receivables	3,232	3,232	3,232	0	0	0
Other financial assets:						
- term deposits	1,045	1,056	1,048	0	8	0
- community and related party loans	154	168	38	75	55	0
Total	8,809	8,834	8,696	75	63	0

Contractual maturity analysis of financial assets	Carrying amount \$000	Contractual cash flows \$000	Less than 1 Year \$000	1-2 Years \$000	2-5 Years \$000	More than 5 Years \$000
Council 2011						
Cash and cash equivalents	4,706	4,706	4,706	0	0	0
Debtors and other receivables	2,835	2,835	2,835	0	0	0
Other financial assets:						
- term deposits	2,508	2,537	2,529	0	8	0
- community and related party loans	174	225	38	74	74	39
Total	10,223	10,303	10,108	74	82	39
Group 2011						
Cash and cash equivalents	4,798	4,798	4,798	0	0	0
Debtors and other receivables	2,836	2,836	2,836	0	0	0
Other financial assets:						
- term deposits	2,543	2,468	2,460	0	8	0
- community and related party loans	174	225	38	74	74	39
Total	10,351	10,327	10,132	74	82	39

H – Sensitivity analysis

The tables below illustrate the potential surplus or deficit and equity (excluding accumulated funds) impact for reasonably possible market movements, with all other variables held constant, based on Upper Hutt City Council's financial instrument exposures at the balance date.

Sensitivity Analysis	Note	2012 \$000		2011 \$000	
		-100bps	+100bps	-100bps	+100bps
Council Interest rate risk					
Financial assets					
Cash and cash equivalents	1	-7	7	-13	13
Financial liabilities					
Term loans	2	-260	260	-205	205
Total sensitivity to interest rate risk		-267	267	-218	218

Explanation of sensitivity analysis – Council**1. Cash and cash equivalents**

Cash and cash equivalents include deposits at call totalling \$700,000 (2011 \$1,300,000) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$7,000 (2011 \$13,000).

2. Secured Loans

Council has floating rate debt with a principal amount of \$25.956 million (2011 \$20.512 million). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$259,560

Sensitivity Analysis	Note	2012 \$000		2011 \$000	
		-100bps	+100bps	-100bps	+100bps
Group Interest rate risk					
Financial assets					
Cash and cash equivalents	1	-7	7	-13	13
Financial liabilities					
Term loans	2	-260	260	-205	205
Total sensitivity to interest rate risk		-267	267	-218	218

Explanation of sensitivity analysis – Group**1. Cash and cash equivalents**

Cash and cash equivalents include deposits at call totalling \$700,000 (2011 \$1,300,000) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$7,000 (2011 \$13,000).

2. Secured Loans

Council has floating rate debt with a principal amount of \$25.596 million (2011 \$20.512 million). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$259,562 (2011 \$205,120).

Note 19 – Accumulated funds

	NOTES	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Opening Balance 01 July		241,718	243,161	241,799	243,279
Net Surplus (deficit)		(4,264)	(1,444)	(4,267)	(1,480)
		237,454	241,717	237,533	241,799
Transfer to:					
Restricted reserves	20	(454)	(823)	(456)	(825)
Accounts restricted by law		(1,886)	(1,136)	(1,886)	(1,136)
Net revaluation gains and losses		0	0	0	0
Asset revaluation reserve on disposal of Property, Plant and Equipment		0	0	0	0
		(2,340)	(1,959)	(2,342)	(1,961)
Transfer from:					
Restricted reserves	20	1,310	1,211	1,312	1,212
Accounts restricted by law		1,112	390	1,112	390
Accumulated Reserve Transfer		6	6	5	6
Asset revaluation reserve on disposal of Property, Plant and Equipment		779	353	779	353
		3,207	1,960	3,208	1,961
Closing Balance 30 June		238,321	241,718	238,399	241,799

	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Fair value through other comprehensive income				
Opening Balance 01 July	129	129	129	129
Net revaluation gains/losses	0	0	0	0
Closing Balance 30 June	129	129	129	129

Note 20 – Restricted reserves

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

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

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

The Act requires 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 needs 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 areas of 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 are made where funds have been used for the purpose they were created.

Restricted reserves	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Reserve funds	1,386	2,242	1,425	2,281
Other accounts restricted by law	3,379	2,605	3,379	2,605
Closing balance 30 June	4,765	4,847	4,804	4,886

A – Reserve Funds

	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Opening balance 01 July	2,242	2,630	2,281	2,668
Transfers from net surplus	454	823	456	825
Transfers from accumulated funds	0	0	0	0
	2,696	3,453	2,737	3,493
Transfers to net surplus	0	0	0	0
Transfers to accumulated funds	(1,310)	(1,211)	(1,312)	(1,212)
Closing balance 30 June	1,386	2,242	1,425	2,281

Contents of reserve funds	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Sierra Way subdivision	113	109	113	109
Civic amenities fund	1	241	1	241
Amenities fund	306	262	306	262
Plant renewal	76	49	76	49
Reserve fund contribution	554	1,107	554	1,107
Council property sales	40	39	40	39
Cash in lieu parking fund account	2	2	2	2
Harcourt Park maintenance fund	1	0	1	0
General reserve fund	4	2	4	2
Blue Mountain roading	4	0	4	0
Akatarawa roading levy	51	49	51	49
Kaitoke roading levy	7	166	7	166
Mangaroa roading Levy	181	170	181	170
Katherine Mansfield roading levy	0	5	0	5
Moonshine Hill Road levy	4	4	4	4
Alexander Road levy	5	2	5	2
Library redevelopment fund	0	0	0	0
Trench resealing levy	37	35	37	35
Arts scholarship fund	0	0	39	39
Closing balance 30 June	1,386	2,242	1,425	2,281

B – Other accounts restricted by law

	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Opening balance 01 July	2,605	1,859	2,605	1,859
Transfers from net surplus	1,886	1,136	1,886	1,136
Transfers to accumulated funds	(1,112)	(390)	(1,112)	(390)
Closing balance 30 June	3,379	2,605	3,379	2,605

Contents of other accounts restricted by law	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Dog control account	58	76	58	76
Water rate account	472	442	472	442
Stormwater rate account	1,171	1,140	1,171	1,140
Wastewater rate account	1,678	947	1,678	947
Closing balance 30 June	3,379	2,605	3,379	2,605

Note 21 – Asset revaluation reserves

	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Opening balance 01 July	329,506	275,934	329,506	275,934
Revaluation gains (losses)	56,817	53,925	56,817	53,925
Transfer of revaluation reserve to/from accumulated reserve on disposal of property, plant and equipment	(779)	(353)	(779)	(353)
Closing balance 30 June	385,544	329,506	385,544	329,506
Consists of :-				
General asset revaluation reserve	24,976	24,849	24,976	24,849
Land asset revaluation reserve	22,446	22,574	22,446	22,574
Roading asset revaluation reserve	105,434	96,518	105,434	96,518
Stormwater asset revaluation reserve	80,390	65,930	80,390	65,930
Hutt Valley Wastewater Scheme revaluation reserve	26,186	18,984	26,186	18,984
Wastewater asset revaluation reserve	68,980	57,736	68,980	57,736
Water asset revaluation reserve	57,132	42,915	57,132	42,915
Closing balance 30 June	385,544	329,506	385,544	329,506

Note 22 – Reconciliation of surplus/(deficit) after tax to net cashflow from operating activities

	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Surplus/(deficit) after tax	(4,264)	(1,444)	(4,267)	(1,480)
Add/(less) non-cash items:				
Depreciation	11,469	10,992	11,476	11,000
Donated Asset	0	0	0	0
Vested Assets	(598)	(2,361)	(598)	(2,361)
Amortisation of Intangible	0	0	0	0
Impairment of Receivables	11	6	11	6
Loss (profit) on derivative	(90)	(434)	(90)	(434)
Potential Weathertightness Claims	540	(22)	540	(22)
Fair Value Adjustment For EECA	0	(1)	0	(1)
	11,332	8,180	11,339	8,188
Add/(less) items classified as investing or financing activities:				
Impairment of Investments	100	25	100	25
Loss on disposal of property, plant and equipment	884	477	884	477
Profit on disposal of property, plant and equipment	(6)	(144)	(6)	(144)
	978	358	978	358
Movements in working capital items				
(Increase)/Decrease in Trade Receivable	(355)	(197)	(386)	(218)
(Increase)/Decrease in Inventories	(1)	(1)	1	(1)
Increase/(Decrease) in Trade and other payables	(66)	264	(42)	260
Increase/(Decrease) in Employee Benefits	(33)	67	(19)	67
	(455)	133	(446)	108
Net cash inflow/(outflow) from operating activities	7,591	7,227	7,604	7,174

Note 23 – Contingencies

Contingent liabilities	Actual Parent 30 Jun 12 (\$000)	Actual Parent 30 Jun 11 (\$000)	Actual Group 30 Jun 12 (\$000)	Actual Group 30 Jun 11 (\$000)
Guarantees	2,150	0	2,150	0
Other legal proceedings	2,378	267	2,378	267
Total contingent liabilities	4,528	267	4,528	267

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 or LAPP.

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

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

In the event that claims from an event (in any member council's area) exhaust the fund again LAPP will have the ability to require all the member councils to contribute up to five times their annual premium per event, for up to two events in any one year, towards any claim shortfall.

For Upper Hutt City Council this represents a contingent liability of up to \$1,075,000 for one event or up to \$2,150,000 for two events (2011 Nil).

Unquantified claims

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

Contingent assets

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

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

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

As at 30 June 2012 there are 34 facilities having an approximate value of \$7.045 million (2011 35 facilities - \$8.126 million). This estimate has been based on government valuations for the area.

Note 24 – Remuneration of the Chief Executive Officer

The Chief Executive Officer of the Upper Hutt City Council, appointed under section 119c (1) (a) of the Local Government Act 1974. The Chief Executive Officer's remuneration package as at 30 June was:

	30 Jun 12 \$	30 Jun 11 \$
Previous CEO		
Salary	0	231,998
Private use of a car	0	15,402
Total remuneration, including fringe benefit tax.	0	247,400

The Chief Executive Officer's actual remuneration was:

Salary	0	116,428
Private use of a car	0	6,457
Actual total remuneration, including fringe benefit tax.	0	122,885

Acting CEO

Salary	0	200,000
Private use of a car	0	0
Total remuneration, including fringe benefit tax.	0	200,000

The Chief Executive Officer's actual remuneration was:

Salary	0	69,231
Private use of a car	0	0
Actual total remuneration, including fringe benefit tax.	0	69,231

Current CEO

Salary	230,000	230,000
Private use of a car	17,724	17,724
Total remuneration, including fringe benefit tax.	247,724	247,724

The Chief Executive Officer's actual remuneration was:

Salary	230,000	54,000
Private use of a car	17,724	4,147
Actual total remuneration, including fringe benefit tax.	247,724	58,147

Note 25 – Remuneration of elected members

During the year Upper Hutt City Council paid total costs, including meeting allowances of \$393,475 (\$363,866 at 30 June 2011) to elected members, as follows:

	Actual 30 Jun 12 \$	Actual 30 Jun 11 \$
His Worship the Mayor, W. Guppy	89,021	81,972
Deputy Mayor P. McCardle	39,705	38,594
Cr. P. Christianson	25,969	24,551
Cr. N. Gillies	34,544	30,029
Cr M. Archibald	24,975	24,181
Cr. D. Rabbitt	34,544	29,750
Cr. J. Gwilliam	38,422	34,461
Cr. D Wheeler (newly elected)	25,969	16,990
Cr. G McArthur (newly elected)	25,969	16,990
Cr. H Swales (newly elected)	24,975	16,899
Cr. N Thomas (newly elected)	29,382	19,322
Cr. K. Barnard (died in office)	0	467
Cr. H. Newell (not re-elected)	0	11,019
Cr. B. Timms (not re-elected)	0	10,073
Cr. K. Austin (not re-elected)	0	8,568
Total remuneration of elected members	393,475	363,866

Included in the payments above are resource consent hearing fees to the following Councillors. These fees are recoverable from applicants.

	Actual 30 Jun 12 \$	Actual 30 Jun 11 \$
Deputy Mayor P. McCardle	0	370
Cr. P. Christianson	994	370
Cr. N. Gillies	0	279
Cr. J. Gwilliam	1,102	227
Cr. D Wheeler (newly elected)	994	91
Cr. G McArthur (newly elected)	994	91
Cr. H. Newell (not re-elected)	0	136
Total resource consents hearing fees	4,084	1,564

Note 26 – Related party transactions

Key management personnel includes the Mayor, Councillors, Chief Executive and Department Directors.

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

No provision has been required, nor expense recognised for impairment of receivables for any loans or other receivables to related parties (2011 \$nil). During the year Council had the following transactions:

A – with Expressions Arts and Entertainment Centre	Actual 30 Jun 12 (\$000)	Actual 30 Jun 11 (\$000)
i. During the year Council had the following transactions:		
Grants	509	446
Maintenance Management Fee	19	17
Other	35	37
Total with Expressions Arts and Entertainment Centre	563	500

ii. During the year Council paid Expressions \$53,500 (\$53,614 in 2011) for support services.

Of this \$19,000 were internal recoveries (2011: \$17,000). At year end 2012 \$37,170 (\$38,052 in 2011) was owed by Expressions to Council; also Council owed \$0 to Expressions (\$3,886 in 2011)

B – with Councillors	Actual Parent 30 Jun 12 \$	Actual Parent 30 Jun 11 \$	Actual Group 30 Jun 12 \$	Actual Group 30 Jun 11 \$
John Gwilliam (legal services)	0	322	0	322
Cr. M Archibald (Company and associated family member is a contractor)	16,372	16,799	16,372	16,799
Cr. G McArthur (associated family member)	0	26	0	26
His Worship the Mayor, W. Guppy (associated family member)	5,508	4,831	5,508	4,831
Cr. D Wheeler (newly elected)	0	255	0	255
Total with Councillors Upper Hutt City Council	21,880	22,233	21,880	22,233
Trustee P Richardson	0	0	0	1,311
Trustee M Vlassoff	0	0	0	340
Total for group	21,880	22,233	21,880	23,884

C – Key management personnel compensation	Actual Parent 30 Jun 12 \$	Actual Parent 30 Jun 11 \$	Actual Group 30 Jun 12 \$	Actual Group 30 Jun 11 \$
Salaries and other short term employee benefits	1,363,652	1,297,884	1,513,959	1,490,608
Post-employment benefits	0	0	0	0
Other long term benefits	0	0	0	0
Termination benefits	0	0	0	0
Total key management personnel compensation	1,363,652	1,297,884	1,513,959	1,490,608

Key management personnel include the Mayor, Councillors, Chief Executive and Departmental Directors.

Close family members of key management personnel are employed by Council. The terms and conditions of those arrangements are no more favourable than Council would have adopted if there was no relationship to key management personnel.

The total paid out in 2012 was \$15,516 (2011 \$20,052). The group was \$33,532 (2011 \$20,083).

D – Hutt Valley Youth Health Trust

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

Note 27 – Severance payments

For the year ended 30 June 2012 Upper Hutt City Council made seven severance payment to employees \$82,049 (2011 \$49,776)

Note 28 – Major estimate variations

Explanations for major variations from the Council 2011-12 Annual Plan are as follows:

Statement of Comprehensive Income

Operating Revenue was \$0.393 million below estimate. The following are the main variances:

- rate income was up by \$215,000 over estimate due to growth of subdivisions within the city
- fees and charges were below estimate by \$3,579,000 for Council. Vested assets are inherently difficult to estimate and subject to the prevailing economic environment. Hence for the reporting period they are significantly below budget. Building enforcement income did not recover as anticipated thus actuals were well below budget reflecting the prolonged nature of the economic downturn.

- subsidies and grants were above by \$2.828 million estimate. The reason for this was the delay in the three Akatarawa bridges that was budgeted to be completed in 2011 but was funded by NZTA subsidy and finalised in 2012.

Operating Expenditure was \$1.749 million above estimate. The following are the main variances:

- depreciation was \$591,000 over estimate. This reflects the impact of asset revaluations and depreciation of the Wastewater Project
- interest expenses was less as the Maidstone Max Project has been delayed
- the payment and provision for weathertightness claims has increased costs by \$867,056 plus the legal and consultant fees from dealing with both these issues and earthquake strengthening issues were \$191,362 above budget.

Statement of Financial Position

Asset Revaluation reserves have increased by \$58.167 million due to the revaluation of infrastructural assets.

Public debt at balance date was \$25.956 million. This compares with an estimate of \$24.669 million the difference is due to new loan funding approved during the year for the purchase of the Cobb and Co site for future strategic roading purposes.

Statement of Changes in Equity

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

Note 29 – Discontinued activities

Nil (2011: nil)

Note 30 – Post balance date events

There was no post balance date events at year end and the signing of the financial statements (2011: 1 event, \$2.3 million contingent liability weathertightness claim).

Quality assurance statement

The quality of Council's activities during the year was demonstrated by:

1. Level of community satisfaction

A number of the performance measures contained within the Annual Report are based on measures of opinions expressed by members of the public in the Annual Community Survey.

The professionally-designed survey was conducted among randomly selected members of the community. The survey has a statistical accuracy of plus or minus 4.9% . The questionnaire was prepared by the National Research Bureau, who also carried out the telephone interviews and analysed the results.

The survey satisfaction targets recorded within this report are expressed as a percentage of the total number of persons surveyed who both responded to the particular question and expressed an opinion. Benchmarks have been established from prior surveys.

The survey is a valuable and reliable tool in identifying the community's views on the quality of the various services provided by Council. This helps Council to plan for future activities and improvements to the services it provides.

The survey was conducted in accordance with the Quality Assurance Programme below.

2. Quality assurance programme

The essential elements of this programme followed by Council officers to ensure that work is carried out to required standards are:

1. Materials

The quality of materials is achieved by ensuring that qualified staff in a particular field are involved. At times, it may be necessary for the goods to be inspected, tested and certified at the factory. This is to ensure that they comply with appropriate NZ standards.

2. Supervision

The work is supervised by a person with relevant qualifications. The work is checked while in progress and upon completion to ensure that it is carried out in accordance with drawings and specifications.

The progress payments are prepared, certified by the supervisor and verified by the divisional manager that the work has been carried out to the standard required.

3. Inspectoral functions

Inspectors with relevant qualifications certify that the work has been carried out in accordance with statutory requirements, Council bylaws and other relevant codes and regulations.

Equal Employment Opportunities (EEO)

Equal Employment Opportunities (EEO) refers to the operation of the principle that no employee or applicant for employment, who is appropriately skilled and qualified, may be discriminated against on employment related matters due to some irrelevant personal characteristic, belief or association.

Policy

The Upper Hutt City Council affirms its commitment to the principle of Equal Employment Opportunities with a view to:

- eliminating discrimination and ensuring the continued absence of discrimination in employment on the grounds of age, race, colour, ethnic or national origins, sex, disability, religious, ethical or political belief, employment, marital or family status, sexual orientation, political opinion, or other personal characteristic that does not relate to skills or qualifications
- promoting equal opportunity in all aspects of employment including recruitment, promotion, remuneration and training.

Goals	1. Eliminate discrimination and ensure the continued absence of discrimination in employment
Performance Measure	Eliminate discrimination and ensure the continued absence of discrimination in employment
Achievements as at 30 June 2012	Council continues to operate in accordance with the Human Rights Act, Employment Relations Act and all EEO related policies.

Performance Measure	Provide procedures where by any aggrieved employee can seek to have a review of any policy, practice or action which is perceived to be contrary to the Council’s policy on Equal Employment Opportunities
Achievements as at 30 June 2012	The EEO Committee continue to be available to deal with any complaints in accordance with the procedures outlined in its EEO related policies. The EEO policy and its procedures are reviewed by the EEO Committee annually to ensure this.

Performance Measure	Continue to provide training for members of the Equal Employment Opportunities Committee in matters relating to Equal Employment Opportunity principles and programmes
Achievements as at 30 June 2012	EEO Committee members continue to receive training in Workplace Bullying and Harassment and the DIScover services.

Goals	2. Promoting Equal Opportunity in all aspects of employment including recruitment, promotion, remuneration and training
Performance Measure	Hold a minimum of four meetings of the Equal Employment Opportunities Committee
Achievements as at 30 June 2012	The current EEO Committee was elected in 2010 and have elected to continue for another two years, showing their commitment to their roles.

Performance Measure	Provide and encourage training for management staff in matters relating to Equal Employment Opportunity principles and programmes
Achievements as at 30 June 2012	Training was provided to non-committee members and further EEO awareness is taking place to inform and educate other staff.

Performance Measure	Make available Equal Employment Opportunities promotional material to staff
Achievements as at 30 June 2012	EEO material is provided in Induction Packs and the Staff Manual. EEO material is also included as a component of the induction programme for new employees.

Borrowing and investments

Borrowing and investment ratios

	Actual year ended 30 Jun 12	Actual year ended 30 Jun 11	Annual Plan Forecast 30 Jun 12
Total interest expense on net public debt will not exceed 10% of annual rates	4.71%	5.78%	6.5%
Ratio of net external public debt to annual rate and levies will not exceed 150%	64.17%	52.01%	59.8%
External public debt per ratepayer properties will not exceed \$2,500 (properties based on 2009-2010 rateable assessments)	\$1,603.71	\$1,268.76	\$1,527
External public debt to exceed 15% of total equity	4.13%	3.56%	4.31%
External public debt per ratepayer will not exceed \$1,000 (Ratepayers based on 2001 Provisional Census)	\$674.18	\$532.78	\$602
External public debt will not exceed 3% of total land value	0.87%	0.66%	0.83%
External public debt will not exceed 1% of total capital value	0.39%	0.30%	0.37%
Current ratio - council ability to pay off short term obligations	0.65 :1	0.74 :1	1.1 :1
Debt ratio - total debt to total assets	3.9%	3.4%	5.2%
Average collection period in days - average length of time Council must wait after making a charge before receiving a payment	31 days	28 days	27 days

Performance against year three of the 2009-19 Long Term Council Community Plan

Specific objectives and targets

A comparison of the Council's achievements as a parent in respect of some key targets established in the Long Term Council Community Plan (LTCCP) are as follows. Also included are details of specific areas where there have been significant variations:

	Actual 30 Jun 12 (\$000)	LTCCP Forecast 30 Jun 12 (\$000)	Actual 30 Jun 11 (\$000)	LTCCP Forecast 30 Jun 11 (\$000)
Key targets				
Total income	40,833	41,732	40,138	39,892
Total expenditure	45,097	42,745	41,582	41,048
Operating surplus / (deficit)	(4,264)	(1,013)	(1,444)	(1,156)
Total equity / net assets	628,630	495,960	576,071	496,803
Public debt	25,956	21,366	20,512	20,457
Capital expenditure	15,420	11,090	12,556	15,248
Specific activities (net funding)				
Leadership	1,974	2,040	1,960	1,958
Land Transport	4,587	4,393	4,264	4,399
Water Supply	4,352	4,337	4,051	3,902
Wastewater	5,021	5,443	5,394	547
Stormwater	2,201	1,933	1,346	2,130
Rubbish and recycling	(246)	(371)	(517)	(243)
Planning and regulatory services				
<i>City Planning</i>	1,026	1,118	1,058	1,228
<i>Building and compliance services</i>	1,114	297	1,052	322
Community Development				
<i>Community Services</i>	525	583	520	565
<i>Activation</i>	186	201	147	204
<i>Emergency Management</i>	479	486	484	479
Facilities				
<i>Parks and Reserves</i>	2,127	2,358	2,082	2,104
<i>H²O Xtream</i>	1,416	2,015	1,236	1,097
<i>Library</i>	2,220	2,198	2,047	2,084
<i>Expressions Arts and Entertainment Centre</i>	804	732	769	695
<i>Property</i>	84	(109)	(3)	(77)
<i>Akatarawa Cemetery</i>	15	0	(4)	0
<i>Support services</i>	43	50	(121)	84
Economic Development	827	854	703	854

Actual versus Long Term Community Council Plan (LTCCP)

Total income

Total Income variance is caused by a number of items. The major variance is the City planning and Building and compliance services income has dropped due to the current building recession that has hit Upper Hutt.

Total expenditure

The major variances in expenditure:

- has been overall increase in depreciation by 909,000
- growth in insurance premiums due to the Christchurch earthquake increase of 285,000
- growth in the disaster fund insurance for infrastructural assets increase of \$183,000
- also not anticipated in the LTCCP was the latest weathertightness claims and provisions of \$867,056 and the additional legal and consultant fees investigating these issues and the earthquake strengthening is now a focal point after the Christchurch earthquake.

Total equity/net assets

The variance for this item is due to the revaluation of all Council assets over the past two years. Revaluation reserves up by \$132.670 million.

Public debt

Public Debt is greater than forecast due to the fact that we have brought forward the other two Akatarawa bridge projects in the 2011-2012 years and the purchase of the old Cobb and Co site for strategic roading purposes.

Capital expenditure

Capital Expenditure has fluctuated in accordance with projects mentioned above and variations in other budgeted works over the past three years.

Funding policy statement

Significant activity	General rates		Separate rates		User contributions, subsidies, loans, special funds and other sources	
	Policy	Actual	Policy	Actual	Policy	Actual
Leadership	90% - 100%	102%			0% - 10%	-2%
Economic Development	95% - 100%	95%			0% - 5%	5%
Community Services	Up to 100%	80%			Up to 100%	20% 1
Activation	Up to 80%	60%			20% - 85%	40%
Parks and Reserves	90% - 100%	33%			0% - 10%	67% 2
H ² O Xstream	40% - 65%	40%			35% - 60%	60% 2
Library	85% - 95%	88%			5% - 15%	12% 1
Expressions	Up to 100%	95%			Up to 100%	5% 2
Property		6%			100%	100%
Akatarawa Cemetery	Balance	7%			Up to 100%	93% 3
Emergency Management	85% - 100%	87%			0% - 15%	13% 2
Building and compliance services						
<i>Dog Control</i>					100%	100%
<i>Building Control</i>	0% - 30%	62%			70% - 100%	38% 2
<i>Environmental Health</i>	75% - 90%	85%			10% - 25%	15%
<i>Parking Enforcement</i>	0% - 15%	0%			85% or more	100%
<i>Liquor Licensing</i>	0% - 20%	7%			80% - 100%	93%
City Planning	65% - 90%	70%			10% - 35%	30% 2
Land Transport	50% - 70%	42%			30% - 50%	58%
Water Supply			75%	80%	20%	100% 2
Wastewater			82%	90% - 100%	0% - 10%	100%
Stormwater			70%	90% - 100%	0% - 10%	100%
Rubbish and recycling			0%		100%	100%

1. One off projects/expenses
2. Up to 100% of capital projects
3. Balance of development costs from general rates

Elected Members

Council YOUR MAYOR AND COUNCILLORS



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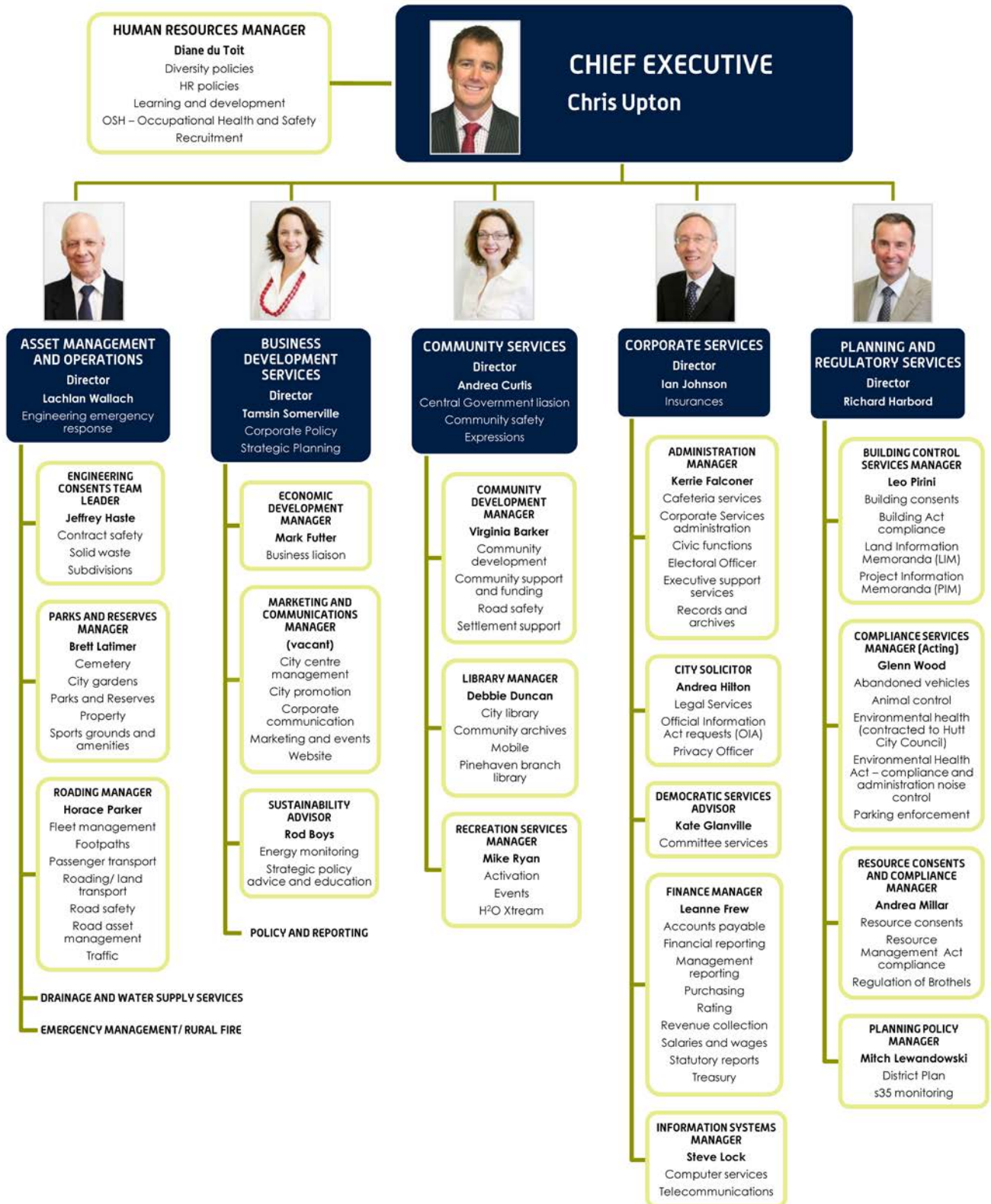
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Organisation chart





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