

UPPER HUTT CITY

# Annual Report 2015 – 2016

1 JULY 2015 – 30 JUNE 2016





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# Foreword

## FROM HIS WORSHIP THE MAYOR AND THE CHIEF EXECUTIVE

We are proud to present Upper Hutt City's Annual Report for 2015 – 2016. This document demonstrates Council's commitment to our community, and the extent of our hard work to respond to community needs and to deliver quality leadership, infrastructure and support services to residents, community groups, and businesses alike.

When it came time for our community to have its say on two new proposed projects under the Annual Plan 2016 – 2017, Council received more submissions than ever. Our residents were very clear in their support for the trial of a recycling drop off station. The second proposed project, to develop bridleways in Mangaroa and Whitemans Valleys will be reviewed as a result of the feedback received during consultation.

Consistent feedback via the Long Term Plan and Annual Plan processes has highlighted that the city centre is of paramount importance to our residents, and because of this economic development remains a key focus for Council. The benefits of Council's strategic planning and policies were visible over the last financial year with exciting development and growth in the city centre. Upper Hutt is one of the only areas in the region where the number of 'To Let' signs in windows is actually reducing and the changing face of our city centre is building on our vibrancy and vitality.

This has had a flow-on effect through our commercial sector, which has built greater resilience and a renewed optimism, which has been enhanced by the impressive upgrade to the Upper Hutt Station last December, and will be cemented by continued housing growth and future infrastructure upgrades.

Vibrancy is also achieved through expression of heritage and identity, and through the installation of several striking murals throughout the city, our community's aspect has been enhanced. We are pleased to showcase some of these excellent artworks throughout this year's Annual Report, which are a credit to the successful collaboration between Council, local artists and community groups, delivered under the Painted Environment initiative.

Finally, in 2016 we celebrate fifty years since Upper Hutt officially became a city. Upper Hutt has transformed over those fifty years, with each year adding new, unique milestones and memories to our proud and rich history. Over this time one thing has remained unchanged - Upper Hutt is a scenic playground immersed in natural beauty, and our Council continues to provide a quality service to residents and visitors alike.



  
W N Guppy | MAYOR

  
C B Upton | CHIEF EXECUTIVE

# Life. Leisure.

*Live it!*

## Our vision

### MEASURING OUR VISION/OUTCOMES

Our vision statements are focussed on goals and aspirations, whilst also providing direction. They inform and guide the development of the Long Term Plan. The vision is embodied through the services, initiatives and projects in Council's nine major activity areas. Key projects and initiatives undertaken by Council in 2015 – 2016 are identified under each of the following five vision pillars.

Environment



Community



City Centre



Economy



Infrastructure



## Environment

We're immersed in natural beauty, we love our river, our stunning parks, and we feel alive in our great outdoors.

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



### ENHANCING OUR ENVIRONMENT

#### The painted environment

Several eye catching, painted murals appeared in various spots around Upper Hutt over the past year. Funding was provided by Council and through Ministry of Youth Development's Youth Partnership Fund.

Two groups of young people, 50 aged 12 to 24, and 30 aged 9 to 13, contributed hundreds of hours of their own time to carry out this work, facilitated by Council's Community Development team.

Several examples of the new murals are overleaf.



#### River restoration project

As mentioned in the Sustainability Strategy "Poor water quality and toxic algae impact upon the environment, recreational and wider amenity values of our waterways," and "a remediation plan would include activities like riparian planting."

In partnership with some property owners adjacent to the Mangaroa River, specific areas have been identified for riparian planting and with the assistance of Forest and Bird and several volunteers, planting has begun. Council has provided funding for the coordination and the plants.











### **Assisting Forest & Bird**

Volunteers from Upper Hutt Forest & Bird do an amazing job all year round, planting thousands of plants grown in their local nursery, clearing streams of dumped rubbish, and clearing weeds. This year several Council staff assisted Forest and Bird on two occasions for half a day.

### **Maidstone Park new tennis courts**

A superb new asset was added to the already busy sports centre at Maidstone Park in the form of four illuminated, artificial tennis courts during the year. Tennis can now be played throughout the year, including night games.

The ongoing development of Maidstone Sports Centre to include many new sports has significantly increased the liveliness of Park Street, particularly on weekends. It has become a thriving community hub where residents and visitors of all ages come together to take part in various sporting activities or support friends and family.



### **Water conservation**

Aquarius, the water saving demonstration machine, has been widely used in the city, promoting conservation and the water cycle to the public. Events last year included the Home Ideas Centre Expo, the Home & Garden Show, Kids Connect 4 EnviroSchools and the March Madness Fair.

## Community

We celebrate our heritage, culture, heroes, and uniqueness.  
We're a caring, safe, and healthy community.

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



### STRENGTHENING OUR COMMUNITY

## 2016 MARKS 50 YEARS SINCE UPPER HUTT ACHIEVED CITY STATUS

This milestone is significant for Upper Hutt. We remain New Zealand's youngest city and smallest city by population. Council has embraced this milestone by coordinating several events and celebrations to mark the occasion.



### Upper Hutt Heroes exhibition

As part of our 50th Anniversary, Expressions Whirinaki Arts and Entertainment Centre presented the Upper Hutt Heroes exhibition from 13 May to 10 July. The exhibition showcased 50 of Upper Hutt's finest heroes over the last 50 years, celebrating the people and personalities that make our city great (see overleaf).



### 'Our Neighbourhood' campaign

Celebrating local people is a central theme in marking our 50th Anniversary. The *Our Neighbourhood* campaign, launched in June 2016, gives our local residents the opportunity to become ambassadors of Upper Hutt, sharing what it is about our great city, community and lifestyle that they love. Flags have been installed around the city to launch the campaign and a website is now live hosting the stories at [myupperhutt.nz](http://myupperhutt.nz)





# UPPER HUTT HEROES





Presented by Expressions Whirinaki Arts and Entertainment Centre 13 May – 10 July 2016





## Our Heritage

Activation was part of the organising committee for the World War One Re-enactment March from Featherston, over the Rimutaka Hill to the Trentham Army Camp on 27 September 2015. The walk paid tribute to the 60,000 or so men who made the trek 100 years ago.

## Cheers to our volunteers

During the National Volunteer Week (19 – 25 June 2016), Council ran a campaign 'Cheers to our volunteers' in recognition of, and to give our heartfelt thanks to, all of the many amazing volunteers within our community. Volunteering is of huge benefit to the wellbeing of our city and involves a significant amount of work for those who give up their time.



## New splash pad in Harcourt Park

Families with young children will now have an added reason to visit the already very popular Harcourt Park paddling pool. With the installation of the new splash pad earlier this year, it is now ready to go at the first hint of summer. A new shade sail has also been installed as part of the upgrade.

## Citizenship ceremonies

The Mayor and Council hosted four citizenship ceremonies at Expressions Whirinaki Arts and Entertainment Centre this year. In total, 333 people became New Zealand citizens in Upper Hutt, bringing vibrant and diverse cultures into our community from 27 different countries.



## City centre

Our city centre is alive, attractive and vibrant.

*We're Upper Hutt. We're a centre for opportunity.*



### SUPPORTING OUR CITY CENTRE

#### Working with retailers

Council's dedicated Retail Coordinator has partnered with the city's retailers, resulting in increased collaboration between the retailers and Council. Several workshops for retailers have been held during the year to help enhance resilience in our business community. The workshops included: ways to transform businesses; how to create a business website; and a hands-on practical session on Facebook strategy and its potential, to name a few.



#### Our city centre is rapidly filling up

A recent report stated that Upper Hutt city centre was the only area in the region, outside of Wellington City CBD, to see a steady decrease in retail vacancy. Our city centre retail vacancy was around 12% at the time of the report.



#### Improving the look of Main Street

Have you noticed the new signage as you enter the north end of Main Street from the island on Fergusson Drive? This is one of the many new or improved features that were implemented in the last 12 months.

#### Expressions Whirinaki Arts and Entertainment Centre

The team at Expressions have continued to bring many exciting exhibitions to Upper Hutt, drawing outside visitors not only to Expressions but also into the city centre.





## Economy

We attract new investment and offer opportunities for people and businesses to prosper.

*We're Upper Hutt. We're enabling growth and success.*

### ENHANCING OUR ECONOMY



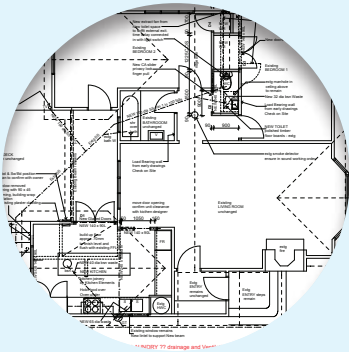
#### Economic Development Stimulus Policy

During the course of the year, Council's Economic Development Stimulus Policy (EDSP) contributed to the introduction of new retail and improved retail premises within the city, giving confidence to those considering establishing businesses in Upper Hutt.

In the last 12 months we have seen the arrival of 26 new businesses in the city, as well as improved store presentation/frontage and several brand new store fit-outs, lifting the standard and giving the Main Street a more up-to-date feel.

#### Working with Wellington Regional Economic Development Agency (WREDA)

Council continues to work with Positively Wellington Tourism, which are part of the WREDA group, to assist with tourism promotion for Upper Hutt, particularly in the international market.



#### Building consents

This year the number of building consent applications on new dwellings increased by 15% compared to the previous year - 137 applications compared to 119. The total value of new dwellings increased by 9% on the previous year. This is a positive indication that the economy is strengthening in Upper Hutt.

#### Promoting Upper Hutt shopping

The Upper Hutt City Centre Facebook page was established in September 2015. This has created a central point to promote the opening of new businesses and events, as well as enabling retailers to co-ordinate promotions and increase visibility.





# Infrastructure

Built on stable foundations we have reliable and efficient networks supporting growth opportunities.

*We're Upper Hutt. We're connected.*



## SUPPORTING INFRASTRUCTURE OBJECTIVES

### Bridge Road Bridge

Following the unexpected collapse of the Bridge Road Bridge during a torrential downpour in October 2015, Council teamed up with other community groups to visit all residents by going door-to-door and then maintained contact over the ensuing weeks through email, phone, social media, and the Council website. An alternative, temporary road was delivered swiftly to provide access for residents.



### Raising the Eastern Hutt Rail Bridge

Due to the restricted height clearance of 4.15 metres, a number of trucks have hit the rail bridge causing considerable disruption for traffic using this road. The clearance has now been increased to 4.5 metres with the costs being met by KiwiRail, Greater Wellington Regional Council, and Upper Hutt City Council.





## Land transport projects undertaken this financial year

- 1 Continuing safety improvements on Akatarawa Road
- 2 Rural roads upgrades around Whitemans Valley
- 3 The first year of the LED street light upgrade programme was completed

## Roading, footpaths and bridges

A significant proportion of Council expenditure is on roading asset renewals. In 2015 – 2016 this amounted to \$4.59 million. This included a wide range of activities such as the resurfacing of almost 82,000 square metres of roads, and reconstruction of 7,200 square metres of footpath. In addition to the renewals programme a further \$2.72 million was allocated to roading maintenance, which included street lighting, street cleaning, traffic services, drainage, and general maintenance of the network.



## Opening of the new Upper Hutt Station

Jointly funded by the NZ Transport Agency, Greater Wellington Regional Council, and Upper Hutt City Council, the new Upper Hutt Station, was officially opened on 12 December 2015.

## Gateway signage

Commuters from the south are now being welcomed to the city by our brand new gateway sign. The sign, an abstract form of the tail of a piwakawaka (fantail), was completed and blessed in January. The landmark also features selective mood lighting to creatively illuminate it at night.





# Other key initiatives



## CIVIL DEFENCE EMERGENCY MANAGEMENT

The Wellington Region Emergency Management Office (WREMO) manages civil defence emergency management services in support of the nine councils of the Wellington region. All nine councils fund WREMO and its activities, as well as oversee WREMO through governance provided by a joint committee and coordinating executives group.

Depending on the type and scale of an emergency, our Emergency Operations Centre may be activated in Upper Hutt. Council staff receive monthly training to enable an effective local response to civil defence emergencies.

In order to build resilience across the region, Council also sells water storage tanks to local residents at a discounted rate. Council is able to acquire these tanks at a wholesale price and pass the savings on to our customers.



## SOCIAL MEDIA

The Upper Hutt City Council Facebook page is where you will find out about activities, events, services and highlights of what is happening in our great city. If you haven't already, like and share our page to assist with the promotion of the many wonderful businesses, attractions and events in Upper Hutt.

[www.facebook.com/UpperHuttCityCouncil](http://www.facebook.com/UpperHuttCityCouncil)

## LAND USE STRATEGY

Council adopted the Land Use Strategy after the 2015 – 2016 year end. The Land Use Strategy sets the direction for future development in Upper Hutt over the next 30 years. It supercedes the 2007 Urban Growth Strategy, encompassing both urban and rural development across the city. Council consulted widely with the community in both urban and rural areas in order to prepare the strategy. The Land Use Strategy supports Council's five priority areas (Environment, Community, City centre, Economy, and Infrastructure) to help realise our 'Life. Leisure. *Live it!*' city vision.



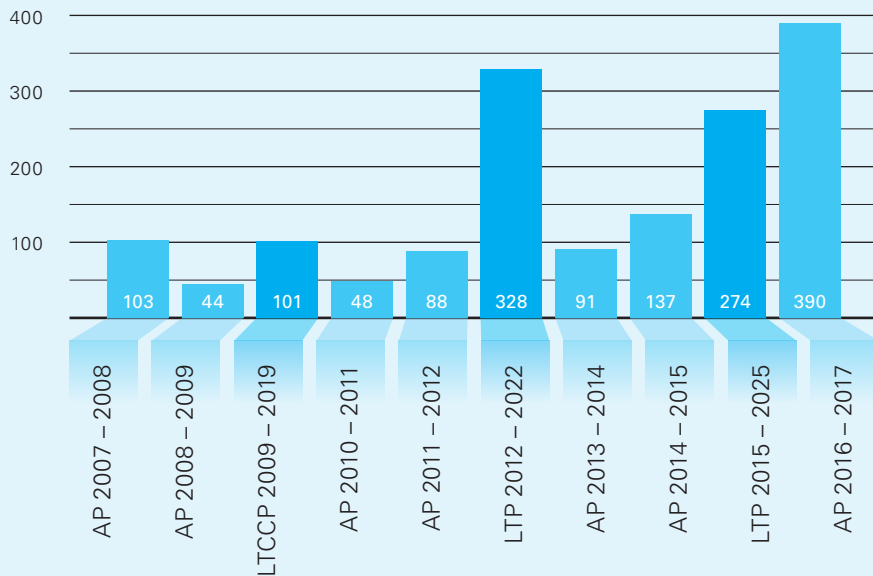
## CONSULTATION

Have you ever wondered what Council is consulting on?  
Visit [consultation.upperhuttcity.com](http://consultation.upperhuttcity.com) to find out more and have your say.



### Thank you for your feedback

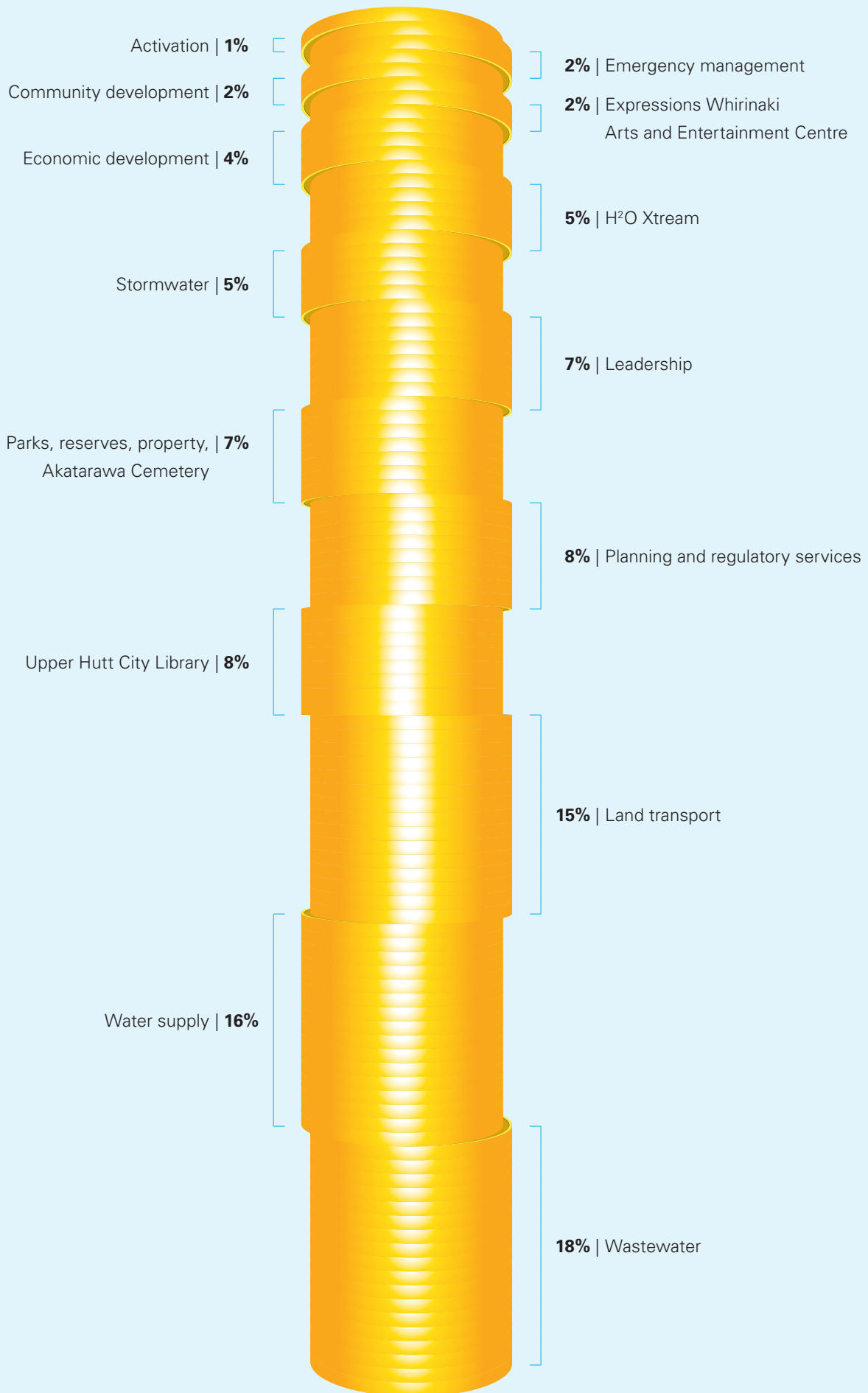
During the consultation period for the Annual Plan 2016 – 2017 we received the highest number of submissions ever. Council officers and Councillors alike were extremely encouraged to see so many people taking an interest in shaping our community. The graph below shows the number of submissions received each year since 2007 – 2008.



Each year we consult with our community on multiple city developments and policy changes, driven largely through online interactions. In 2016 we received record numbers of online submissions for our Annual Plan consultation, which told us our community is passionate about our region and invested in its future.



# WHERE YOUR RATES MONEY GOES





# Measuring performance

## **FINANCIAL LEVELS OF SERVICE OBJECTIVES AND PERFORMANCE MEASURES**

The overall rates funding requirement for the year was a surplus of \$1.315 million. After allowing for approved funding carryovers from the previous year to the next year, the effective result is a surplus of \$1.075 million.

The operating surplus (operating income less expenditure) was \$1.719 million compared to a budgeted surplus of \$650,000, a favourable variance of \$1.069 million.

Operating income was \$2.860 million above that estimated. There were several components to this increase. Fees and charges were above budget with the main contributions being metered water charges by \$133,000 and vested assets by \$5.206 million. Subsidies and grants were up by \$1 million above budget due to roading subsidies for Bridge Road. Development and financial contributions collected were \$266,000 more, covering increased subdivisions due to market conditions.

Operating expenditure was \$1.791 million above budget. There were a number of items in this variance leading to depreciation being \$224,000 higher than expected and personal costs \$232,000 higher. Loss on disposal of \$1.546 million mainly reflects the writedown of the Bridge Road bridge.

Term debt was less than expected, \$32.456 million, compared to the budgeted \$39.222 million. This resulted from several projects not being completed in the 2015 – 2016 period and being carried forward into 2016 – 2017. The current ratio (current assets: current liabilities) is 0.69:1 (in 2015 it was 0.99:1).

## **NON-FINANCIAL LEVELS OF SERVICE OBJECTIVES AND PERFORMANCE MEASURES**

Council is legally obligated to have a system that ensures Council's performance is regularly monitored and reported on. A number of performance measures, with associated targets, are determined and agreed to at the time of developing the Long Term Plan. Key achievements and the performance results are then reported to Councillors throughout the year.

Local Government introduced several new mandatory performance measures on 30 July 2014. The objective of the new measures is to enable residents and ratepayers to compare levels of service between local authorities. The new mandatory measures, incorporated in the Long Term Plan (LTP) 2015 – 2025, fall within the Land transport, Stormwater drainage, Wastewater, and Water supply activities.

Additionally, during the development of the LTP, Council carried out a complete review of existing performance measures. Some have been omitted, some replaced and some adjusted. For example, increasing the target number of visitors to Expressions per year from 65,000 to 90,000. The results are being reported for the first time in this Annual Report.

To gain deeper insight into the business and retail community, Council engaged an external survey company to measure the satisfaction of businesses actively engaged with the economic development team. Two separate surveys were conducted with outstanding results.

Performance targets are measured via a combination of the Annual Community Survey, internal monitoring and third party assessments.

The results that we are presenting show that 45 of the 61 non-financial performance targets were achieved (74%). It is interesting to note that four of the measures not achieved were within 1% of the target.



## Performance measure results

Context has been provided in the table below in relation to each of the performance measures that were not met.

To see how the remaining performance targets are measured please see the 'Activities' section of the full Annual Report.

### LEADERSHIP

Council is meeting a high proportion of its performance measures

**Target:** 80% of all performance targets are met at year end



**Performance:** 74% of Council's performance measures were met—*not achieved*

Community satisfaction with the ease of accessing Council information<sup>1</sup>

**Target:** 80% of the community agree that Council information is easy to access



**Performance:** 87% respondents were satisfied or very satisfied—*achieved*

Community satisfaction with the ease of navigating and using the Council website<sup>1</sup>

**Target:** 80% of the community agree the Council website is easy to navigate and use



**Performance:** 82% of respondents were satisfied or very satisfied—*achieved*

### LAND TRANSPORT

Community satisfaction with the street lighting throughout the city<sup>1</sup>

**Target:** 90% of respondents rate street lighting as satisfactory or better



**Performance:** 84% satisfaction—*not achieved*

*There have been a number of circuit faults during the year that are outside of Council's control. Council has responded to improving the street lighting by providing funds for a 10 year programme to upgrade to LED lanterns which give a whiter light with more illumination. The programme commenced after the annual community survey was completed.*

Community satisfaction with the cleanliness of the city's streets<sup>1</sup>

**Target:** 90% of respondents rate street cleanliness as satisfactory or better



**Performance:** 89% satisfaction—*not achieved*

*If there has been a high leaf fall or a particular stormy month that coincides with the timing of the survey, this may impact Council's performance in this area. In general it is considered that the street cleanliness is satisfactory.*

**NEW** Road safety—the change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number

**Target:** Zero change from the previous year



**Performance:** Zero change in the number of fatalities and serious injury crashes.

2015 – 2016: 5 serious crashes resulting in fatalities or serious injury

2014 – 2015: 6 serious crashes resulting in fatalities or serious injury—*achieved*

### NOTES

1. Performance measures that are directly related to the results of the 2016 Annual Community Survey.

**NEW** Indicates a mandatory new or updated performance measure or target.

---

**NEW** Road conditions—the average quality of ride on a sealed local road network, measured by smooth travel exposure.

Target: 83%

Performance: 82% — *not achieved*



*This target is weighted for vehicle kilometers travelled and shows 86% on rural roads, 81% on urban roads and excludes the State Highway.*

---

**NEW** Road maintenance—the area of the sealed local road network that is resurfaced.

Target: 93,000 m<sup>2</sup>

Performance: 82,291 m<sup>2</sup> — *not achieved*



*Different road surface treatments to those originally planned were required to give the best level of service. As a result, taking into account the cost of the new surfaces, it was necessary to adjust the area of roads originally planned to be resurfaced.*

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**NEW** Footpaths—the percentage of footpaths within Upper Hutt that fall within the level of service or service standard for the condition of footpaths that is set out in the Council's relevant document (such as its Annual Plan, Long Term Plan, activity management plan, asset management plan or annual works programme).

Target: 93%

Performance: 98% of footpaths fall within the level of service or service standard — *achieved*



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**NEW** Response to service requests—the percentage of customer service requests relating to roads and footpaths to which Council responds within the timeframe specified in the Long Term Plan.

Target: 90% of requests are initially responded to within 3 days

Performance: 97% compliant — *achieved*



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## WATER SUPPLY

**NEW** Safety of drinking water (section 69A Health Act 1956)—the percentage to which the local authority's drinking water supply complies with part 4 and 5 of the drinking-water standards—bacteria compliance criteria and protozoal criteria.

Target: 100% bacterial compliance

Performance: 100% — *achieved*



Target: 100% protozoal compliance

Performance: 100% — *achieved*



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**NEW** Maintenance of the reticulation network—the percentage of real water loss from the local authority's networked reticulation system.

Target: Less than 17%

Performance: 21.3% — *not achieved*



*Minimum night flows are tracking higher than previous years. This is being actively pursued through additional leak detection work and checks of meters, boundary valves, commercial meter data, and wastewater flows.*

---

## NOTES

**NEW** Indicates a mandatory new or updated performance measure or target.

---

**NEW** Fault response times—where the local authority (LA) attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured from the time notification is received to the time that service personnel reach the site.

**Target A:** Attendance to urgent call-outs—60 minutes

**Performance:** 38 minutes—*achieved*



**Target B:** Resolution of urgent call-outs—4 hours

**Performance:** 3.88 hours—*achieved*



**Target C:** Attendance for non-urgent call-outs—36 hours

**Performance:** 24.12 hours—*achieved*



**Target D:** Resolution of non-urgent call-outs—5 days

**Performance:** 3.54 days—*achieved*



---

**NEW** Customer satisfaction—the total number of complaints received about drinking water clarity, taste, odour, pressure or flow, or continuity of supply (expressed per 1,000 connections).

**Target:** ≤ 140 complaints per 1,000 connections

**Performance:** 8.4 complaints per 1,000 connections—*achieved*



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**NEW** Demand management—the average consumption of drinking water per day per resident

**Target:** 335 litres per person per day

**Performance:** 357 litres per person per day—*not achieved*



*Water consumption was higher this year due to an extended dry period into March resulting in more outdoor use. Night flows also tracked above previous years. Summer water conservation programmes are in place and additional leak detection work is being undertaken to manage water demand.*

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**NEW** Interruptions to the water supply

**Target:** The number of unplanned supply cuts per 1,000 connections < 4

**Performance:** 2.6 unplanned supply cuts per 1000 connections—*achieved*



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## WASTEWATER

**NEW** System and adequacy—the number of dry weather sewerage overflows from the TA's sewerage system expressed per 1,000 sewerage connections to the sewerage system.

**Target:** Zero dry weather sewerage overflows

**Performance:** One dry weather sewerage overflow—*not achieved*



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### NOTES

**NEW** Indicates a mandatory new or updated performance measure or target.

---

**NEW** Discharge compliance—breaches of resource consents for discharge from its sewerage system.

**Target A:** Zero abatement notices for discharges from wastewater system (section 322 of RMA 1991)

**Performance:** Zero abatement notices—*achieved*



**Target B:** Zero infringement notices for discharges from wastewater system (issued under 343C of RMA 1991)



**Performance:** Zero infringement notices—*achieved*

**Target C:** Zero enforcement orders for discharges from wastewater system



**Performance:** Zero enforcement orders—*achieved*

**Target D:** Zero convictions for discharges from wastewater system (of an offence under section 343C of RMA 1991) received by the Council in relation to the resource consents.



**Performance:** Zero convictions—*achieved*

---

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

**Target A:** Median attendance time ≤ 60 minutes (from the time that notification is received to the time that service personnel reach the site).



**Performance:** 38 minutes—*achieved*

**Target B:** Median resolution time ≤ 6 hours (from the time that notification is received to the time that service personnel confirm resolution of the blockage or other fault).



**Performance:** 1.43 hours—*achieved*

---

**NEW** Customer satisfaction—the total number of complaints received about, sewage odour, sewerage system faults, sewerage system blockages, and Council's response to the sewerage system issues.

**Target:** ≤ 30 complaints per 1,000 connections to Council's sewerage system.



**Performance:** 7.18 complaints—*achieved*

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## STORMWATER

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**NEW** System adequacy—(A) the number of flooding events that occur and, (B) for each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to the stormwater system).

**Targets A, B:** Trend yet to be determined (Wellington Water Limited Statement of Intent target: zero)

**Performance:** Zero flooding events—*achieved*



**Performance:** Zero habitable floors affected—*achieved*



**NEW** Discharge compliance—compliance with the Council's resource consents for discharge from its stormwater system.

**Target A:** Zero abatement notices received by Council in relation those resource consents.



**Performance:** Zero abatement notices—*achieved*

**Target B:** Zero infringement notices received by Council in relation those resource consents.



**Performance:** Zero infringement notices—*achieved*

**Target C:** Zero enforcement orders received by Council in relation those resource consents.



**Performance:** Zero enforcement orders—*achieved*

**Target D:** Zero convictions received by Council in relation those resource consents.



**Performance:** Zero convictions—*achieved*

---

## NOTES

**NEW** Indicates a mandatory new or updated performance measure or target.

---

**NEW** Response times—Number of complaints along with the median response time to attend a flooding event.

**Target A:** ≤ 50 complaints per 1,000 stormwater connections.

**Performance:** 0.16—*achieved*



**Target B:** Median response time ≤ 60 minutes (from the time that Council received notification to the time that service personnel reach the site).



**Performance:** 47 minutes—*achieved*

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## SOLID WASTE

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**NEW** Promote the reduction of waste collected and sent to the local landfill

**Target:** Achieve an annual reduction in the waste collected from the Council refuse bags collections



**Performance:** Total tonnage of refuse collected from Council bags has reduced from 808 tonnes in the 2014 – 2015 year to 754 tonnes in the 2015 – 2016 year—*achieved*

---

Promote recycling within Upper Hutt with the goal of increasing the participation rate of households.

**Target:** Promote recycling with a goal of increasing the number of participating households who recycle on a regular basis



**Performance:** The number of those participating households who recycle using a recycling service provider has increased from 3,580 to 3,745 over the 2015 – 2016 financial year—*achieved*

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## PLANNING AND REGULATORY SERVICES

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Consents will be processed efficiently and within statutory timeframes.

**Target:** 100% of resource consents will be processed within the statutory timeframes



**Performance:** 100%—*achieved*

---

Community satisfaction with Council's current resource management practices<sup>1</sup>

**Target:** 75% of respondents are satisfied or very satisfied with the resource management service



**Performance:** 58% satisfaction—*not achieved*

---

*Satisfaction levels are often impacted by legislatively enforced processes and controversial planning projects, including plan changes, which attract differing views leading to decreased satisfaction.*

---

Community satisfaction with Council's building and compliance services provided<sup>1</sup>

**Target:** 92% satisfaction with the building consenting service



**Performance:** 73% satisfaction—*not achieved*

---

*The decrease in satisfaction levels is attributed to the tightening of processes and procedures resulting from accreditation requirements. This, coupled with an increase in volumes, has resulted in timeframes for both consents and inspections increasing.*

---

**Target:** 85% satisfaction with the control of dog nuisances in the city<sup>1</sup>



**Performance:** 82% of respondents were satisfied or very satisfied—*not achieved*

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*Enforcement of Dog Control Act requirements often involves opposing parties and is frequently complex and controversial.*


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## NOTES

**NEW** Indicates a mandatory new or updated performance measure or target.

1. Performance measures that are directly related to the results of the 2016 Annual Community Survey.

---

**Target:** 90% satisfaction with the enforcement of parking requirements within the city centre <sup>1</sup> 


**Performance:** 89% of respondents were satisfied or very satisfied—*not achieved*

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*Enforcement of parking requirements in the city is an activity that is inherently likely to attract more negative than positive comment as the most visible outcome is the issuing of infringements.*

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Process building consents within the statutory timeframes

**Target:** 100% of building consents will be processed within statutory timeframes 

**Performance:** 100%—*achieved*

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Process LIMs within the statutory timeframes

**Target:** 100% of LIMs will be processed within statutory timeframes 


**Performance:** 95% processed within statutory timeframes—*not achieved*

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*The number of LIM applications significantly increased by 20% this year compared to 2014 – 2015. Several applications were complicated by the fact they required multiple building consents, land use consents, and subdivision consents.*

---


Timeliness of food and hairdresser premises inspections

**Target:** Complete annual inspection of 100% of premises requiring health inspection for the future year by 30 June 

**Performance:** All premises were inspected—*achieved*

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Timeliness of response to complaints of excessive noise

**Target:** Respond within one hour to 90% of excessive noise reports being confirmed 

**Performance:** After an initial 30-minute stand down period, all noise complaints were attended within one hour—*achieved*

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Timeliness of initial response to reported dog attacks

**Target:** 100% of reported dog attacks will receive an initial response within two hours of the complaint being received 


**Performance:** There is often a delay in reporting attacks, but we achieved 100% for those reported—*achieved*

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## COMMUNITY

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Satisfaction with the level of community group engagement by the Community Development team

**Target:** 90% satisfaction 

**Performance:** 100% of respondents were satisfied or very satisfied—*achieved*

---

Community satisfaction with the level of customer service provided by library staff <sup>1</sup>

**Target:** 95% of respondents are satisfied or very satisfied 

**Performance:** 97% of respondents were satisfied or very satisfied—*achieved*

---

## NOTES

1. Performance measures that are directly related to the results of the 2016 Annual Community Survey.

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**NEW** Visits to library facilities in the 12 months to 30 June 2016

**Target:** Minimum of 350,000 visitors

**Performance:** 345,000 visitors—*not achieved*



*More people are choosing to access Library services online as reflected in the large increase in digital engagement.*

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**NEW** Level of digital engagement with the library in the 12 months to 30 June

**Target:** Minimum of 700,000 digital connections made

**Performance:** 1,206,418 digital connections made—*achieved*



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**NEW** Satisfaction with the quality of library programmes delivered

**Target:** 95% of respondents are satisfied or very satisfied

**Performance:** 95% of respondents are satisfied or very satisfied—*achieved*



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Our community is increasingly prepared for a civil defence emergency<sup>1</sup>

**Target:** 80% of households are prepared for a civil defence emergency

**Performance:** 79% of households are prepared for a civil defence emergency—*not achieved*



*During the development of the Long Term Plan this target increased from 75% to 80%. Following the Christchurch earthquake in 2011 residents became more diligent around being prepared for a civil defence emergency however it would appear that people are becoming more complacent as time goes on.*

---

## RECREATION

Community satisfaction with the range of high quality aquatic leisure opportunities provided for people of all ages and abilities by H<sup>2</sup>O Xtream<sup>1</sup>

**Target:** 95% of respondents are satisfied or very satisfied

**Performance:** 91% satisfaction—*not achieved*



*Further resource has been allocated to focus on improving this specific measure*

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H<sup>2</sup>O Xtream will meet or exceed all required compliance standards for swimming pool operation

**Target:** PoolSafe Accreditation

**Performance:** PoolSafe Accreditation maintained—*achieved*



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H<sup>2</sup>O Xtream annual attendance figures

**Target:** At least 230,000 people visit over the year

**Performance:** 203,714—*not achieved*



*Attendance figures remain stable and relative to the previous two financial years. There were 182,170 attendees in 2014 – 2015 (the pool was closed for six weeks during this period) and 204,678 attendees in 2013 – 2014.*

---

Community satisfaction with the range and quality of events and exhibitions provided at Expressions Arts and Entertainment Centre.<sup>1</sup>

**Target:** 90% of respondents are satisfied or very satisfied

**Performance:** 97% satisfaction—*achieved*



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### NOTES

**NEW** Indicates a mandatory new or updated performance measure or target.

1. Performance measures that are directly related to the results of the 2016 Annual Community Survey.

---

Number of visitors to Expressions Arts and Entertainment Centre.

**Target:** 90,000 visitors per annum



**Performance:** 148,000—*achieved*

---

Community satisfaction with the level of provision of open space, amenities, and gardens.<sup>1</sup>

**Target:** 95% of respondents are satisfied or very satisfied



**Performance:** 95% satisfaction—*achieved*

---

Level of satisfaction with the range and quality of local initiatives and programmes delivered by Activation to meet the needs of the Upper Hutt community.

**Target:** 80% of programme participants rate the initiatives as being satisfactory or better at meeting the specific needs of the community. (5 key programmes will be evaluated).



**Performance:** 97.5% satisfaction—*achieved*

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## ECONOMIC DEVELOPMENT

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**NEW** Engaged business: satisfaction with the level of Council support in relation to economic development

**Target:** 75% of respondents are satisfied or very satisfied



**Performance:** 93% of respondents were satisfied or very satisfied with Council's support in relation to economic development—*achieved*

---

**NEW** City centre retailers' satisfaction with the level of support provided to build vibrancy in our city centre

**Target:** 85% of respondents are satisfied or very satisfied



**Performance:** 91% of respondents were satisfied or very satisfied with the level of support from Council in building a vibrant city centre—*achieved*

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### NOTES

**NEW** Indicates a mandatory new or updated performance measure or target.

1. Performance measures that are directly related to the results of the 2016 Annual Community Survey.



# 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 2016 fairly reflect the financial position and operations of Upper Hutt City Council.



*W N Guppy*  
W N Guppy  
MAYOR

*C B Upton*  
C B Upton  
CHIEF EXECUTIVE

*I Johnson*  
I Johnson  
DIRECTOR OF  
CORPORATE SERVICES

# Our vision

## PRIORITY AREAS FOR OUR CITY

### Environment

We're immersed in natural beauty, we love our river, our stunning parks, and we feel alive in our great outdoors.



**We're Upper Hutt**

We're a scenic playground.

### Community

We celebrate our heritage, culture, heroes, and uniqueness. We're a caring, safe and healthy community.



**We're Upper Hutt**

We're family.

### City Centre

Our city centre is alive, attractive, and vibrant.



**We're Upper Hutt**

We're a centre for opportunity.

### Economy

We attract new investment and offer opportunities for people and businesses to prosper.



**We're Upper Hutt**

We're enabling growth and success.

### Infrastructure

Built on stable foundations we have reliable and efficient networks supporting growth opportunities.



**We're Upper Hutt**

We're connected.

# Life. Leisure.

*Live it!*



# Leadership

# Leadership

Leadership includes the role and functions of the Mayor and elected members, who are responsible for setting the policy direction for the Upper Hutt City Council. This includes long and short term planning, community consultation, monitoring and reporting on progress.

## Work delivered to support the community in 2015 - 2016

### Annual Plan 2016 – 2017 and consultation

The 2016 – 2017 Annual Plan was adopted by Council at an Extraordinary Council Meeting on 29 June 2016. This year Council received a record number of submissions, with more residents than ever involved in shaping our community. Two new projects, the trial of a recycling drop off point for 12 months and further investigation into multi-use pathways in Mangaroa and Whitemans Valleys, were adopted and work will begin during this financial year (July 2016 – June 2017).

### His Worship the Mayor out in the community

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

The Mayor also continued his regular monthly 'Hot seat' at the library, which provides an informal setting for anyone to speak with the Mayor. The time and date of when these occur can be found on the notice board at the entrance of the library, and on the library website under the section 'Library programmes'.

In November 2015, His Worship the Mayor, Wayne Guppy was re-elected to serve his eighth term as Chair for the Wellington Region Mayoral Forum.

### Citizenship

Four citizenship ceremonies were held at Expressions Whirinaki Arts and Entertainment Centre in 2015 - 2016. In total, 333 people became New Zealand citizens in Upper Hutt, bringing vibrant and diverse cultures into our community from a wide array of countries (27 in total). These countries are: Argentina, Australia, Cambodia, Canada, China, Colombia, Denmark, Fiji, Germany, Greece, India, Malaysia, Nepal, Netherlands, Pakistan, Peru, Philippines, Portugal, Samoa, Somalia, South Africa, Sri Lanka, Tonga, United Kingdom, United States of America, Vietnam and Zimbabwe.

### Civic Awards

The 2015 Civic Awards were awarded on 1 December; recognising outstanding, meritorious, and voluntary community service by Upper Hutt citizens. This year four citizens were awarded the honour for their outstanding commitment to the Upper Hutt community: Ashley Bennett, David Butcher, Syd Giles and Arthur Speer.

## Opening of the new Upper Hutt Station

On 12 December 2015 the new Upper Hutt Station was officially opened. The project was jointly funded by the NZ Transport Agency, Greater Wellington Regional Council and Upper Hutt City Council. A one-off contribution of \$1,066,000 to Greater Wellington Regional Council allowed the station replacement to occur earlier than was originally planned.

One Greater Wellington Regional Councillor was quoted as saying: “We’ve got so much to celebrate with this fantastic new station. It’s a total transformation from what was a very old, sad building to this stunning, bright, modern one. Taking the train at Upper Hutt is now a really enjoyable experience and I’ve no doubt it will attract a lot more people onto the train.”

## Level of service objectives and performance measures

### Level of service

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

#### PERFORMANCE MEASURES

##### 1. Council is meeting a high proportion of its performance measures

**Target:** 80% of all performance targets are met at year end

**Performance:** 74% of Council’s performance measures were met – not achieved



##### 2. Community satisfaction with the ease of accessing Council information <sup>1</sup>

**Target:** 80% of the community agree that Council information is easy to access

**Performance:** 87% respondents were satisfied or very satisfied – *achieved*



##### 3. Community satisfaction with the ease of navigating and using the Council website <sup>1</sup>

**Target:** 80% of the community agree the Council website is easy to navigate and use

**Performance:** 82% of respondents were satisfied or very satisfied – *achieved*



<sup>1</sup> Annual Community Survey, carried out in February 2016.

## Contributions to decision making processes by Māori

The Council has a close relationship with Orongomai Marae which provides opportunities for Māori 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 is invited to participate in all Council consultation processes

- Council assists with the promotion of Orongomai Marae's Waitangi Day celebrations
- Orongomai Marae is regularly used as a venue for community groups
- Kaumatua from Orongomai Marae participate in public ceremonies and the opening of Council facilities

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

## Works programme

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2016
Regional Amenities Fund *	53	53	Completed
<b>Total leadership works programme</b>	<b>53</b>	<b>53</b>	

## Approved carryover projects from previous years budgets

Projects	Budget (\$ 000)	Actual (\$ 000)	Funded by
Regional Amenities Fund *	53	53	Completed
<b>Total</b>	<b>53</b>	<b>53</b>	

\*The councils in the Wellington region, including Upper Hutt City Council, contribute to a Regional Amenities Fund each year. This is intended as a 'top-up' funding mechanism for entities that provide regional benefits primarily in the arts, culture and environmental attractions and events sectors.

## Cost of service statement

	Actual 30 June 2016 (\$ 000)	Actual 30 June 2015 (\$ 000)	Budget 30 June 2016 (\$ 000)
<b>Operating statement</b>			
General rates	2,336	2,119	2,380
Operating revenue	73	79	36
<b>Total operating revenue</b>	<b>2,409</b>	<b>2,198</b>	<b>2,416</b>
<b>Operating costs</b>			
Operating costs	3,971	3,138	2,472
Interest	0	0	0
Depreciation	0	0	0
<b>Total operating costs</b>	<b>3,971</b>	<b>3,138</b>	<b>2,472</b>
<b>Operating surplus/ (deficit)</b>	<b>(1,562)</b>	<b>(940)</b>	<b>(56)</b>
<b>Capital and reserves funding statement</b>			
Capital expenditure	0	0	0
Loans repayments	0	0	0
Operating (surplus)/ deficit	1,562	940	56
Transfer to funds	0	0	0
<b>Total funding required</b>	<b>1,562</b>	<b>940</b>	<b>56</b>
<b>Funded by</b>			
Funding from non-cash expenses	1,509	940	3
Loans raised	0	0	0
Transfer from funds	0	0	0
Accumulated funds	53	0	53
<b>Transfer from funds applied</b>	<b>1,562</b>	<b>940</b>	<b>56</b>



# Land Transport



# Land Transport

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

## Work delivered to support the community in 2015 - 2016

### Bridge Road Bridge collapse

Understanding the needs of our community is paramount to how Council delivers its services. This was critical to ensuring that the residents, isolated on 29 October 2015 by the collapse of the bridge in Birchville, were looked after while alternative access into the area was made.

Access was made available through the rapid construction of a temporary, single lane, traffic signal controlled access road. The temporary road runs from Bridge Road through to Larchmont Grove in Totara Park. The road helped to return a sense of normality to the residents of Bridge Road.

Council partnered up with other groups in the community to get out into the affected neighbourhood, going door to door and then maintaining contact through email, phone, social media, and Council's website to keep residents up to date with what was happening while also addressing any immediate needs.

### Lighting our city

The first year of the LED street light upgrade programme was completed and favourable feedback has already been received from the public.

New festive lighting for Main Street and Fergusson Drive within the city centre was purchased. The LED bulbs will be attached to the lighting columns and have the ability to be changed from red to green to white, depending on what the particular occasion requires.

### City and safety upgrades

Another stage of the city centre upgrade of Main Street was carried out with lighting, planters and street furniture upgraded at both ends of Main Street.

The seismic upgrade of the Totara Park Bridge was completed, making the bridge more resilient in the event of a severe earthquake.

Safety improvements were carried out on approximately 5 km of Akatarawa Road. The work predominantly involved cutting back of banks, constructing concrete water channels and retaining structures. Road width and sight distances have also been significantly improved.

A number of 'Janet & John' signs were installed around primary schools to enhance the safety for children before and after school.

## Eastern Hutt Rail Bridge

The railway bridge on Eastern Hutt Road had a restricted height clearance of 4.15 metres, which is under the legal limit for vehicles. This resulted in trucks hitting the bridge on a number of occasions causing considerable disruption to the road and rail links with the lower valley.

In 2015, an agreement was reached between KiwiRail, Greater Wellington Regional Council and Upper Hutt City Council to share the cost of increasing the clearance. Work was undertaken over the Christmas period of 2015 and involved replacing three of the bridge beams that span Eastern Hutt Road. The clearance was increased to 4.5 metres, which permits a significantly higher number of trucks to pass under the bridge.

## Level of service objectives and performance measures

### Level of service

Council will provide a safe roading network.

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

### PERFORMANCE MEASURE

#### 1. Community satisfaction with the street lighting throughout the city <sup>1</sup>

**Target:** 90% of respondents rate street lighting as satisfactory or better

**Performance:** 84% satisfaction – *not achieved*



There have been a number of circuit faults during the year that are outside of Council's control. Council has responded to improving the street lighting by providing funds for a 10 year programme to upgrade LED lanterns which give a whiter light with more illumination. The programme commenced after the annual community survey was completed.

#### 2. Community satisfaction with the cleanliness of the city's streets <sup>1</sup>

**Target:** 90% of respondents rate street cleanliness as satisfactory or better

**Performance:** 89% satisfaction – *not achieved*



If there has been a high leaf fall or a particular stormy month that coincides with the timing of the survey, this may impact Council's performance in this area. In general it is considered that street cleanliness is satisfactory.

#### 3. Road safety <sup>2</sup>

The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number

**Target:** \*Zero change from the previous year

**Performance:** Zero change in the number of fatalities and serious injury crashes.  
2015 - 2016: 5 serious crashes resulting in fatalities or serious injury  
2014 - 2015: 6 serious crashes resulting in fatalities or serious injury —  
*Achieved*



---

#### 4. Road conditions <sup>3</sup>

The average quality of ride on a sealed local road network, measured by †smooth travel exposure

**Target:** \*83%

**Performance:** 82% – *not achieved*



This target is weighted for vehicle kilometres travelled and shows 86% on rural roads, 81% on urban roads and excludes the State Highway.

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#### 5. Road maintenance<sup>3</sup>

The area of the sealed local road network that is resurfaced

**Target:** \*93000m<sup>2</sup>

**Performance:** 82291m<sup>2</sup> – *not achieved*



Different road surface treatments to those originally planned were required to give the best level of service. As a result, taking into account the cost of the new surfaces, it was necessary to adjust the area of roads originally planned to be resurfaced.

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#### 6. Footpaths <sup>3</sup>

The percentage of footpaths within Upper Hutt that fall within the level of service or service standard for the condition of footpaths that is set out in the Council's relevant document (such as its Annual Plan, Long Term Plan, activity management plan, asset management plan or annual works programme).

**Target:** \*93%

**Performance:** 98% of footpaths fall within the level of service or service standard – *achieved*




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#### 7. Response to service requests

The percentage of customer service requests relating to roads and footpaths to which Council responds within the timeframe specified in the Long Term Plan

**Target:** \*90% of requests are initially responded to within 3 days

**Performance:** 97% compliant – *achieved*



<sup>1</sup> Annual Community Survey

<sup>2</sup> NZTA crash statistics

<sup>3</sup> In-house monitoring using data received from the Road Asset Maintenance Management condition survey

†Smooth Travel Exposure is a measurement of the distance travelled on what is considered to be a smooth road. It is related to how bumpy a road is and the measurement is a relative and undertaken by specialist equipment.

\*New targets for mandatory measures have been based on previous year's measurements of a similar nature.

## Works programme

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2016
<b>Asset management – to replace existing assets</b>			
Street drainage	317	308	Completed as per the Asset Plans
Resealing	1,169	1,003	Completed as per the Asset Plans
Lighting	49	42	Completed as per the Asset Plans
Minor safety	206	212	Completed as per the Asset Plans
Footpaths	543	519	Completed as per the Asset Plans
Carparks and bus shelters	18	18	Completed as per the Asset Plans
Litter bin replacement	5	1	Completed as per the Asset Plans
Structures component replacement	25	34	Completed as per the Asset Plans
Traffic services renewals	356	397	Completed as per the Asset Plans
Miscellaneous work	26	0	Completed as per the Asset Plans
Rural Roads	255	255	Completed as per the Asset Plans
Bridge Road replacement	0	1,219	Storm damaged. Some work delayed until next year
<b>Capital works – to meet additional demand</b>			
Fergusson/Ward/Whakatiki intersection	15	0	Initial investigation work was not completed but will be combined with future design phase.
<b>Capital works – to improve level of service</b>			
Cycle and walkway – rail corridor	1,213	0	Cycleway projects were delayed pending the final alignment agreement.
St Patricks to Silverstream Bridge cycleway and pedestrian walkway	50	0	Delayed, part of overall cycle package above.
Main Street decorative lighting	15	15	Lighting was purchased.
City gateway signage	195	6	Large portion completed, balance was carried forward into next financial year.
LED street lighting upgrade	83	82	
Pedestrian link between railway station and Main Street	1,015	64	Work was delayed until next financial year.
Bridleways feasibility study	25	25	Complete
Rural Roads upgrades	900	229	Some work was delayed until next financial year.
<b>Projects</b>			
Eastern Hutt rail bridge clearance	167	158	Work was completed as planned.
<b>Total land transport works programme</b>	<b>6,647</b>	<b>4,587</b>	

## Approved carryover projects from previous years budgets

Projects	Budget (\$ 000)	Actual (\$ 000)	Funded by
<b>Project</b>			
Structures maintenance	120	118	Rates/NZTA
Totara Park Bridge seismic upgrade	500	469	Loans/NZTA
Akatarawa Road safety upgrade	895	985	Loans
Enhance cycle linkages - stopbank	30	0	Loans
Enhance cycle linkages - railway	650	0	Loans/NZTA
City gateway signage	50	172	Loans
Works contingency	62	2	Rates/Accumulated funds
New footpaths	25	0	Rates
Non-sub bridge maintenance	95	145	Rates
CBD development	390	214	Loans (\$300K) Accumulated funds (\$90K)
Encouragement of future city centre development	2,300	1,000	Loans
Contribution to GWRC Railway Station	376	0	Loans
<b>Total</b>	<b>5,493</b>	<b>3,105</b>	

## Cost of service statement

	Actual 30 June 2016 (\$ 000)	Actual 30 June 2015 (\$ 000)	Budget 30 June 2016 (\$ 000)
<b>Operating statement</b>			
General rates	4,998	4,507	5,143
Operating revenue	9,721	3,020	4,737
<b>Total operating revenue</b>	<b>14,719</b>	<b>7,527</b>	<b>9,880</b>
Operating costs	5,098	5,284	4,266
Interest	441	337	608
Depreciation	4,223	4,028	4,075
<b>Total operating costs</b>	<b>9,762</b>	<b>9,649</b>	<b>8,949</b>
<b>Operating surplus/ (deficit)</b>	<b>4,957</b>	<b>(2,122)</b>	<b>931</b>
<b>Capital reserves funding statement</b>			
Capital expenditure	7,276	3,687	6,480
Loans repayments	545	0	954
Operating (surplus)/ deficit	(4,957)	2,122	(931)
Transfer to funds	5	51	332
<b>Total funding required</b>	<b>2,869</b>	<b>5,860</b>	<b>6,835</b>
<b>Funded by</b>			
Funding from non-cash expenses	(648)	3,678	3,361
Loans raised	2,909	2,150	2,983
Loans to be raised	78	0	0
Transfer from funds	440	32	409
Accumulated funds	90	0	82
<b>Transfer from funds applied</b>	<b>2,869</b>	<b>5,860</b>	<b>6,835</b>



# Water Supply

# Water supply

The Water Supply activity, contracted to Wellington Water (WW), covers the provision of a safe, reliable and potable supply of water for domestic, business and firefighting purposes to urban Upper Hutt and some rural areas.

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

## Work delivered to support the community in 2015 - 2016

### Water conservation

Aquarius, the water saving demonstration machine, has been widely used in the city, promoting conservation and the water cycle to the public. Events included the Home Ideas Centre Expo, the Home & Garden Show, Kids Connect 4 Enviroschools and the March Madness Fair. Routine summer water restriction promotion was also carried out, including the use of city billboards, flyers, and newspaper advertising. Increased monitoring and promotion was implemented in response to the extended dry period in late summer.

### Main Street project

The rider main and cross connection renewals in Main Street required water to be shut off for a few hours on several occasions. Wellington Water worked with local businesses and agreed to do so during nights, thereby reducing disruption to businesses and their customers.

### Pinehaven Reservoir strengthening

Seismic strengthening of the Pinehaven No.2 Reservoir was completed as part of an ongoing commitment to improve network resilience.

## Level of service objectives and performance measures




### Level of service

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

#### PERFORMANCE MEASURES

##### 1. Safety of drinking water (section 69A Health Act 1956) <sup>1</sup>

The percentage to which the local authority's drinking water supply complies with part 4 and 5 of the drinking-water standards - bacteria compliance criteria, and protozoal criteria

<b>Target:</b>	*100% compliance	
<b>Performance:</b>	Bacteria compliance 100% — <i>achieved</i>	
	Protozoal compliance 100% — <i>achieved</i>	



**2. Maintenance of the reticulation network <sup>2</sup>**

The percentage of real water loss from the local authority’s networked reticulation system

**Target:** \*Less than 17%

**Performance:** 21.3% – *not achieved*



Minimum night flows are tracking higher than previous years. This is being actively pursued through additional leak detection work and checks of meters, boundary valves, commercial meter data and wastewater flows.

**3. Fault response times <sup>2</sup>**

Where the local authority (LA) attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured from the time notification is received to the time that service personnel reach the site:

- a. Attendance to urgent call-outs
- b. Resolution of urgent call-outs
- c. Attendance for non-urgent call-outs
- d. Resolution of non-urgent call-outs

<b>Target:</b>	a. 60 minutes	<b>Performance:</b>	38 minutes – <i>achieved</i>	
	b. 4 hours		3.88 hours – <i>achieved</i>	
	c. 36 hours		24.12 hours – <i>achieved</i>	
	d. 15 days		3.54 days – <i>achieved</i>	

**4. Customer satisfaction <sup>2</sup>**

The **total** number of complaints received about any of the following (expressed per 1000 connections):

- a. Drinking water clarity
- b. Drinking water taste
- c. Drinking water odour
- d. Drinking water pressure or flow
- e. Continuity of supply

**Target:** \*Number of complaints 140 (per 1000 connections)

**Performance:** 8.4 complaints per 1000 connections – *achieved*



**5. Demand management <sup>2</sup>**

The average consumption of drinking water per day per resident

**Target:** \*335 litres/person/day

**Performance:** 357 litres/person/day – *not achieved*



Water consumption was higher this year due to an extended dry period into March resulting in more outdoor use. Night flows also tracked above previous years. Summer water conservation programmes are in place and additional leak detection work is being undertaken to manage water demand.

**6. Interruptions to the water supply<sup>3</sup>****Target:** \*The number of unplanned supply cuts per 1000 connections <4**Performance:** 2.6 unplanned supply cuts per 1000 connections – *achieved*<sup>1</sup> Ministry of Health Drinking Water Standards for New Zealand (Revised 2008)<sup>2</sup> Wellington Water in-house records<sup>3</sup> Wellington Water monitoring of maintenance contract

\*New targets for mandatory measures have been based on previous year's measurements of a similar nature.

## Works programme

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2016
<b>Asset management – to replace existing assets</b>			
Pipeline renewal <sup>1</sup>	941	1,047	Bonnie Glen Crescent, Main Street, Akatarawa Road pipe renewals completed. Emerald Hill reservoir inlet and outlet mains renewals completed. Rongonui Street deferred to 2016 – 2017.
Reservoir upgrade <sup>2</sup>	155	54	Pinehaven No.2 Reservoir seismic upgrade completed.
Miscellaneous works	204	218	Mechanical and electrical upgrade of Mount Marua pump station completed.
<b>Total water supply works programme</b>	<b>1,300</b>	<b>1,319</b>	

<sup>1</sup> Pipeline renewal - Funding has been reallocated from the deferred stormwater renewal programme 2015 – 2016, to meet the renewal requirements in water supply.<sup>2</sup> Reservoir upgrade - Reservoirs are upgraded to meet seismic conditions as part of Council's asset management plan.

## Approved carryover projects from previous years budgets

Projects	Budget (\$000)	Actual (\$000)	Funded by
Reservoir upgrading work - carry	210	185	Rates
<b>Total</b>	<b>210</b>	<b>185</b>	

## Cost of service statement

	Actual 30 June 2016 (\$ 000)	Actual 30 June 2015 (\$ 000)	Budget 30 June 2016 (\$ 000)
<b>Operating statement</b>			
Rates	5,148	4,825	5,183
Operating revenue	1,617	1,257	1,474
<b>Total operating revenue</b>	<b>6,765</b>	<b>6,082</b>	<b>6,657</b>
Operating costs	5,290	5,337	5,507
Interest	39	33	40
Depreciation	1,744	1,719	1,759
<b>Total operating costs</b>	<b>7,073</b>	<b>7,089</b>	<b>7,306</b>
<b>Operating surplus/ (deficit)</b>	<b>(308)</b>	<b>(1,007)</b>	<b>(649)</b>
<b>Capital and reserves funding statement</b>			
Capital expenditure	1,505	1,378	1,300
Loans repayments	80	71	80
Operating (surplus)/ deficit	308	1,007	649
Transfer to funds	3	0	3
<b>Total funding required</b>	<b>1,896</b>	<b>2,456</b>	<b>2,032</b>
<b>Funded by</b>			
Funding from non-cash expenses	1,531	2,064	1,817
Loans raised	185	225	35
Transfer from funds	180	167	180
Accumulated funds	0	0	0
<b>Transfer from funds applied</b>	<b>1,896</b>	<b>2,456</b>	<b>2,032</b>



# Wastewater

# Wastewater

The Wastewater system, contracted to Wellington Water, 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.

## Work delivered to support the community in 2015 – 2016

### Wastewater inspections and repairs

The annual programme of inflow and infiltration surveys, CCTV, and proactive repairs was carried out to identify and fix issues in the pipe system that could lead to blocking, surcharging and overflows. Information gained through the flow monitoring programme is useful for this operational response as well as for model calibration and planning purposes.

### Birchville Bridge

Wellington Water worked with residents to ensure water services were maintained while the damaged Bridge Road Bridge was removed and reconstructed.

### Wastewater pipe renewals

Pipe renewals were completed at Blue Mountains Road, Maclean Street, Marion Street, Martin Street, Gower Street, Terminus Street, Melrose Road and Brentwood Street.

## Level of service objectives and performance measures

### Level of service

Our sewerage and the treatment and disposal of sewage will continue to be well maintained, safe and allow for growth.

#### PERFORMANCE MEASURE

##### 1. System and adequacy <sup>1</sup>

The number of dry weather sewerage overflows from the TA's sewerage system expressed per 1000 sewerage connections to the sewerage system.

**Target:** Zero dry weather sewerage overflows

**Performance:** One dry weather sewerage overflow - *not achieved*







##### 2. Discharge compliance <sup>1</sup>

Breaches of resource consents for discharge from its sewerage system, measured by the number of;

- a. abatement notices for discharges from wastewater system (section 322 of RMA 1991)
- b. infringement notices for discharges from wastewater system (issued under 343C of RMA 1991)

- 
- c. enforcement orders for discharges from wastewater system, and
  - d. convictions for discharges from wastewater system (of an offence under section 343C of RMA 1991) received by the Council in relation to the resource consents.



<b>Target:</b>	a. Zero breaches	<b>Performance:</b>	<i>Achieved</i>	
	b. Zero breaches		<i>Achieved</i>	
	c. Zero breaches		<i>Achieved</i>	
	d. Zero breaches		<i>Achieved</i>	

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### 3. Fault response times <sup>1</sup>

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

- a. attendance time: from the time that notification is received to the time that service personnel reach the site, and
- b. resolution time: from the time that notification is received to the time that service personnel confirm resolution of the blockage or other fault.

<b>Target:</b>	a. 60 minutes	<b>Performance:</b>	a. 38 minutes – <i>achieved</i>	
	b. 6 hours		b. 1.43 hours – <i>achieved</i>	


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### 4. Customer satisfaction <sup>1</sup>

The total number of complaints received about any of the following:

- sewage odour
- sewerage system faults
- sewerage system blockages, and
- Council's response to the sewerage system issues

Expressed per 1000 connections to the TA's sewerage system.

<b>Target:</b>	Total number of complaints ≤ 30	
<b>Performance:</b>	7.18 complaints – <i>achieved</i>	

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<sup>1</sup> Wellington Water monitoring

\*New targets for mandatory measures have been based on previous year's measurements of a similar nature

## Works programme

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2016
<b>Asset management – to replace existing assets</b>			
Pipeline renewal upgrade <sup>1</sup>	1,662	1,577	Wastewater pipe renewals were completed at Blue Mountains Rd, Maclean St, Marion St, Martin St, Gower St, Terminus St, Melrose Rd and Brentwood St.
Miscellaneous works	60	30	Completed
<b>Capital works – to improve the level of service</b>			
Wastewater project capital <sup>2</sup>	2,107	348	Noted below
<b>Total wastewater works programme</b>	<b>3,829</b>	<b>1,955</b>	

<sup>1</sup> Pipeline renewal upgrade – Some items in the capex programme for wastewater have been deferred or reprioritised in order to coordinate with the timing of other planned works in the 2016 - 2017 programme.

<sup>2</sup> Wastewater project capital - This is a joint project with Hutt City Council for the treatment of wastewater from the Hutt Valley. Hutt City Council has the administrative responsibility for this project.

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

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

## Approved carryover projects from previous years budgets

Projects	Budget (\$000)	Actual (\$000)	Funded by
Wastewater mains renewal	320	329	Rates
Hutt Valley Trunk Wastewater System capital	90	159	Loans
Flow monitoring	40	40	Rates
<b>Total</b>	<b>450</b>	<b>528</b>	

## Cost of service statement

	Actual 30 June 2016 (\$ 000)	Actual 30 June 2015 (\$ 000)	Budget 30 June 2016 (\$ 000)
<b>Operating statement</b>			
Rates	6,053	6,228	6,503
Operating revenue	607	239	749
<b>Total operating revenue</b>	<b>6,660</b>	<b>6,467</b>	<b>7,252</b>
<b>Operating costs</b>			
Operating costs	4,296	4,359	4,638
Interest	706	723	828
Depreciation	3,474	3,330	3,302
<b>Total operating costs</b>	<b>8,476</b>	<b>8,412</b>	<b>8,768</b>
<b>Operating surplus/ (deficit)</b>	<b>(1,816)</b>	<b>(1,945)</b>	<b>(1,516)</b>
<b>Capital and reserves funding statement</b>			
Capital expenditure	2,486	2,790	3,829
Loans repayments	415	196	165
Operating (surplus)/ deficit	1,816	1,945	1,516
Transfer to funds	0	0	0
<b>Total funding required</b>	<b>4,717</b>	<b>4,931</b>	<b>5,510</b>
<b>Funded by</b>			
Funding from non-cash expenses	3,317	3,420	3,083
Loans raised	508	694	2,107
Transfer from funds	892	817	320
Accumulated funds	0	0	0
<b>Transfer from funds applied</b>	<b>4,717</b>	<b>4,931</b>	<b>5,510</b>





# Stormwater

# Stormwater

The Stormwater activity, contracted to Wellington Water, 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 flow paths. 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 (GWRC).

## Work delivered to support the community in 2015 - 2016

### Stormwater pollution education

Promotional material has been developed and circulated to inform the community about the stormwater system, the distinction between wastewater and stormwater, and how stormwater can become contaminated. Included are simple do's and don'ts of what should or shouldn't go down the drain.

## 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.

#### PERFORMANCE MEASURE

##### 1. System adequacy <sup>1</sup>

- a. The number of flooding events that occur in the district
- b. For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the stormwater system)

**Target:** Trend yet to be determined (Wellington Water Ltd. Statement of intent target = zero)

**Performance:** a. Zero flooding events – *achieved*



b. Zero habitable floors affected – *achieved*



##### 2. Discharge compliance <sup>1</sup>

Compliance with the Council's resource consents for discharge from its stormwater system, measured by the number of:

- a. abatement notices
- b. infringement notices
- c. enforcement orders
- d. convictions

received by Council in relation those resource consents.

**Target:** a. Zero notices

**Performance:** a. *Achieved*



b. Zero infringement notices

b. *Achieved*



c. Zero enforcement orders

c. *Achieved*



d. Zero convictions

d. *Achieved*



##### 3. Response times <sup>1</sup>

- a. Number of complaints per 1000 stormwater connections
- b. Median response time to attend a flooding event, measured from the time that Council received notification to the time that service personnel reach the site.

**Target:** a. 50 complaints

**Performance:** a. 0.16 complaints – *achieved*



b. 60 minutes

b. 47 minutes – *achieved*



<sup>1</sup> Wellington Water monitoring

\*New targets for mandatory measures have been based on previous year's measurements of a similar nature.

## Works programme

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2016
<b>Asset management – to replace existing assets</b>			
Pipeline renewal	331	184	Pipe renewal programme deferred and funding reallocated to pump station renewals and the Pinehaven Stream project.
Telemetry upgrade	29	26	Programmed upgrades completed at Heretaunga Dam and Coates Grove.
Pump station renewal	40	46	Completed design and procured replacement pumps for the mechanical and electrical upgrade of the Perry Street stormwater pump station ahead of construction in 2016 –2017.
<b>Capital works – to improve the level of service</b>			
Pinehaven Stream capacity upgrade (joint project with Greater Wellington Regional Council (GWRC))	170	170	Floodplain Management Plan endorsed by GWRC in June 2016, providing for a 1-in-25 year channel capacity to the stream and a 1-in-100 year level of protection to habitable floor levels when fully implemented. A draft district plan change was prepared, supported by Wellington Water and GWRC to implement non-structural parts of the plan including stormwater neutrality and development controls.
Pinehaven Stream (pipeline renewal)	0	108	Pipeline renewal budget was used towards this project.
Pinehaven Stream 2016 – 2017	0	437	Due to the nature of this project expenditure has been brought forward from 2016 – 2017 to cover the purchase of property with GWRC.
Sunbrae Stream	0	31	Completed
<b>Total stormwater works programme</b>	<b>570</b>	<b>1,002</b>	

## Cost of service statement

	Actual 30 June 2016 (\$ 000)	Actual 30 June 2015 (\$ 000)	Budget 30 June 2016 (\$ 000)
<b>Operating statement</b>			
Rates	1,607	1,496	1,777
Operating revenue	464	59	601
<b>Total operating revenue</b>	<b>2,071</b>	<b>1,555</b>	<b>2,378</b>
Operating costs	1,691	1,598	2,040
Interest	18	0	5
Depreciation	1,720	1,657	1,756
<b>Total operating costs</b>	<b>3,429</b>	<b>3,255</b>	<b>3,801</b>
<b>Operating surplus/ (deficit)</b>	<b>(1,358)</b>	<b>(1,700)</b>	<b>(1,423)</b>
<b>Capital and reserves funding statement</b>			
Capital expenditure	1,002	75	570
Loans repayments	0	0	0
Operating (surplus)/ deficit	1,358	1,700	1,423
Transfer to funds	0	0	0
<b>Total funding required</b>	<b>2,360</b>	<b>1,775</b>	<b>1,993</b>
<b>Funded by</b>			
Funding from non-cash expenses	1,415	1,715	1,478
Loans raised	607	0	170
Transfer from funds	338	60	345
Accumulated funds	0	0	0
<b>Transfer from funds applied</b>	<b>2,360</b>	<b>1,775</b>	<b>1,993</b>



# Solid waste

# Solid waste

The Solid Waste team is responsible for ensuring waste is minimised and disposed of appropriately in Upper Hutt.

## Work delivered to support the community in 2015 - 2016

### Waste minimisation

Upper Hutt City Council is signatory to the statutorily required Wellington Region Waste Management and Minimisation Plan (WMMP). This plan is the only collaborative WMMP of its scale in New Zealand. It includes local actions for Upper Hutt and the other seven local authorities within the region, and joint regional activities which are managed through the WMMP Steering Committee.

The regional actions are led by officers of the individual councils. To date, the major action has stemmed from WMMP Regional Action 9 (R9) and the Wellington Region Waste Minimisation Education Strategy (WMES). The drafting and adoption of WMES was delivered by Upper Hutt City Council with the support of the other local authorities and the regional authority. Activity stemming out of the WMES project is now attracting regional funding. This is a significant achievement in light of the diverse requirements of the stakeholders involved.

Upper Hutt City Council participated with the other councils in the Wellington region to implement the following actions of the Regional Waste Management and Minimisation Plan in 2015 – 2016:

- development of a regional joint waste by-law
- investigating shared services between the councils
- investigating improved data collection.

### Regional Waste Education Strategy

The aim of the Regional Waste Education Strategy is to engage communities and help people to better understand the benefits of adopting a waste minimisation culture. Through greater understanding and instilling the motivation to change current waste related behaviours, benefits to the region's population will include; reducing the waste of valuable resources, improving our region's economic efficiency (saving money), and reducing our impact on the environment.

Upper Hutt City Council participated with the other councils in the Wellington region to implement the following initiatives in 2015 – 2016:

- Love Food Hate Waste
- Enviroschools
- Nappy Lady
- Production of "How to run zero waste events" DVDs.

## Level of service objectives and performance measures

### Level of service

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

#### PERFORMANCE MEASURES

##### 1. Promote the reduction of waste collected and sent to the local landfill <sup>1</sup>

**Target:** Achieve an annual reduction in the waste collected from the Council refuse bags collections

**Performance:** Total tonnage of refuse collected from Council bags has reduced from 808 tonnes in the 2014 – 2015 year to 754 in the 2015 – 2016 year – *achieved*



##### 2. Promote recycling within Upper Hutt with the goal of increasing the participation rate of households <sup>1</sup>

**Target:** Promote recycling with a goal of increasing the number of participating households who recycle on a regular basis

**Performance:** The number of those participating households who recycle using a recycling service provider has increased from 3580 to 3745 over the 2015 - 2016 financial year – *achieved*



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

## Works programme

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2016
Waste Management and Minimisation Plan – Wellington regional projects	4	0	<ol style="list-style-type: none"> <li>1. Participated in Love Food Hate Waste programme</li> <li>2. Started work on a regional waste bylaw</li> <li>3. Produced a Zero Waste Events DVD.</li> </ol>
Waste Management and Minimisation Plan – Upper Hutt projects	49	16	<ol style="list-style-type: none"> <li>1. Participated in Enviroschools programme</li> <li>2. Provided Hazardous Waste Collection</li> <li>3. Supported Nappy Lady programme</li> <li>4. Zero Waste Funded Schools/Gardens</li> <li>5. Sponsored World of Waste Tours</li> <li>6. Carried out school waste audits</li> <li>7. Wheelie Bin Worm Farming.</li> </ol>
Review of Waste Management and Minimisation Plan	10	8	<ol style="list-style-type: none"> <li>1. Together with other regional territorial authorities, undertook a waste assessment and scenario modelling.</li> </ol>
<b>Total solid waste works programme</b>	<b>63</b>	<b>24</b>	



## Cost of service statement

	Actual 30 June 2016 (\$ 000)	Actual 30 June 2015 (\$ 000)	Budget 30 June 2016 (\$ 000)
<b>Operating statement</b>			
General rates	(307)	(363)	(274)
Operating revenue	548	594	523
<b>Total operating revenue</b>	<b>241</b>	<b>231</b>	<b>249</b>
<b>Operating costs</b>			
Operating costs	242	232	249
Interest	0	0	0
Depreciation	0	0	0
<b>Total operating costs</b>	<b>242</b>	<b>232</b>	<b>249</b>
<b>Operating surplus/ (deficit)</b>	<b>(1)</b>	<b>(1)</b>	<b>0</b>
<b>Capital and reserves funding statement</b>			
Capital expenditure	0	0	0
Loans repayments	0	0	0
Operating (surplus)/ deficit	1	1	0
Transfer to funds	0	0	0
<b>Total funding required</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>Funded by</b>			
Funding from non-cash expenses	1	1	0
Loans raised	0	0	0
Transfer from funds	0	0	0
<b>Transfer from funds applied</b>	<b>1</b>	<b>1</b>	<b>0</b>



# Planning and regulatory services

# Planning and regulatory services

The Planning and Regulatory Services team is responsible for a group of activities that range from regulatory, monitoring and enforcement through to long term, strategic, environmental planning.

## 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.

## Building control

As a Building Consent Authority, Council performs the following main functions: maintaining records of Building Warrants of Fitness; issuing Building Consents; inspecting building work; issuing Notices to Fix; issuing Compliance Schedules; and issuing Code of Compliance Certificates.

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

## Environmental health

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

## Animal control

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

## Parking enforcement

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

## Work delivered to support the community in 2015 - 2016

### City planning

#### PLAN CHANGES

The Wallaceville Private Plan Change is now operative. This will enable more housing for Upper Hutt, along with providing a small neighbourhood business precinct. Plan changes relating to Utilities and Renewable Energy Generation provisions in the District Plan, and rezoning of land at Maidstone Terrace have also been completed.

## LAND USE STRATEGY

The Upper Hutt Land Use Strategy was developed over the course of the last financial year, with the hearing of submissions on the draft strategy completed in June.

The Land Use Strategy extends across all five of the city vision areas, it looks ahead 30 years and outlines how the city is going to develop and grow in a physical sense over that timeframe. Council consulted extensively with the community as the strategy was developed. It is anticipated the new Land Use Strategy will be adopted before the next elections.

Two innovative engagement methods that were successful were a 'Kid's Council' workshop with year seven and nine school students, held with the Mayor in the Council Chambers. The second was a Focus Group involving stakeholders from the Pinehaven and Silverstream community, who were brought together to discuss matters specific to the future of that part of the city.

## RESOURCE CONSENTS

Resource consent has been granted for a first stage subdivision at Wallaceville, comprising 65 residential allotments, in line with the recently adopted Wallaceville Private Plan Change.

Resource consent has also recently been granted for 27 residential lots at the southern end of the site formally occupied by the CIT in Trentham.

## SUBMISSION

A submission was lodged on the Resource Legislation Amendment Bill 2015.

## Building control

The Building Control services team maintained its accreditation following the biannual audit in March 2016.

## Compliance Services

### FOOD ACT

The Environmental Health team has recently been working on the implementation of the new Food Act and this will continue until the scheduled three year implementation of this new legislation is complete.

### DOG EDUCATION PROGRAMME

The dog education programme in primary schools continued during the last financial year. This programme, called 'If the dog's on its own, leave it alone', was developed by Christchurch City Council a number of years ago, and has been modified to suit different age groups. The team's target is to visit all the primary schools in Upper Hutt.

## Land Information Memorandum (LIM)

Between 1 July 2015 and 30 June 2016, officers processed 453 LIM applications, an increase of 75 on the previous year.

## Level of service objectives and performance measures

### City Planning - level of service objective

Consents will be processed efficiently and within statutory timeframes.

#### PERFORMANCE MEASURES

##### 1. Process resource consents within the statutory timeframes <sup>2</sup>

**Target:** 100% of resource consents will be processed within the statutory timeframes

**Performance:** 100% – *achieved*



##### 2. Community satisfaction with Council's current resource management practices <sup>1</sup>

**Target:** 75% of respondents are satisfied or very satisfied with the resource management service

**Performance:** 58% satisfaction – *not achieved*



Satisfaction levels are often impacted by legislatively enforced processes and controversial planning projects, including plan changes, which attract differing views leading to decreased satisfaction.

### Regulatory services - level of service objective

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

##### 3. Community satisfaction with Council's building and compliance services provided <sup>1 and 3</sup>

**Target 1:** 92% satisfaction with the building consenting service <sup>3</sup>

**Performance:** 73% satisfaction – *not achieved*



The decrease in satisfaction levels is attributed to the tightening of processes and procedures resulting from accreditation requirements. This coupled with an increase in volumes has resulted in timeframes for both consents and inspections increasing.

**Target 2:** 85% satisfaction with the control of dog nuisances in the city <sup>1</sup>

**Performance:** 82% of respondents were satisfied or very satisfied – *not achieved*



Enforcement of Dog Control Act requirements often involves opposing parties and is frequently complex and controversial.

**Target 3:** 90% satisfaction with the enforcement of parking requirements within the city centre <sup>1</sup>

**Performance:** 89% of respondents were satisfied or very satisfied – *not achieved*



Enforcement of parking requirements in the city is an activity that is inherently likely to attract more negative than positive comment as the most visible outcome is the issuing of infringements.

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**4. Process building consents within the statutory timeframes <sup>2</sup>****Target:** 100% of building consents will be processed within statutory timeframes**Performance:** 100% – *achieved*

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**5. Process LIMs within the statutory timeframes <sup>2</sup>****Target:** 100% of LIMs will be processed within statutory timeframes**Performance:** 95% processed within statutory timeframe – *Not achieved*

The number of LIM applications significantly increased by 20% this year compared to 2014 – 2015. Several applications were complicated by the fact they required multiple building consents, land use consents, and subdivision consents.

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**6. Timeliness of food and hairdresser premises inspections <sup>2</sup>****Target:** Complete annual inspection of 100% of premises requiring health inspection for the future year by 30 June**Performance:** All premises were inspected – *achieved*

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**7. Timeliness of response to complaints of excessive noise <sup>2</sup>****Target:** Complaints of excessive noise – respond within one hour to 90% of excessive noise reports being confirmed**Performance:** After an initial 30 minute stand down period, all noise complaints were attended within one hour – *achieved*

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**8. Timeliness of initial response to reported dog attacks <sup>2</sup>****Target:** 100% of reported dog attacks will receive an initial response within two hours of the complaint being received**Performance:** There is often a delay in reporting attacks but for those reported the target was achieved – *achieved*

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1. Annual Community Survey

2. In-house monitoring

3. Building Consents Survey

## Works programme

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2016
Scheme review – reprioritisation of the District Plan	121	193	Utilities and Renewable Energy plan change completed; Urban Tree Protection review plan change nearing adoption; Significant Natural Areas/Outstanding Landscapes plan change background work commenced.
Open Space Strategy	98	0	Project scope confirmed, working group established, consultants engaged.
Urban Growth Strategy/Rural Implementation	24	0	The Urban Growth Strategy review and Rural Strategy projects have been combined into the preparation of a new city-wide Land Use Strategy. Hearings of submissions on the draft strategy have been completed.
Rural Strategy	130	77	Incorporated into the Land Use Strategy.
<b>Total city planning works programme</b>	<b>373</b>	<b>270</b>	

## Approved carryover projects from previous years budgets

Projects	Budget (\$ 000)	Actual (\$ 000)	Funded by
District plan prioritisation UGS/Rural Strategy	15	9	Rates
District Plan review	22	19	Rates
Maymorn Structure Plan	218	0	Rates/Accumulated Funds
Habitat Improvement Study	84	61	Loans
GoGet System	29	29	Rates
<b>Total</b>	<b>368</b>	<b>118</b>	

## Cost of service statement

<b>Amalgamations:</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>
<ul style="list-style-type: none"> <li>• <b>Building and compliance services</b></li> <li>• <b>Planning</b></li> </ul>	<b>30 June 2016</b>	<b>30 June 2015</b>	<b>30 June 2016</b>
	<b>(\$ 000)</b>	<b>(\$ 000)</b>	<b>(\$ 000)</b>
<b>Operating statement</b>			
Rates	2,802	2,058	2,548
Operating revenue	2,768	1,757	2,069
<b>Total operating revenue</b>	<b>5,570</b>	<b>3,815</b>	<b>4,617</b>
<b>Operating costs</b>			
Operating costs	4,664	3,585	4,159
Interest	18	21	20
Depreciation	0	0	0
<b>Total operating costs</b>	<b>4,682</b>	<b>3,606</b>	<b>4,179</b>
<b>Operating surplus/ (deficit)</b>	<b>888</b>	<b>209</b>	<b>438</b>
<b>Capital and reserves funding statement</b>			
Capital expenditure	0	0	0
Loans repayments	60	69	60
Operating (surplus)/ deficit	(888)	(209)	(438)
Transfer to funds	977	220	385
<b>Total funding required</b>	<b>149</b>	<b>80</b>	<b>7</b>
<b>Funded by</b>			
Funding from non -cash items	89	78	7
Loans raised	60	0	0
Transfer from funds	0	2	0
Accumulated funds	0	0	0
<b>Transfer from funds applied</b>	<b>149</b>	<b>80</b>	<b>7</b>





# Community and recreation

# Community and recreation

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

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

## Community development

Council provides services to the Upper Hutt community which support community participation, connectedness, resilience, and community safety and wellbeing. This is delivered through funding and support to community groups, engagement with young people and older residents, and employment support.

## Parks and reserves

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

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

## Akatarawa Cemetery

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

## Central, Pinehaven and Mobile Libraries

Upper Hutt City Library provides a wide range of easily accessible collections and programmes that inform, inspire, and engage the community. The libraries enrich the lives of residents by creating a safe, welcoming environment that encourages lifelong learning and leisure.

Informational, recreational and local heritage material is gathered and maintained in both print and digital formats. Special emphasis is placed on providing all members of the community the ability to readily access the programmes and services the library provides.

## H<sup>2</sup>O Xtream

H<sup>2</sup>O Xtream is one of New Zealand's premier aquatic facilities comprising of a wave pool, rapid river, a separate lane pool, three exciting hydrosides, pool toys and activities, spa pool, steam room, sauna, café, swim school and many other aquatic activities. While it has a focus on fun for 10 - 14 year olds, the wide range of activities, programmes, and special facilities cater for all members of the public.

## Expressions Whirinaki Arts and Entertainment Centre

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

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

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

## Activation

The Activation team improves the health and wellbeing of the community by assisting them to become more active, more often.

The team works with clubs, active recreation providers, community groups and individuals to develop and support physical activity in the city.

Activation also facilitates a wide range of programmes and events for the community, including the annual Breakaway Festival of Cycling, Youth in Park events, Buggy Walks, ALIVE, GOLD programme, and other community initiatives and workshops.

## Emergency Management

The Wellington Region Emergency Management Office (WREMO) manages Civil Defence Emergency Management services in support of the nine city, district, and regional councils of the Wellington region.

All nine councils fund WREMO and its activities, as well as oversee WREMO through governance provided by a Joint Committee and Coordinating Executives Group.

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

## Work delivered to support the community in 2015 - 2016

### Community Development

#### THE PAINTED ENVIRONMENT

Over the past 12 months the Community Development team has supported two projects involving the painted murals that have appeared around Upper Hutt. With the aid of Ministry of Youth Development's Youth Partnership Fund, Community Development supported over 50 young people aged 12 - 24 years old in our community to develop skills, knowledge and experience to participate confidently in their communities. These young people contributed over 440 hours of their own time to install nine new murals and two rejuvenated murals across the city.

In most instances the young people were responsible for identifying the sites, obtaining legal permission, surveying residents, designing and installing the murals. Many have also produced a report to stakeholders at completion of the projects and several have reported back to Council. Feedback has been overwhelmingly positive.

As well as contributing toward the cultural and heritage character of Upper Hutt, the murals serve several purposes; beautification of Upper Hutt, decreasing graffiti and an increased perception of safety.

These projects have provided the young people involved a sense of ownership and pride in their community. Please see page 6 and 7 for examples of several of the new murals.

For more information about each of the murals go to [www.upperhuttcity.com/painted-environment/](http://www.upperhuttcity.com/painted-environment/)

### **COMMUNITY FINDER**

Upper Hutt City Council has joined with local Councils to provide a regional community group and service directory called CommunityFinder.

The website allows users to search by city and suburb and to view the search results on a map. CommunityFinder is a free service and includes detailed information on the accessibility features of services and venues. Thirty Upper Hutt groups and services already appear on the website and work is being undertaken to ensure the participation of others.

### **WELLINGTON INTERNATIONAL AIRPORT COMMUNITY AWARDS**

His Worship the Mayor hosted the Wellington Airport Community Awards ceremony on 26 August 2015. The *Supreme* award on the night went to Expressions Whirinaki Arts and Entertainment Centre Volunteers. This group assists with the day-to-day running of the Centre as well as with exhibitions and ushering at over 100 performances each year.

The new *Rising Star* award went to St Hilda's Te Kaiawhina I Nga Whanau. This new group is making a big difference in the Timberlea community by connecting whanau and improving community support networks.

"The volume of nominations this year emphasises the importance of these community groups to our city," said Mayor Wayne Guppy. "These awards recognise the volunteers and community groups around Upper Hutt for all of the hard work they do for us".

### **FUNDING ROUNDS**

Three key community funding rounds are administered annually by Council. Council's Community Grants support regional and community organisations and groups that service the residents of Upper Hutt. Creative Communities has two rounds of funding available to support community arts based projects. More information can be found on the Upper Hutt City Council website.

### **EXPOS**

A number of workshops were delivered based on requests from community groups. The workshops included presentations by funders at a funding expo, a health and safety workshop incorporating the changes to the Health and Safety Act, and a sustainable funding workshop. The health and safety and sustainable funding workshops were held in collaboration with Hutt City Council and Volunteer Wellington. These events were well attended with over 150 people attended the various workshops.

## **HEALTH AND WELLBEING WORKSHOPS**

A series of Wellbeing and Resilience workshops were held at Upper Hutt City Library and Timberlea Community House. Partnering with Umbrella Health, trained psychologists delivered interactive sessions that taught practical skills on supporting mental wellbeing and resilience in daily life. These workshops were aimed at older adults to support their cognitive wellbeing, but were attended by people of many ages.

## **UPPER HUTT ACTIVITIES FOR PEOPLE AGED 60+**

The Council developed booklet, 'Upper Hutt activities for people aged 60+' has proved very popular with 1,600 copies printed since December 2015. The resource contains information about local activities.

## **X-ROADS, GOOD MATES, GOOD CHOICES EXPO 2016**

Council supported the X-ROADS, Good Mates, Good Choices Expo 2016. Over 1,800 Hutt Valley students (600 from Heretaunga and Upper Hutt Colleges) attended the interactive Expo held at the Walter Nash Centre in Taita. The event featured stalls and performances aimed at educating young drivers about driving, alcohol and drugs. Students responded positively to the event.

## **LOVES ME NOT - THE SOPHIE ELLIOT FOUNDATION**

Loves-Me-Not focuses on encouraging healthy, equal relationships as opposed to unhealthy, controlling ones. The programme is delivered to year 12 students by trained facilitators. Members of the Community Development Team took part in this year's Love-Me-Not programme at Heretaunga College and co-presented with police, family violence agencies and school teachers.

## **YOUNG ACHIEVERS AWARDS 2016**

The 10<sup>th</sup> Anniversary of the Upper Hutt City Young Achievers Awards took place at Expressions Whirinaki Arts and Entertainment Centre on Wednesday 8 June 2016. Forty seven young people were nominated for awards in five different categories; sports, leadership, cultural and performing arts, mana wahine and mana tane. The mana wahine and mana tane awards were introduced this year to acknowledge those young people who had overcome significant challenges in their lives. All winners and nominees were extremely hard working and talented young people who will be great ambassadors for Upper Hutt in the future.

## **EMPLOYMENT SERVICES**

Council completed an employment placement contract with Work and Income working with forty Upper Hutt residents at risk of long term unemployment. This programme involved supporting and managing people into employment and providing a number of in-work support services.

## **WHITE RIBBON FAMILY DAY, NOVEMBER 2015**

The Community Development team along with Orongomai Marae, local community groups, and sponsors, supported the White Ribbon cause with a White Ribbon Family Day held at the Harcourt Park sound shell on Sunday 22 November 2015, with 1000 people attending. This was a free event to raise awareness of domestic violence in New Zealand and to encourage social change.

## **CHEERS TO OUR VOLUNTEERS**

In the spirit of National Volunteer Week, Council acknowledged the valuable contribution that volunteers provide to our city through a print and digital media *Cheers to our Volunteers* advertising campaign. Billboards, posters, postcards, digital media and advertisements featuring images of Upper Hutt volunteers accompanied by a message of thanks to all the city's volunteers were created.

## **Parks and reserves**

### **MAIDSTONE PARK - TENNIS COURTS**

Four artificial tennis courts have been constructed at Maidstone Park to enhance playing opportunities for the Upper Hutt tennis community. The courts are all weather and illuminated enabling tennis to be played throughout the year, as well as night games.

### **HARCOURT PADDLING POOL - SPLASH PAD EXTENSION**

The Harcourt Paddling Pool is one of the most popular outdoor attractions provided within the city's parks and reserves amenities. During the summer months the area is often filled to capacity, with young children and families spending many hours playing and picnicking in the area.

The development of the new splash pad has extended the existing splash pad spray area and provided additional spray features along with an improved picnic area and a shade feature.

The new facility adds tremendous value to an already popular outdoor facility, will encourage more visitors to the park, and it is hoped it will allow a larger number of people to enjoy the facility at any given time. It will be 'the place to be' for families of small children this summer.

### **CITY ENTRANCE PLANTING**

The garden located in the main roundabout, at the entrance to the city at Gibbon Street, has been converted to a bedding display and includes irrigation. The planting provides an enhanced entrance to the city.

### **MAIDSTONE PARK BUSH AREA**

During the year, several members of Upper Hutt City Council staff assisted the Upper Hutt branch of Forest & Bird on two occasions. The first location was Bartons Bush, within Trentham Memorial Park where the group filled many sacks with noxious weeds.

The second location was the section of the bush at Maidstone Park that was badly damaged by a fire in January 2016. Council officers assisted replanting by making "bombs" out of dung, rolling them in seeds and 'bombing' them down the hill. Seedlings of gorse were also removed.

## **Akatarawa Cemetery Development Plan**

Tenders have been called for the development of an extension to the Akatarawa Cemetery. It is envisaged that planning will be completed by November 2016 with construction programmed between 2021 and 2024.

## Central, Pinehaven and Mobile Libraries

### LYNDA.COM

Lynda.com, a free database of online tutorials on subjects like animation, business, design and software was introduced for Library customers in May 2016. Tutorials are available on computer, tablet or smartphone and are a great resource for people who are unsure of new technologies and for those who want to learn at their own pace.

### ORAL HISTORY PROJECT

As part of its contributions to Upper Hutt's 50th anniversary celebrations, the Library undertook an oral history project aimed at capturing people's memories of life in Upper Hutt during the decade in which it became a city. Nearly twenty interviews were completed and have been made publicly available via the Library's Recollect website. As well as the oral histories, the library acquired a collection of 8mm home movies shot in Upper Hutt and surrounding districts during the 1950s and 1960s by a local family, providing a valuable record of life in Upper Hutt during that time.

### SUMMER READING CHALLENGE

The annual Summer Reading Challenge programme provides children reading practice so they can maintain or increase their reading levels over the summer. The 2015 – 2016 programme was open to four to twelve year old children and ran from 18 December 2015 to 30 January 2016. There was a higher completion rate this year, with 117 children completing the challenge. For the first time the library also offered a summer reading programme for teenagers.

### MĀWAI HAKONA EXHIBITION

An exhibition on Māwai Hakona, Upper Hutt's internationally recognised Māori cultural performance group, was displayed in the Library during February/March 2016. Māwai Hakona celebrated the spirit of cultural partnership embodied in the Treaty of Waitangi. The exhibition featured mannequins and photos displaying original costumes worn by the group. A continuous slideshow of Māwai Hakona images set to a soundtrack of their recordings was also on show.

### COMPUTER MENTORS

Computer mentors voluntarily provide assistance and tuition to individuals using the Upper Hutt City Library's free internet computers and WiFi. Assistance is provided on basic computer tasks, online job searching and navigating government websites. This service was introduced in March 2013 and mentors are available from 10am to 12noon, Monday to Saturday.

### BOOK IN EVERY BACKPACK PROGRAMME

The Book in Every Backpack (BIEB) programme has been successfully running since 2010. The primary purpose of this programme is to provide access to Library programmes and resources to all children in Upper Hutt. The Library aims to encourage children to enjoy reading and to become regular library users by fostering positive relationships between families, schools, public libraries and librarians.

This is a partnership between the Upper Hutt City Library and eleven Upper Hutt schools.

## H<sup>2</sup>O Xtream

### POLICY

H<sup>2</sup>O Xtream reviewed its ratios for swimming adults to swimming children. Research was carried out to confirm rulings nationally. The new ruling of 1 adult to 2 under 5 year olds, and 1 adult to 4, 5-8 year olds has been implemented.

### PUBLIC LIFESAVING COURSE

H<sup>2</sup>O Xtream developed a basic, condensed lifesaving lesson, based on the practical of the National Lifeguard Certificate. Carers from Epuni Care and Protection Residence, and staff from the New Zealand Institute of Sport (NZIS) have been trained by staff at H<sup>2</sup>O Xtream. Following the course, one of the Epuni carers was able to use the skills learnt in the course in a rescue at the river. NZIS have included this water element to their qualification.

## Expressions Whirinaki Arts and Entertainment Centre

Throughout the year visitors to Expressions Whirinaki experienced a wide range of exhibitions and events, including science fiction work from New Zealand's award winning designers, the science behind sound, world class classical performers, the iconic pop star Dave Dobbyn, a street art showcase and spell-binding theatre shows for children.

### EXHIBITIONS:

#### Upper Hutt Heroes

A major exhibition this year was the Golden Jubilee exhibition *Upper Hutt Heroes* commemorating 50 years of Upper Hutt being a city. *Upper Hutt Heroes* featured 50 Upper Hutt heroes, one for every year from 1966 (when Upper Hutt was declared a city) to 2015 ranging from sporting, cultural, musical and artistic, to educational, military and political heroes.

#### The Presidents: From JFK to Obama

This touring exhibition from The Australian Centre for Photography came to New Zealand, for the first time, as part of The New Zealand Festival. The exhibition featured four decades of photographs of The President of the United States of America taken by David Burnett.

#### Shadows of Shoah

This emotionally charged exhibition of black and white photographs of Holocaust Survivors, left visitors in tears.

#### Expressions Whirinaki touring exhibition programme

This year Expressions Whirinaki has extended the life and reach of their exhibitions to establish a touring exhibition programme. Notably, Creative New Zealand funded a four venue tour of the exhibition *Waitangi Wahine* to over 20,000 visitors around the North Island.



## AWARDS

Congratulations to the staff of the Upper Hutt i-SITE on winning the 2015 Qualmark New Zealand Customer Experience Award, recognising the team's innovation, excellence and outstanding customer service.

Expressions Whirinaki was also a finalist for the Best Exhibition Experience category at the 2016 Museums Aotearoa Award for the 2015 exhibition *Submergence*.

## PERFORMANCES AT EXPRESSIONS WHIRINAKI

Expressions Whirinaki presented over 120 performing arts events this year including monthly ukulele strum alongs, the Latin American Film Festival and the music programme Late Nite Sound Bites. A major success in the Gillies Group theatre was the ten performance season of *Oliver!* from the Upper Hutt Musical Theatre. Marking their 40th anniversary, this season was a huge success with many shows selling out. During dance season the theatre hosted four dance schools for their end of year production. A new addition to the season was the introduction of a performance by students from the NZ School of Dance.

## PROFESSIONALS RECREATION HALL

The Professionals Recreation Hall hosted a diverse range of national and regional events including the national rock and mineral show, the mind body and spirit show, a child cancer boxing match, regional martial arts judging, a three day gaming convention, a five day national Taoist Ta Chi convention, the national model truck expo, and the miniature war games expo.

Major events included the Rotary Book Fest (which over 8,000 people attended), the Well Made craft fair and Christmas at Expressions.

## Activation

### WORLD WAR ONE RE-ENACTMENT MARCH

Activation was proud to be part of the organising committee for the World War One Re-enactment March from Featherston, over the Rimutaka Hill, through the city centre, then on to the Trentham Army Camp on 27 September 2015. The walk paid tribute to the 60,000 or so men who made the trek 100 years ago over the hill from their Featherston training camp. A commemoration service was held at the summit, where the Mayor laid a tribute on behalf of Upper Hutt at the foot of the new iron and stone monument.

### TOP SCHOOL

On the evening of Thursday 18 February 2016 the inaugural Top School event was held at Harcourt Park where nine Upper Hutt primary school communities went head to head in the tabloid sports arena. This was a truly exciting event and a first for the Upper Hutt region. Teams were comprised of students, parents and teachers. The games and activities were themed around family movies, and supporters and participants dressed up in character to support their school displaying some awesome creativity and school spirit. Each game was run and officiated by a council staff member or by a volunteer from sponsor organisation The Gas Hub. With 90 competitors, 100 plus supporters and around 20 volunteers, the atmosphere was electric and the competition fierce.

Feedback from those competing and supporting was extremely positive and this event will be run again in 2017.

## DAVID BOND - PROJECT WILD THING - MOVIE

Approximately 60 people attended the screening of David Bond's film Project Wild Thing at the Soundshell in Harcourt Park during the summer. David Bond refers to himself as a "marketing director for nature" whose aim is to get kids to love nature as much as they love technology. His film delves into 'how a whole generation of children are fascinated by screens but strangers to the natural world'.

The following morning Activation hosted an open breakfast at the Library where David shared his Project Wild Thing journey, reiterating the importance of getting kids outside. Approximately 30 people attended the breakfast.

## Emergency Management - Civil Defence

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

## Level of service objectives and performance measures

### Community - level of service objectives

Providing services to support an informed, connected and resilient community.

#### PERFORMANCE MEASURES

#### 1. Community satisfaction with the level of customer service provided by library staff <sup>1</sup>

**Target:** 95% of respondents are satisfied or very satisfied

**Performance:** 97% of respondents were satisfied or very satisfied — *achieved*



#### 2. Satisfaction with the level of community group engagement by the Community Development team <sup>2</sup>

**Target:** 90% satisfaction

**Performance:** 100% of respondents were satisfied or very satisfied — *achieved*



#### 3. Visits to library facilities in the 12 months to 30 June <sup>3</sup>

**Target:** Minimum of 350,000 visitors

**Performance:** 345,000 visitors — *not achieved*



More people are choosing to access Library services online as reflected in the large increase in digital engagement

#### 4. Level of digital engagement with the library in the 12 months to 30 June <sup>3</sup>

**Target:** Minimum of 700,000 digital\* connections made

**Performance:** 1,206,418 digital connections made — *achieved*



#### 5. Satisfaction with the quality of library programmes delivered <sup>3</sup>

**Target:** 95% of respondents are satisfied or very satisfied

**Performance:** 95% of respondents are satisfied or very satisfied — *achieved*



## 6. Our community is increasingly prepared for a civil defence emergency <sup>1</sup>

**Target:** 80% of households are prepared for a civil defence emergency



**Performance:** 79% of households are prepared for a civil defence emergency – *not achieved*

During the development of the Long Term Plan this target increased from 75% to 80%. Following the Christchurch earthquake in 2011 residents became more diligent around being prepared for a civil defence emergency however it would appear that people are becoming more complacent as time goes on.

<sup>1</sup> Annual Community Survey    <sup>2</sup> Annual Community Development Group Survey    <sup>3</sup> In-house monitoring

\*Digital connections refers to the use of technology by customers:

- Engaged users on social media: Daily users engagement.
- Website visits: Page views.
- Recollect: Page views.
- Use of public internet computers: sessions.
- Use of public Wi-Fi: sessions.
- E-book downloads.
- Access to databases: as defined by the analytics for each database.

## Recreation - level of service objectives

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

### PERFORMANCE MEASURES

#### 1. Community satisfaction with the range of high quality aquatic leisure opportunities provided, for people of all ages and abilities, by H<sub>2</sub>O Xstream <sup>1</sup>

**Target:** 95% of respondents are satisfied or very satisfied



**Performance:** 91% satisfaction—*not achieved*

Further resource has been allocated to focus on improving this specific measure

#### 2. H<sub>2</sub>O Xstream will meet or exceed all required compliance standards for swimming pool operation <sup>2</sup>

**Target:** PoolSafe Accreditation



**Performance:** *Achieved*

#### 3. H<sub>2</sub>O Xstream annual attendance figures <sup>3</sup>

**Target:** At least 230,000 people visit over the year



**Performance:** Attendance = 203,714 – *not achieved*

Attendance figures remain stable and relative to the previous two financial years: 2014 – 2015 = 182,170 attendees (note, pool was closed for six weeks during this period), 2013 – 2014 = 204,678 attendees.

#### 4. Community satisfaction with the range and quality of events and exhibitions provided at Expressions Arts and Entertainment Centre <sup>1</sup>

**Target:** 90% of respondents are satisfied or very satisfied



**Performance:** 97% satisfaction – *achieved*

**5. Number of visitors to the Expressions Arts and Entertainment Centre <sup>4</sup>****Target:** 90,000 visitors per annum**Performance:** 148,000 – *achieved***6. Community satisfaction with the level of provision of open space, amenities, and gardens <sup>1</sup>****Target:** 95% of respondents are satisfied or very satisfied**Performance:** 95% satisfaction – *achieved***7. Level of satisfaction with the range and quality of local initiatives and programmes delivered by Activation to meet the needs of the Upper Hutt community <sup>5</sup>****Target:** 80% of programme participants rate the initiatives as being satisfactory or better at meeting the specific needs of the community. (5 key programmes will be evaluated).**Performance:** 97.5% satisfaction – *achieved*<sup>1</sup> Annual Community Survey<sup>2</sup> Pool Safe Assessment<sup>3</sup> In-house computer software system (pool)<sup>4</sup> In-house Expressions monitoring<sup>5</sup> In-house Activation monitoring

## Works programme

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2016
<b>Asset management to replace existing assets</b>			
EM Vehicles	95	0	There has been a change of ownership of all fire vehicles
PR Toilets	90	28	\$25,000 carried over due to delay with the Mall redevelopment
PR Shower and changing room upgrades	6	4	Achieved
PR Amenities replacement	75	41	\$27,000 carried over
PR New roading seal	1	0	Not required
PR Renewal roading resealing	12	15	Achieved
PR Play equipment	165	4	\$150,000 carried over
PR Walkway asset replacement / refurbishment	46	45	Achieved
PR City entranceway planting	36	36	Achieved
PP Civic Centre extraordinary maintenance AMP renewals	44	48	This budget was moved and reclassified from operating costs to asset management
EX Extraordinary maintenance AMP renewals	29	29	Reclassified operating budget for renewal expenditure
LB Equipment replacements	59	40	Remainder carried over

<b>Projects</b>	<b>Budget (\$ 000)</b>	<b>Actual (\$ 000)</b>	<b>Achievements at 30 June 2016</b>
PR Street tree renewals	104	104	This budget was moved and reclassified from operating costs to asset management
<b>Capital works – to meet additional demand</b>			
CE Cemetery development	100	4	\$100,000 carried over
<b>Capital works – to improve the level of service</b>			
PR Esplanade reserve land	0	22	An unbudgeted amount to purchase an esplanade strip
PR Parks building upgrade	6	4	Achieved
PR Walkway signage	3	3	Achieved
PR Sealing of Hutt River trail programme	143	0	\$143,000 carried over
PR National cycleway - widening the Hutt River Trail	38	0	\$37,500 carried over
PR Sculpture Trail	25	0	\$25,000 carried over
PR City Environmental Improvement	68	0	\$67,500 carried over
PR Citywide recreational walkway/cycleway network	25	25	Achieved
PR Harcourt Park paddling pool splash pad	245	243	Achieved
PR New pathways and walkways	22	0	\$22,000 carried over
PR Maidstone Park football / rugby turf	3,834	0	Land sales not achieved
PR Expressions of heritage and identity	77	0	Carried over
LB Library resources	204	205	Expended on Resources
LB APNK - Public Internet	21	9	Enabled free internet access
EX Expressions extension	50	15	Remainder carried over
EX Additional toilets and storage	10	8	Achieved
SS Document management software	107	107	Achieved. This project is making good progress. More work is budgeted for 2017 – 2018. Classified as operating cost
<b>Projects</b>			
CS Youth strategy	13	10	Noted under 'Actions undertaken to support the community'
CS Safe and healthy cities	22	18	As above
AC Activation	283	308	As above
PR Large trees in reserves	10	10	Achieved
PR Native forest management programme	3	2	Achieved
PR Monitoring native bush	4	3	Achieved
PP Feasibility study – community space	50	25	Achieved

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2016
SS Sustainable strategy programme	89	23	Planting in Mangaroa Valley, sustainable business initiative, building resilient community's initiatives, eco-design initiative, Enviroschools, energy monitoring and management.
<b>Total community and recreation works programme</b>	<b>6,214</b>	<b>1,438</b>	

**KEY TO COST CENTRES**

CS = Community services

PR = Parks and reserves

LB = Library

AC = Activation

EX = Expressions

CE = Cemetery

EM = Emergency management

HO = H<sup>2</sup>O Xstream

PP = Property

SS = Support services

**Approved carryover projects from previous years budgets**

Projects	Budget (\$ 000)	Actual (\$ 000)	Funded by
Network management	40	38	Rates
Document management	50	31	Rates
Finance reporting module	18	23	Rates
DAMO consultants	136	26	Rates
Sealing Hutt River Trail	79	0	Rates
Tennis courts	716	790	Loans/grants
New pathways and walkways	15	9	Rates
HAPAI Club maintenance	60	1	Rates/accumulated funds
Community houses maintenance	14	8	Rates
Civic Centre maintenance	98	91	Rates
<b>Total</b>	<b>1,226</b>	<b>1,017</b>	

## Cost of service statement—Community and recreation

Amalgamations:		Actual	Actual	Budget
<ul style="list-style-type: none"> <li>• Community services</li> <li>• Parks and reserves</li> <li>• H<sup>2</sup>O Xstream</li> <li>• Expressions</li> </ul>	<ul style="list-style-type: none"> <li>• Activation</li> <li>• Emergency management</li> <li>• Support services</li> <li>• Property</li> </ul>	30 June 2016	30 June 2015	30 June 2016
		(\$ 000)	(\$ 000)	(\$ 000)
<b>Operating statement</b>				
Rates		9,057	8,716	9,432
Operating revenue		3,877	2,583	6,607
		12,934	11,299	16,039
<b>Total operating revenue</b>				
Operating costs		10,703	9,926	10,400
Interest		286	290	341
Depreciation		2,083	2,256	2,129
		<b>13,072</b>	<b>12,472</b>	<b>12,870</b>
		<b>(138)</b>	<b>(1,173)</b>	<b>3,169</b>
<b>Capital and reserves funding statement</b>				
Capital expenditure		1,847	1,907	5,561
Loans repayments		315	615	529
Operating (surplus)/ deficit		138	1,173	(3,169)
Transfer to funds		167	94	4,553
Transfer to non-rate funds		19	54	0
		<b>2,486</b>	<b>3,843</b>	<b>7,474</b>
<b>Funded by</b>				
Funding from non-cash items		1,754	2,354	2,155
Non-rate funded		0	25	0
Loans raised		652	628	792
Loans to be raised		0	0	0
Transfer from funds		80	836	4,527
Accumulated funds		0	0	0
		<b>2,486</b>	<b>3,843</b>	<b>7,474</b>



# Economic development



# Economic development

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

## Work delivered to support the community in 2015 - 2016

### Economic Development Stimulus Policy (EDSP)

While not all of the progress our city is making is directly attributed to the Economic Development Stimulus Policy (EDSP) there is no doubt the introduction of the EDSP has made a contribution.

Council's EDSP has assisted the establishment of many new businesses in the city centre and surrounding areas and enabled several retailers to improve their store fit out. These enhancements have created an up-to-date retail centre and boosted the confidence of those considering Upper Hutt as a place to set up business.

### Engaging with developers, businesses, and land owners

Council has engaged with developers, businesses and land owners on a variety of business propositions throughout the year, resulting in a number of new opportunities for Upper Hutt. Council has also continued to collaborate with existing building owners and landlords to improve the way our city centre is presented and perceived, resulting in the improved presentation of a number of areas within the city centre and an increase in the uptake of retail space.

### Assisting and attracting new businesses

Significant time and resource went into profiling Council's ability to attract new business through its EDSP during the course of the year. The EDSP has received exposure through various publications such as Business North, NZ Retail and NZ Business Magazine.

In September 2015 Council was represented at the Brewers Guild Conference. There was a positive response off the back of this conference and Council continues to work on a number of leads.

### New Zealand Campus of Innovation and Sport (ex CIT)

Council's Economic Development Manager is working closely with the New Zealand Campus of Innovation and Sport (ex CIT) to develop the space as a hub for new business, with a focus on innovation. There is a lot of interest in this development with several placements of new businesses within the campus over the past 21 months.

### Supporting Retail in Upper Hutt

Council's dedicated Retail Coordinator has taken a lead role in supporting the city's retail community, resulting in increased collaboration and strengthened partnerships between retailers and Council.

To help enhance resilience and build knowledge in our business community the following workshops were delivered over the past year:

- Grow Your Business – five practical ways to transform your business
- Sustainability - an Information evening
- Making the Leap Online – an introduction to websites
- Facebook Strategy and Potential – a hands on practical session
- 360° Photography
- Emergency Preparedness
- Introduction to Instagram

The topics chosen were informed by requests and feedback from the business community.

### **RETAIL VACANCY RATES IN THE CITY CENTRE**

In the last 12-18 months our city has seen the introduction of 26 new businesses.

This exciting period of development was further highlighted by the Bayley's Research Wellington Retail survey 2015, which showed Upper Hutt is one of the only areas (outside of the Wellington CBD) in the Wellington region where the retail vacancy rate is reducing.

### **PROMOTING UPPER HUTT SHOPPING**

The Upper Hutt City Centre Facebook page was established in September 2015 and has created a central point to promote the opening of new businesses, events and marketing promotions. The City Centre Facebook page, along with the [visitupperhuttcity.com](http://visitupperhuttcity.com) website shopping pages, have provided our expanding retail offering new and affordable marketing options to increase their visibility to both local and regional shoppers.

Vibrant Hutt Magazine and Lucky Christmas Shopper have become regular features in the City Centre Calendar along with the development of promotions for the winter months.

## **Marketing and communications**

The last twelve months has seen subtle shifts in the delivery of the Marketing Strategy, mostly driven by market forces and adapting to a changing environment.

The previous year saw a focus on engaging with an audience from outside of Upper Hutt in effort to attract them to our tourism, retail, and lifestyle aspects, however the increased demand for housing has shifted the focus slightly and allowed the Marketing team to deliver support to promote commercial investment and to actively market existing businesses, particularly those based in our city centre.

When the amalgamation discussion occurred, the community was very clear about its pride in Upper Hutt. This created a perfect platform to launch a campaign where we celebrate these very things - our people, our environment, our heritage, and our uniqueness.

Creating local ambassadors out of everyone who participates, the *Our Neighbourhood, My Upper Hutt* campaign provides a social platform for Upper Hutt residents to share their stories, anecdotes, photos, memories, and daily happenings. Initially launching with profiles of local personalities, the campaign

aggregates messages from social media feeds to present a snapshot of life in Upper Hutt at any time. It also collects memories across several themes, inspiring others to upload their own.

While the campaign sits within the digital world, on a website and across social media, this is a very human campaign and it is the imagery from our community that really tells our stories. These images have been used so far in flags across the city depicting some of our residents at work and at play.

## Events

Community events play an important role in developing a sense of civic pride among residents. Our events allow Council to foster relationships within the community, building networks that help to make Upper Hutt an attractive location for residents and visitors alike.

Along with our regular events, such as the Santa Parade, March Madness, and Anzac Day ceremony, Council held the Upper Hutt Cadet Unit Charter Parade and Freedom Ceremony.

Combined, our events draw an estimated 40,000 people to the city centre.

- The **Upper Hutt Cadet Unit Charter Parade and Freedom Ceremony** took place on Sunday 1 May. Mayor Wayne Guppy and CEO Chris Upton spoke at the event, which was received well by our community. When shared on social media, the photo album for the Charter Parade was the highest engaged post on our social media across all channels with an engagement rate of 22.9% – a reflection of the good relationship between the cadet corps and the city of Upper Hutt.
- Council delivered another successful **March Madness Fair** last year. Held for the third year, the event is always a major drawcard for Upper Hutt, bringing quality products to our community and attracting over 27,000 people to our city centre. Feedback from retailers, other stall holders and members of the public was once again overwhelmingly positive, with retailers citing increased foot traffic and sales.

## Level of service objectives and performance measures

### Level of service objective

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

### PERFORMANCE MEASURES

#### 1. Engaged business: satisfaction with the level of Council support in relation to economic development <sup>1</sup>

**Target:** 75% of respondents are satisfied or very satisfied

**Performance:** 93% of respondents were satisfied or very satisfied with Council's support in relation to economic development – *achieved*



**2. City centre retailers' satisfaction with the level of support provided to build vibrancy in our city centre <sup>2</sup>****Target:** 85% of respondents are satisfied or very satisfied**Performance:** 91% of respondents were satisfied or very satisfied with the level of support from Council in building a vibrant city centre – *achieved*<sup>1</sup> Business survey<sup>2</sup> City centre retailers' survey

## Works programme

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2016
Vacant property programme	5	5	Considerable improvements have been made across the city in particular in our city centre where retail vacancies have reduced.
Upper Hutt Marketing Strategy	104	107	Council's continued efforts to attract new residents and visitors have been effective and steady progress has been made against each of these objectives. A new multi-year campaign to unite local residents and build civic pride was launched, and the city brand/fantail is becoming more recognised.
Business and residents opportunity prospectus	5	2	Council continues to build on its suite of information for the Upper Hutt region including our investment prospectus which has been produced and updated.
Opportunities profile and business outreach programme	13	14	Marketing material exposing and profiling business excellence through our business profiles continues to grow. Council was also present at a trade conference promoting the Upper Hutt proposition for investment opportunities.
Smartlinx 3	5	0	Not required.
City centre management	19	26	Steady progress has been made in this area with an increase in engagement and participation from our retail community, resulting in more collaborative promotions and greater retail activity and spends.
Regional marketing initiatives	10	10	Upper Hutt continues to be marketed as a destination to families and outdoor enthusiasts in the international market. Work is underway to attract golfing and elite tourists during the upcoming international golf tournament.
The Great Ride Cycleway	5	5	Council has participated in collaborative marketing of the Great Ride to both domestic and international markets.
Economic development stimulus package	500	200	This funding has continued to assist Council's ability in attracting new investment to our city. We have seen

significant benefits off the back of this policy through new business setting up in Upper Hutt and assisting others to expand.

<b>Total economic development works programme</b>	<b>666</b>	<b>369</b>
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## Approved carryover project from the previous year's budget

<b>Projects</b>	<b>Budget (\$ 000)</b>	<b>Actual (\$ 000)</b>	<b>Funded by</b>
Website maintenance	26	23	Rates
City centre management	10	9	Rates
Sustainable business programme	35	41	Rates
Brochures and promotional design	11	13	Rates
<b>Total</b>	<b>82</b>	<b>86</b>	

## Cost of service statement

	Actual 30 June 2016 (\$ 000)	Actual 30 June 2015 (\$ 000)	Budget 30 June 2016 (\$ 000)
<b>Operating statement</b>			
General rates	1,390	1,129	1,287
Operating revenue	33	35	12
<b>Total operating revenue</b>	<b>1,423</b>	<b>1,164</b>	<b>1,299</b>
Operating costs	1,501	1,661	1,660
Interest	28	8	41
Depreciation	1	1	0
<b>Total operating costs</b>	<b>1,530</b>	<b>1,670</b>	<b>1,701</b>
<b>Operating surplus/ (deficit)</b>	<b>(107)</b>	<b>(506)</b>	<b>(402)</b>
<b>Capital and reserves funding statement</b>			
Capital expenditure	0	0	0
Loans repayments	100	0	100
Operating (surplus)/ deficit	107	506	402
Transfer to funds	0	0	0
<b>Total funding required</b>	<b>207</b>	<b>506</b>	<b>502</b>
<b>Funded by</b>			
Funding from non-cash expenses	7	6	2
Loans raised	200	500	500
Transfer from funds	0	0	0
Accumulated funds	0	0	0
<b>Transfer from funds applied</b>	<b>207</b>	<b>506</b>	<b>502</b>

# Funding impact statements

## Funding impact statement for groups of activities

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

**Key:**

**AR** – Annual Report

**AP** – Annual Plan

**LTP** – Long Term Plan

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## All activities

<b>Upper Hutt City Council: Funding Impact Statement for 30 June 2016 For whole of Council</b>	<b>Year 3 Annual Report 2014-15 (\$ 000)</b>	<b>Year 3 Annual Report 2014-15 (\$ 000)</b>	<b>Year 1 Annual Plan 2015-16 (\$ 000)</b>	<b>Year 1 Actual 2015-16 (\$ 000)</b>
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	19,589	18,165	20,651	20,276
Targeted rates	13,142	12,549	13,463	12,808
Subsidies and grants for operating purposes	1,690	648	1,636	679
Fees and charges	11,731	5,283	5,534	6,434
Interest and dividends from investments	181	364	291	366
Local authority fuel tax, fines, infringement fees, and other receipts	982	845	989	1,008
<b>Total operating funding (A)</b>	<b>47,315</b>	<b>37,854</b>	<b>42,564</b>	<b>41,571</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	34,812	33,289	34,258	34,185
Finance costs	1,686	1,412	1,892	1,535
Other operating funding applications	100	0	169	52
<b>Total applications of operating funding (B)</b>	<b>36,598</b>	<b>34,701</b>	<b>36,319</b>	<b>35,772</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>10,717</b>	<b>3,153</b>	<b>6,245</b>	<b>5,799</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	1,314	1,871	1,696	3,676
Development and financial contributions	352	51	332	6
Increase(decrease) in debt	5,801	3,248	4,604	3,682
Gross proceeds from sale of assets	0	0	4,382	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>7,467</b>	<b>5,170</b>	<b>11,014</b>	<b>7,364</b>
<b>Applications of capital funding</b>				
<b>Capital expenditure</b>				
- to meet additional demand	4,506	47	285	807
- to improve the level of service	7,827	3,256	10,459	7,014
- to replace existing assets	5,259	6,535	6,996	6,295
Increase (decrease) in reserves	411	(1,515)	(772)	(953)
Increase (decrease) of capital investments	181	0	291	0
<b>Total applications of capital funding (D)</b>	<b>18,184</b>	<b>8,323</b>	<b>17,259</b>	<b>13,163</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(10,717)</b>	<b>(3,153)</b>	<b>(6,245)</b>	<b>(5,799)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



<b>Upper Hutt City Council: Funding Impact Statement for 30 June 2016 For Leadership</b>	<b>Year 3 Long-term Plan 2014-15 (\$ 000)</b>	<b>Year 1 Long-term Plan 2015-16 (\$ 000)</b>	<b>Year 1 Actual 2015-16 (\$ 000)</b>
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	2,402	2,473	2,336
Targeted rates (other than a targeted rate for water supply)	119	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges, and targeted rate for water supply	0	86	5
Internal charges and overheads recovered	35	33	68
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>2,556</b>	<b>2,592</b>	<b>2,409</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	856	973	847
Finance costs	0	0	0
Internal charges and overheads applied	1,700	1,619	1,615
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>2,556</b>	<b>2,592</b>	<b>2,462</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>0</b>	<b>0</b>	<b>(53)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	(53)
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>0</b>	<b>0</b>	<b>(53)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>0</b>	<b>0</b>	<b>53</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Upper Hutt City Council: Funding Impact Statement for 30 June 2016</b>	<b>Year 3 Long-term Plan 2014-15 (\$ 000)</b>	<b>Year 1 Long-term Plan 2015-16 (\$ 000)</b>	<b>Year 1 Actual 2015-16 (\$ 000)</b>
<b>For Land Transport</b>			
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	5,419	5,225	4,998
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	1,181	1,612	465
Fees and charges, and targeted rate for water supply	43	56	96
Internal charges and overheads recovered	113	115	161
Local authority fuel tax, fines, infringement fees, and other receipts	160	150	155
<b>Total operating funding (A)</b>	<b>6,916</b>	<b>7,158</b>	<b>5,875</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,149	3,338	3,276
Finance costs	521	608	441
Internal charges and overheads applied	1,158	840	1,010
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>5,828</b>	<b>4,786</b>	<b>4,727</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>1,088</b>	<b>2,372</b>	<b>1,148</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	1,433	1,671	3,156
Development and financial contributions	352	332	6
Increase (decrease) in debt	2,385	2,029	2,442
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>4,170</b>	<b>4,032</b>	<b>5,604</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	0	15	0
- to improve the level of service	2,258	3,496	5,013
- to replace existing assets	2,648	2,970	2,263
Increase (decrease) in reserves	352	(77)	(524)
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>5,258</b>	<b>6,404</b>	<b>6,752</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(1,088)</b>	<b>(2,372)</b>	<b>(1,148)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Upper Hutt City Council: Funding Impact Statement for 30 June 2016</b>	<b>Year 3 Long-term Plan 2014-15 (\$ 000)</b>	<b>Year 1 Long-term Plan 2015-16 (\$ 000)</b>	<b>Year 1 Actual 2015-16 (\$ 000)</b>
<b>For Water Supply</b>			
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates (other than a targeted rate for water supply)	5,214	5,183	5,148
Subsidies and grants for operating purposes	0	0	0
Fees and charges, and targeted rate for water supply	1,077	1,041	1,180
Internal charges and overheads recovered	86	88	122
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>6,377</b>	<b>6,312</b>	<b>6,450</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,379	4,311	4,276
Finance costs	43	40	39
Internal charges and overheads applied	814	793	912
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>5,236</b>	<b>5,144</b>	<b>5,227</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>1,141</b>	<b>1,168</b>	<b>1,223</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	255	(45)	105
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>255</b>	<b>(45)</b>	<b>105</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	242
- to replace existing assets	1,396	1,300	1,263
Increase (decrease) in reserves	0	(177)	(177)
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>1,396</b>	<b>1,123</b>	<b>1,328</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(1,141)</b>	<b>(1,168)</b>	<b>(1,223)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Upper Hutt City Council: Funding Impact Statement for 30 June 2016</b>	<b>Year 3 Long-term Plan 2014-15 (\$ 000)</b>	<b>Year 1 Long-term Plan 2015-16 (\$ 000)</b>	<b>Year 1 Actual 2015-16 (\$ 000)</b>
<b>For Wastewater</b>			
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates (other than a targeted rate for water supply)	6,487	6,503	6,053
Subsidies and grants for operating purposes	0	0	0
Fees and charges, and targeted rate for water supply	133	111	86
Internal charges and overheads recovered	113	114	146
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>6,733</b>	<b>6,728</b>	<b>6,285</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3,827	3,757	3,591
Finance costs	785	828	706
Internal charges and overheads applied	625	574	487
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>5,237</b>	<b>5,159</b>	<b>4,784</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>1,496</b>	<b>1,569</b>	<b>1,501</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	451	1,941	93
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>451</b>	<b>1,941</b>	<b>93</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	0	0	0
- to improve the level of service	648	2,107	508
- to replace existing assets	1,299	1,723	1,978
Increase (decrease) in reserves	0	(320)	(892)
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>1,947</b>	<b>3,510</b>	<b>1,594</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(1,496)</b>	<b>(1,569)</b>	<b>(1,501)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Upper Hutt City Council: Funding impact statement for 30 June 2016</b>	<b>Year 3 Long-term Plan 2014-15 (\$ 000)</b>	<b>Year 1 Long-term Plan 2015-16 (\$ 000)</b>	<b>Year 1 Actual 2015-16 (\$ 000)</b>
<b>For Stormwater</b>			
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates (other than a targeted rate for water supply)	2,311	1,777	1,607
Subsidies and grants for operating purposes	0	0	0
Fees and charges, and targeted rate for water supply	0	0	31
Internal charges and overheads recovered	37	36	59
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>2,348</b>	<b>1,813</b>	<b>1,697</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,060	1,320	1,220
Finance costs	7	5	18
Internal charges and overheads applied	428	433	402
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>1,495</b>	<b>1,758</b>	<b>1,640</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>853</b>	<b>55</b>	<b>57</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	134	170	607
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>134</b>	<b>170</b>	<b>607</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	0	170	0
- to improve the level of service	134	0	772
- to replace existing assets	853	400	230
Increase (decrease) in reserves	0	(345)	(338)
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>987</b>	<b>225</b>	<b>664</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(853)</b>	<b>(55)</b>	<b>(57)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Upper Hutt City Council: Funding Impact Statement for 30 June 2016</b>	<b>Year 3 Long-term Plan 2014-15 (\$ 000)</b>	<b>Year 1 Long-term Plan 2015-16 (\$ 000)</b>	<b>Year 1 Actual 2015-16 (\$ 000)</b>
<b>For Solid Waste</b>			
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	(523)	(274)	(307)
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges, and targeted rate for water supply	673	520	544
Internal charges and overheads recovered	2	3	4
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>152</b>	<b>249</b>	<b>241</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	43	94	80
Finance costs	0	0	0
Internal charges and overheads applied	109	155	161
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>152</b>	<b>249</b>	<b>241</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	0
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Upper Hutt City Council: Funding Impact Statement for 30 June 2016</b>	<b>Year 3 Long-term Plan 2014-15 (\$ 000)</b>	<b>Year 1 Long-term Plan 2015-16 (\$ 000)</b>	<b>Year 1 Actual 2015-16 (\$ 000)</b>
<b>For Planning and Regulatory Services</b>			
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	2,057	2,548	2,802
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges, and targeted rate for water supply	1,882	1,784	2,479
Internal charges and overheads recovered	40	42	203
Local authority fuel tax, fines, infringement fees, and other receipts	267	244	209
<b>Total operating funding (A)</b>	<b>4,246</b>	<b>4,618</b>	<b>5,693</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,340	2,751	3,421
Finance costs	95	20	18
Internal charges and overheads applied	1,215	1,402	1,277
Other operating funding applications	2	0	0
<b>Total applications of operating funding (B)</b>	<b>3,652</b>	<b>4,173</b>	<b>4,716</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>594</b>	<b>445</b>	<b>977</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(274)	(60)	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>(274)</b>	<b>(60)</b>	<b>0</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	320	385	977
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>320</b>	<b>385</b>	<b>977</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(594)</b>	<b>(445)</b>	<b>(977)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Upper Hutt City Council: Funding Impact Statement for 30 June 2016</b>	<b>Year 3 Long-term Plan 2014-15 (\$ 000)</b>	<b>Year 1 Long-term Plan 2015-16 (\$ 000)</b>	<b>Year 1 Actual 2015-16 (\$ 000)</b>
<b>For Community and Recreation</b>			
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	9,153	9,432	9,057
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	151	24	214
Fees and charges, and targeted rate for water supply	2,299	2,020	2,006
Internal charges and overheads recovered	159	156	221
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>11,762</b>	<b>11,632</b>	<b>11,498</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	8,727	9,242	7,607
Finance costs	272	351	285
Internal charges and overheads applied	1,988	1,122	2,508
Other operating funding applications	167	169	52
<b>Total applications of operating funding (B)</b>	<b>11,154</b>	<b>10,884</b>	<b>10,452</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>608</b>	<b>748</b>	<b>1,046</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	25	520
Development and financial contributions	0	0	0
Increase (decrease) in debt	162	168	335
Gross proceeds from sale of assets	0	4,382	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>162</b>	<b>4,575</b>	<b>855</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	0	100	807
- to improve the level of service	977	4,857	479
- to replace existing assets	381	604	561
Increase (decrease) in reserves	(588)	(238)	54
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>770</b>	<b>5,323</b>	<b>1,901</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(608)</b>	<b>(748)</b>	<b>(1,046)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>



<b>Upper Hutt City Council: Funding Impact Statement for 30 June 2016</b>	<b>Year 3 Long-term Plan 2014-15 (\$ 000)</b>	<b>Year 1 Long-term Plan 2015-16 (\$ 000)</b>	<b>Year 1 Actual 2015-16 (\$ 000)</b>
<b>For Economic Development</b>			
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	930	1,287	1,390
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges, and targeted rate for water supply	16	7	7
Internal charges and overheads recovered	6	12	26
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>952</b>	<b>1,299</b>	<b>1,423</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	768	1,435	1,228
Finance costs	0	41	28
Internal charges and overheads applied	184	223	267
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>952</b>	<b>1,699</b>	<b>1,523</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>0</b>	<b>(400)</b>	<b>(100)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	400	100
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>400</b>	<b>100</b>
<b>Applications of capital funding</b>			
<b>Capital expenditure</b>			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	0
- to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	0
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>0</b>	<b>400</b>	<b>100</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

# Schedule 5

## Annual report disclosure statement

### Annual report disclosure statement for year ending 30 June 2016

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

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

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

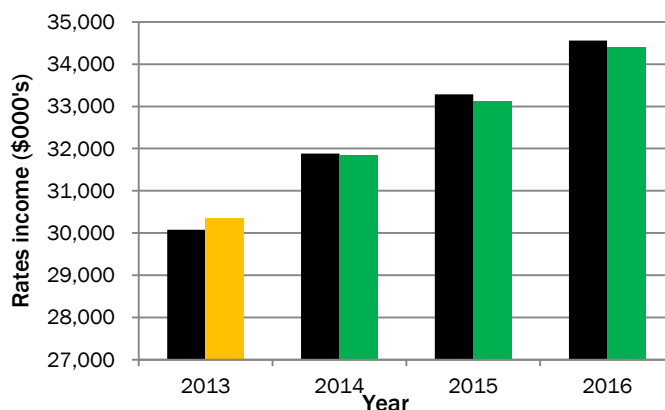
#### Rates affordability benchmark

The council meets the rates affordability benchmark if –

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

#### Rates (income) affordability

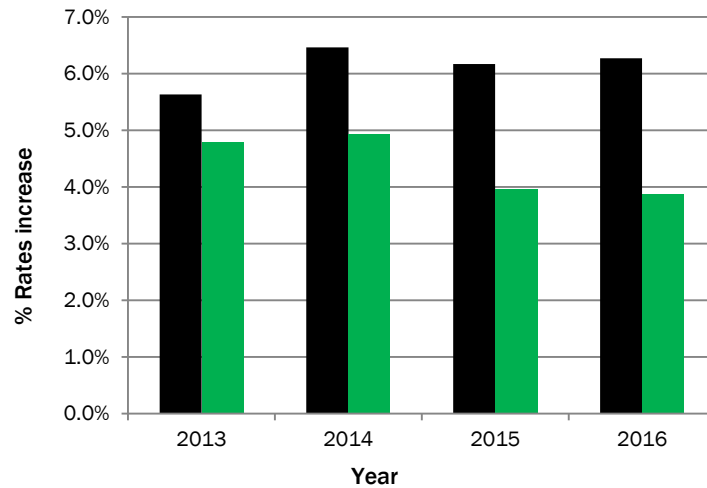
The following graph compares the council’s actual rates income with a quantified limit on rates contained in the financial strategy included in the council’s long-term plan. The quantified limit is the previous year’s planned rates, plus the Local Government Cost Index (LGCI) annual average percentage change plus 2% growth as provided by Business and Economic Research (BERL), in dollar terms, to the actual increases in dollar terms.



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

## Rates (increases) affordability

The following graph compares the council's actual rates increases with a quantified limit on rates increases contained in the financial strategy included in the council's long-term plan. The quantified limit is Local Government Cost Index (LGCI) annual average percent change plus 2% rates as provided by Business and Economic Research Limited (BERL) to the proposed rates increases in percentage terms.



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

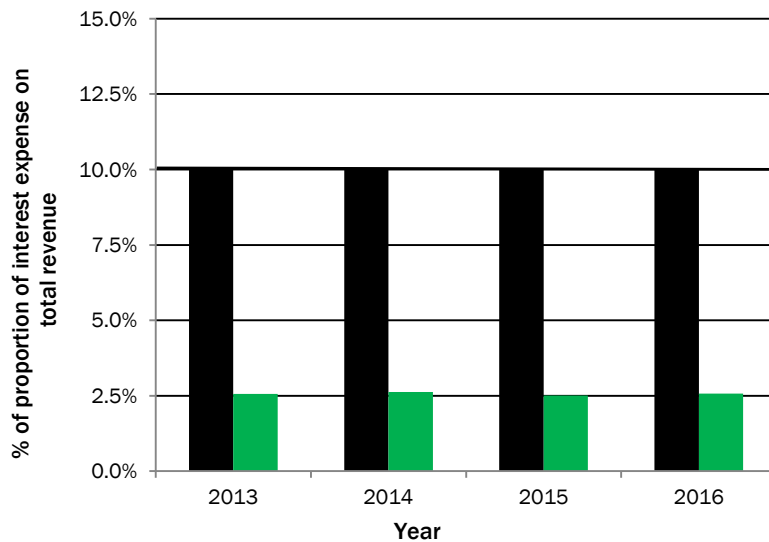
## Debt affordability benchmark

The council meets the debt affordability benchmark if its actual borrowing is within the following limits on borrowing.

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

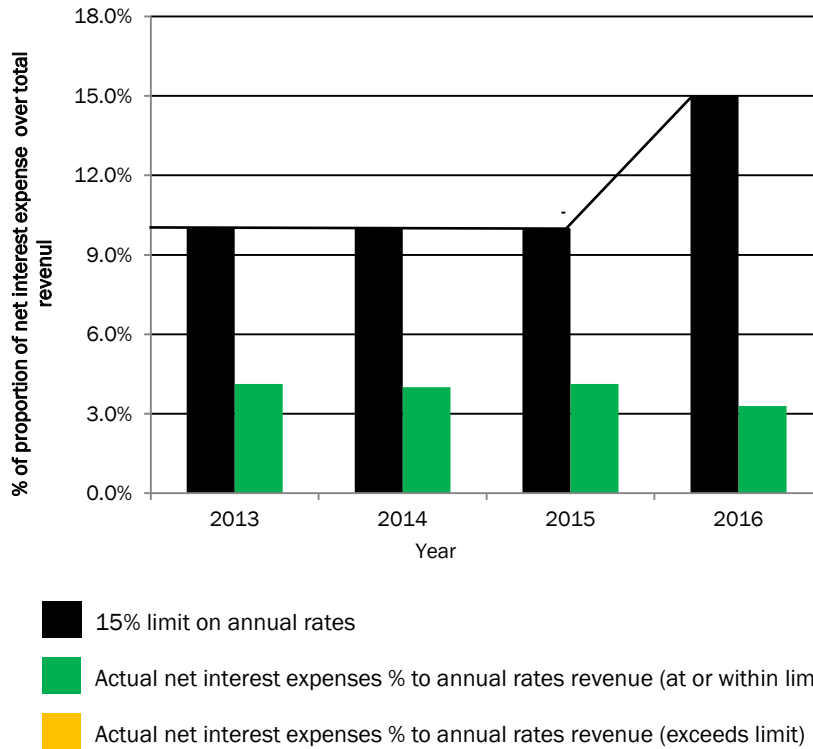
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is interest expense over total revenue will not exceed 10% of the annual rates.

Interest expenses on will not exceed 10% of total revenue

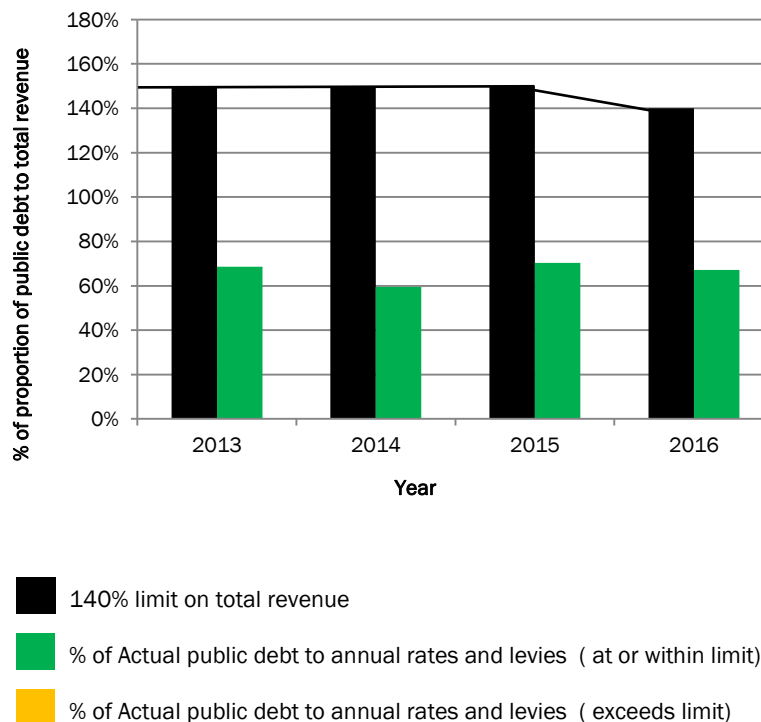


- 10% limit net interest to total revenue
- Actual interest expenses on net public debt % to annual rates (at or within limit)
- Actual rates expenses on net public debt % to annual rates (exceeds limit)

The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit net interest expense will not exceed 15% of the annual rates revenue. Net interest will not exceed annual rates revenue by 15%. In previous years the limit was 10% of annual rates revenue.

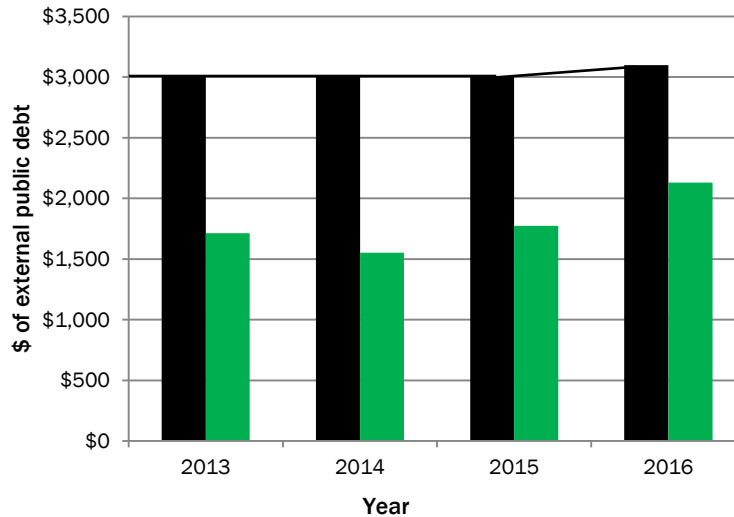


The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit in external public debt will not exceed 140% of total revenue. Net external debt will not exceed 140% of total revenue. In previous years the limit was 150% of total revenue.



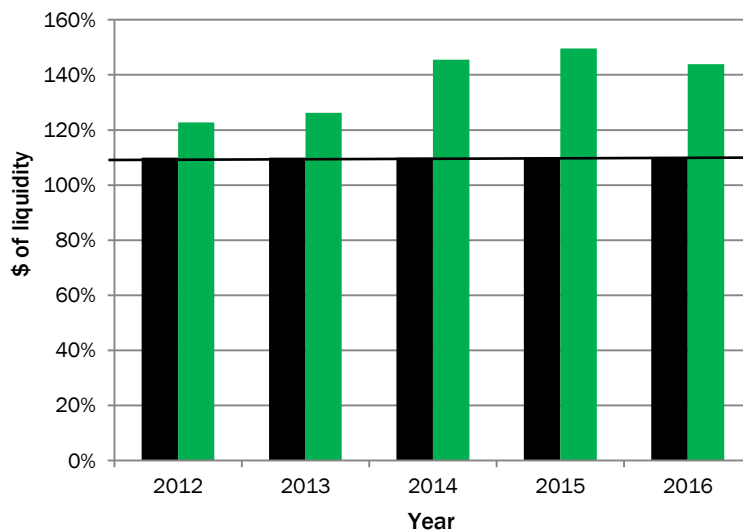
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in this long-term plan. The quantified limit is external public debt per ratepayer will not exceed \$3,000 adjusted by the LGCI.

External public debt per ratepayer will not exceed \$3,000 adjusted by the LGCI.



- \$3,000 adjusted by LGCI limit for external debt per ratepayer
- Actual external debt per ratepayer ( at or within limit)
- Actual external debt per ratepayer (exceeds limit)

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

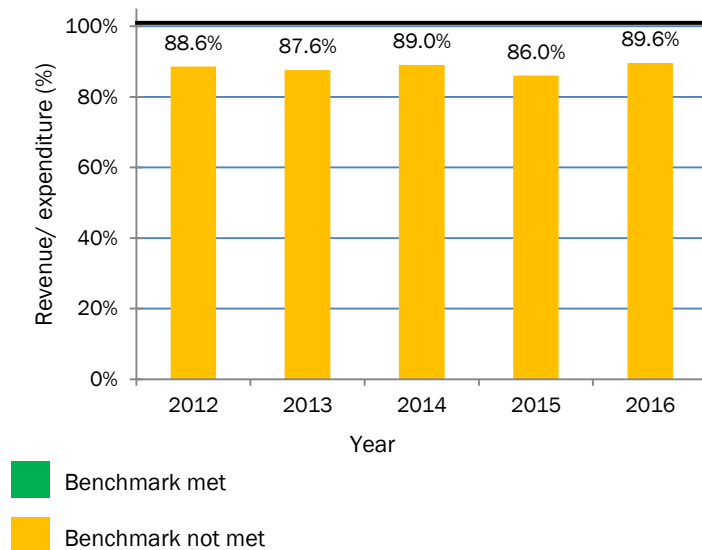


- Liquidity will exceed 110%
- % of Actual public debt to annual rates and levies (at or within limit)
- % of Actual public debt to annual rates and levies (exceeds limit)

## Balanced budget benchmark

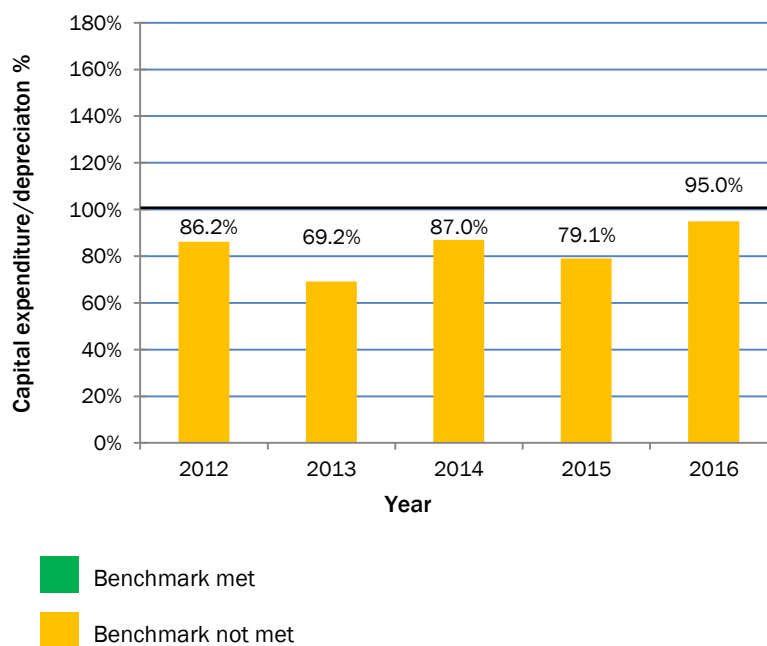
The following graph displays the council’s revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of actual operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The council meets this balanced budget benchmark if its revenue equals or is greater than its operating expenses.



## Essential services benchmark

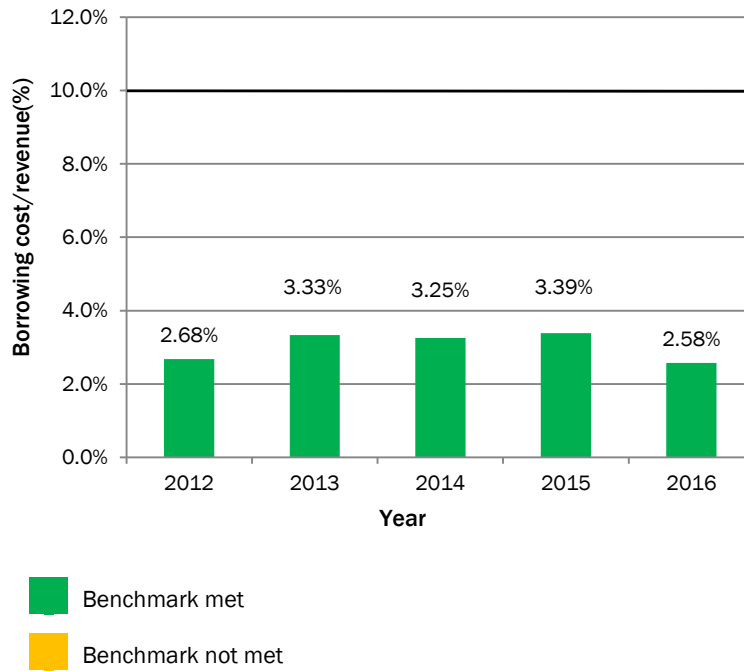
The following graph displays the council’s capital expenditure on network services as a proportion of depreciation on network services. The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



## Debt servicing benchmark

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

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

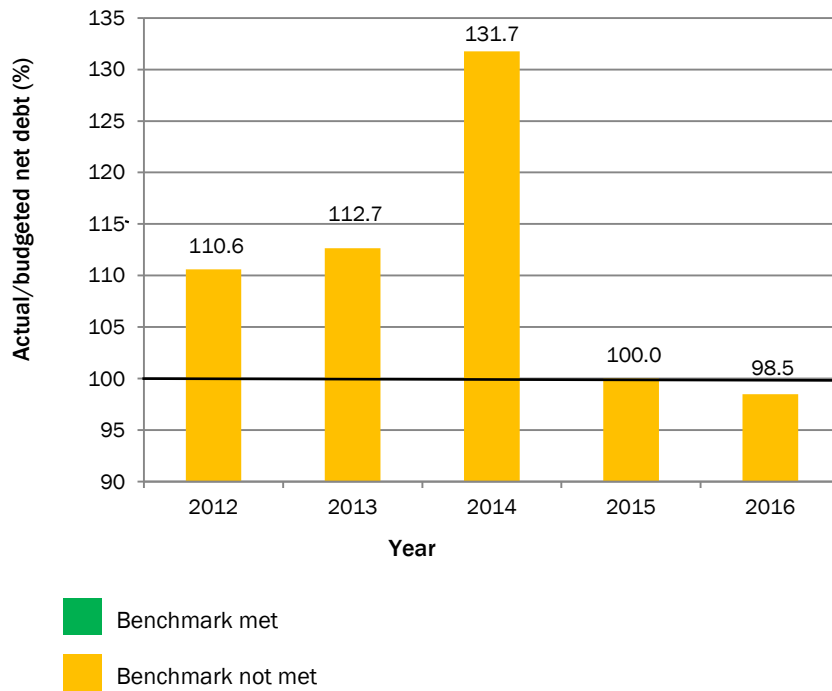




## Debt control benchmark

The following graph displays the council’s actual net debt as a proportion of planned net debt. In this statement, **net debt** means financial liabilities less financial assets (excluding receivables).

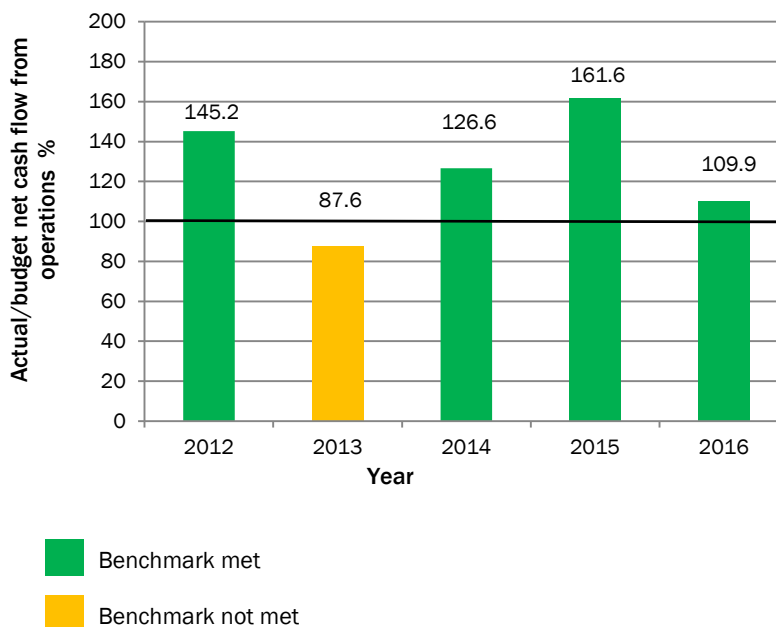
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



## Operations control benchmark

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

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



## Additional information of comment

1. Rates (income) affordability, actual rates income is always likely to exceed budgeted rates income due to the need to calculate the rates factors before the final value of the rating database is known. The rates resolution and the Annual Plan need to be adopted before 30 June but the rating database continues to change (usually upwards) up to and beyond 30 June due to processing delays and retrospective changes. The effect of this can mean this measure is not met.
2. Rates (increases) affordability. The official calculation does not include an ability for increases in the rating database which mitigates somewhat the impact of rates increases.
3. Balanced budget benchmark. Readers are referred to the Financial Strategy contained in the Long Term Plan 2015 – 2025, especially pages 190, 191, 195 and 198. This outlines and explains the Council's approach to the funding of depreciation.

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# Council financial statistics

## Five year financial performance summary

	<b>Actual 2015-16 (\$000)</b>	<b>Actual 2014-15 (\$000)</b>	<b>Actual 2013-14 (\$000)</b>	<b>Actual 2012-13 (\$000)</b>	<b>Actual 2011-12 (\$000)</b>	<b>Budget 2015-16 (\$000)</b>
Rates	34,394	33,112	31,850	30,352	28,965	34,153
Net surplus / (deficit)	1,719	(6,920)	(1,919)	(2,850)	(4,264)	650
Working capital	(5,211)	(22)	1,102	(14,561)	(4,600)	3,857
Borrowings	32,456	30,549	25,427	24,587	25,956	39,222
Total assets	716,260	714,220	679,074	671,224	662,646	664,609

## Council financial statistics

	<b>Actual 2015-16</b>	<b>Actual 2014-15</b>	<b>Actual 2013-14</b>	<b>Actual 2012-13</b>	<b>Actual 2011-12</b>	<b>Budget 2015-16</b>
Proportion of rates to total income (%)	63.93%	77.92%	72.62%	73.18%	70.94%	67.0%
Average rates per rateable property	\$2,045	\$1,985	\$1,910	\$1,841	\$1,774	\$2,024
Total interest expense on net public debt (%)	4.7%	4.6%	5.2%	6.0%	6.1%	4.8%
External net public debt to annual rates (%)	94.4%	92.3%	78.8%	81.0%	86.9%	114.8%
External net public debt per rateable property	\$1,930	\$1,831	\$1,524	\$1,491	\$1,589	\$2,324
External net public debt to total equity	4.8%	4.5%	3.9%	3.9%	4.1%	5.9%

# Financial statements

## Statement of accounting policies

### Reporting entity

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

The Upper Hutt City Council Group (Upper Hutt City Council) consists of Upper Hutt City Council and its Council controlled charitable organisation Expressions Arts and Entertainment Trust and Upper Hutt City Council is a joint venture partner with Hutt City Council and has an interest in the Hutt Valley Wastewater Scheme (refer to 14B in the Notes to the Financial Statements for details of the accounting treatments followed).

The primary objective of Upper Hutt City Council and group 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 a tier 1 entity for the purposes of New Zealand equivalents to IPSAS.

The financial statements of Upper Hutt City Council are for the year ended 30 June 2016. The Annual Report was adopted for issue by Council on 31 October 2016.

### Basis of preparation

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

### STATEMENT OF COMPLIANCE

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

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

### 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 Revenue and expense.

## **CHANGES IN ACCOUNTING POLICIES**

No changes to accounting policies.

## **STANDARDS ISSUED AND NOT YET EFFECTIVE AND NOT EARLY ADOPTED**

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

## **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 Trust in the group financial statements. Upper Hutt City Council has the capacity to control the Trust's financing and operating policies so as to obtain benefits from the activities. This power exists where 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.

The Council will recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. This difference reflects the goodwill to be recognised by the Council. If the consideration transferred is lower than the net fair value of the Council's interest in the identifiable assets required and liabilities assumed, the difference will be recognised immediately in the surplus or deficit.

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

### **BUDGET FIGURES**

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

## **Revenue**

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

**EXCHANGE TRANSACTIONS**

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

**NON-EXCHANGE TRANSACTIONS**

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

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

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

**SPECIFIC ACCOUNTING POLICIES FOR MAJOR CATEGORIES OF REVENUE ARE OUTLINED BELOW:****RATES**

Rates are set annually by 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.

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

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

**TRAFFIC AND PARKING INFRINGEMENTS**

Traffic and parking infringements are recognised when tickets are issued.

**NEW ZEALAND TRANSPORT AGENCY ROADING SUBSIDIES**

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

**OTHER GRANTS RECEIVED**

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



**BUILDING AND RESOURCE CONSENT REVENUE**

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

**PROVISION OF SERVICES**

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

**SALE OF GOODS**

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

**VESTED OR DONATED PHYSICAL ASSETS**

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

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

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

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

**INTEREST AND DIVIDENDS**

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

Dividends are recognised upon receipt.

**DONATIONS – PERMANENT COLLECTION – EXPRESSIONS**

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

**RESERVE FUND AND DEVELOPMENT CONTRIBUTIONS**

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

**BORROWING COSTS**

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

**INCOME TAXATION**

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.

**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 revenue and expense.

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

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

**FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE**

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

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

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

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

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

The four categories for financial assets are:

### **1. FINANCIAL ASSETS AT FAIR VALUE THROUGH SURPLUS OR DEFICIT**

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

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

Financial assets in this category include shares and bonds.

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

### **2. LOANS AND RECEIVABLES**

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

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

When Council receives a payment it is policy for it to be paid against the oldest debt first.

### 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 REVENUE AND EXPENSE

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

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

This category encompasses:

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

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

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

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

### ACCOUNTING FOR DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

- Upper Hutt City Council has a series of policies providing risk management for interest rates and the concentration of credit risk. Upper Hutt City Council is risk averse and seeks to minimise exposure from its treasury activities. Upper Hutt City Council has an established Treasury Risk Management Policy specifying

what transactions can be entered into. The policy does not allow any transactions that are speculative in nature to be entered into.

- Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could particularly impact on the cost of borrowing or the return from an investment.
- The interest rates on Upper Hutt City Council investments are disclosed in Note 8, Notes to the Financial Statements.
- The actual management policies are set out in the separate policy document, Treasury Risk Management Policy.
- Credit risk is the risk that a third party will default on its obligation to Upper Hutt City Council, causing Upper Hutt City Council to incur a loss.
- The maximum amount of credit risk for each class is the carrying amount in the Statement of Financial Position.
- Upper Hutt City Council has minimal credit risk in its holdings of various financial instruments. These financial instruments include bank balances, local authority stock and accounts receivable.
- Upper Hutt City Council invests funds only in deposits with registered banks and local authority stock and limits the amount of credit exposure to any one institution or organisation. Accordingly, the Upper Hutt City Council does not require any collateral or security to support the financial instruments with organisations it deals with.
- Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties, in an arm's length transaction.

### **IMPAIRMENT OF FINANCIAL ASSETS**

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

### **LOANS RECEIVABLES, AND HELD-TO-MATURITY INVESTMENTS**

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

### **FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE**

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

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

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

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

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

## **INVESTMENT PROPERTIES**

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

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

After initial recognition, Upper Hutt City Council measures all investment property at fair value as determined annually by an independent valuer. 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 licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

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

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

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

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

### **AMORTISATION**

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

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

- Computer software      3 years              33%

### **IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLE ASSETS**

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

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

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

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

### **VALUE IN USE FOR NON-CASH-GENERATING ASSETS**

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

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

### **VALUE IN USE FOR CASH-GENERATING ASSETS**

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

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

## **Property, plant and equipment**

Property, plant and equipment include:



**OPERATIONAL PROPERTY, PLANT AND EQUIPMENT**

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

**RESTRICTED PROPERTY, PLANT AND EQUIPMENT**

Restricted property, plant and equipment are mainly 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.

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

**REVALUATION**

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

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

**ADDITIONS**

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential of the item will flow to Upper Hutt City Council and the cost of the item can be measured reliably. In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

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

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

**DISPOSALS**

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the 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.

- **Operational assets**

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

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

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

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

- **Infrastructure assets**

are the fixed utility network systems owned by council and include roading, bridges, water, stormwater, land under roads, reservoir reserve land and wastewater piping. These assets are valued on the depreciated replacement value basis as at 30 June 2015 by the City Engineers.

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

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

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

- **Hutt Valley Wastewater Scheme**

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

- **Land under roads**

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 2015 by Ken Tonks, ANZIVS PINZ Registered Valuer of TSE Value Limited. Revaluations will be carried out every five years.

- **Street trees**

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

- **Library collection**

has been revalued at depreciated replacement cost as at 30 June 2015 in accordance with the guidelines released by the New Zealand Library Association and the National Library of NZ using the readily available market prices to determine fair value. The library collection and heritage book collection was revalued as at 30 June 2015 by the Upper Hutt City Library Content Team Leader. The valuation was independently checked by Peter Trewern in 2015. Revaluations are carried out four yearly

- **Vested assets**

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

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

## Accounting for revaluations

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

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

## Depreciation

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

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

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

<b>Depreciation</b>		
	Years	Rate
<b>STRAIGHT-LINE DEPRECIATION</b>		
Buildings	10 to 100 years	1% to 10%
Buildings fitout and services	10 to 40 years	2.5% to 10%
Computer equipment	3 to 5 years	20% to 33.3%
Furniture and office equipment	5 to 15 years	6.67% to 20%
Library books	2 to 5 years	20% to 50%
Parks and reserves services	10 to 100 years	1% to 10%
Plant and equipment	4 to 50 years	2% to 25%
<b>INFRASTRUCTURE ASSETS</b>		
<b>Roading</b>		
Bridges	20 to 100 years	1% to 5%
Carparks	50 years	2%
Culverts	50 to 80 years	1.25% to 2%
Footpaths / accessways	30 to 60 years	1.67% - 3.33%
Roads (except land and formation)	4 to 30 years	3.33% - 25%
Road formation	40 to 150 years	0.5% to 2.5%
Road marking	2 to 10 years	10% to 50%
Road signs	10 years	10%
Roundabouts	50 years	2%
Stormwater channels	15 to 60 years	1.66% to 6.66%
Street and traffic lights	5 to 50 years	2% to 20%
Street furniture and other features	12 to 25 years	4% to 8.33%
Subways	80 years	1.25%
Sumps	60 years	1.66%
<b>Water</b>		
Civil Works	80 to 100 years	1% to 1.25%
Mechanical and electrical plant, outlets, pumps	20 to 50 years	1% to 5%
Pipe work, appurtenances and associated structures	50 to 100 years	1% to 2%
Reservoirs, intake structure	100 years	1%
<b>Stormwater</b>		
Civil works	80 to 100 years	1% to 1.25%
Mechanical and electrical plant, outlets, pumps	20 to 50 years	1% to 5%

<b>Depreciation</b>		
	Years	Rate
<b>STRAIGHT-LINE DEPRECIATION</b>		
Pipe work, appurtenances and associated structures	50 to 100 years	1% to 2%
<b>Wastewater</b>		
Civil works	80 to 100 years	1% to 1.25%
Electronic equipment	10 to 20 years	5% to 10%
Mechanical and electrical plant, outlets, pumps	15 to 50 years	1% to 7%
Pipe work, wastewater mains	50 to 100 years	1% to 2%
<b>Telemetry</b>		
Civil works	80 to 100 years	1% to 1.25%
Electronic equipment	10 to 20 years	5% to 10%
Mechanical and electrical plant, outlets, pumps	20 to 50 years	1% to 5%
Pipe work, appurtenances and associated structures	50 to 100 years	1% to 2%
<b>DIMINISHING VALUE DEPRECIATION</b>		
Furniture and office equipment	2 to 15 years	6.67% - 50%
Plant and equipment	4 to 50 years	2% to 25%
Vehicles and plant	5 to 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.

## **PAYABLES**

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

## **Employee entitlements**

### **SHORT TERM EMPLOYEE ENTITLEMENTS**

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

### **LONG TERM ENTITLEMENTS**

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

The calculations are based on:

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

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

**PRESENTATION OF EMPLOYEE ENTITLEMENTS**

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

**SUPERANNUATION SCHEMES****DEFINED CONTRIBUTION SCHEMES**

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

**PROVISIONS**

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

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

**Leases****FINANCE LEASES**

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to the ownership of an asset, whether or not title is eventually transferred. At the commencement of the lease term, Upper Hutt City Council 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 revenue and expenses

### RESTRICTED RESERVES

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

Restricted reserves are those reserves subject to specific conditions accepted as binding by the Council and which may not be revised by the council without reference to the Courts or third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

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

### PROPERTY REVALUATION RESERVES

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

### FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSES RESERVES

This reserve comprises the cumulative net change in the fair value of fair value through other comprehensive revenue and expenses 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 valuers perform the council's infrastructural asset revaluations.

### **Critical judgments in applying accounting policies**

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

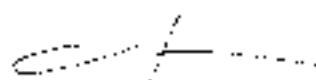


## Statement of financial position – as at 30 June 2016

	Notes	Actual Parent 30 Jun 16 (\$000)	Actual Parent 30 Jun 15 (\$000)	Budget Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 16 (\$000)	Actual Group 30 Jun 15 (\$000)
<b>EQUITY</b>						
Accumulated funds	20	228,856	227,136	237,743	229,127	227,360
Restricted reserves	21	7,540	6,328	4,378	7,579	6,366
Asset revaluation reserves	22	435,478	439,589	422,488	435,503	439,589
<b>Total equity</b>		<b>671,874</b>	<b>673,053</b>	<b>664,609</b>	<b>672,209</b>	<b>673,315</b>
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	7	2,770	6,586	312	3,039	6,832
Other financial assets	8	5,800	4,500	9,535	5,838	4,541
Derivative financial instruments	9	0	0	0	0	0
Receivables	10	3,319	2,510	2,279	3,394	2,566
Inventories	11	28	18	0	44	32
<b>Total current assets</b>		<b>11,917</b>	<b>13,614</b>	<b>12,126</b>	<b>12,315</b>	<b>13,971</b>
<b>NON-CURRENT ASSETS</b>						
<b>Other - financial assets</b>	8	590	460	343	590	460
Derivative financial instruments	9	0	15	10	0	15
Trade and other receivables	10	41	82	0	41	82
Permanent art collection	12C	0	0	0	53	26
Property, plant and equipment	12A,B	84,967	87,099	81,700	85,022	87,150
Aquatic assets	13	9,968	10,279	0	9,968	10,279
Infrastructure assets	14A	608,777	602,628	616,231	608,777	602,628
Intangible assets	15	0	43	146	0	43
<b>Total non - current assets</b>		<b>704,343</b>	<b>700,606</b>	<b>698,430</b>	<b>704,451</b>	<b>700,683</b>
<b>Total assets</b>		<b>716,260</b>	<b>714,220</b>	<b>710,556</b>	<b>716,766</b>	<b>714,654</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Payables and deferred revenue	16	8,509	8,484	6,000	8,658	8,627
Derivative financial instruments	9	0	0	0	0	0
Employee entitlements	17	663	879	550	685	908
Borrowings and other financial liabilities	18	7,956	4,272	1,719	7,956	4,272
<b>Total current liabilities</b>		<b>17,128</b>	<b>13,635</b>	<b>8,269</b>	<b>17,299</b>	<b>13,807</b>
<b>Non - current liabilities</b>						
Derivative financial instruments	9	2,439	959	0	2,439	959
Employee entitlements	17	319	296	175	319	296
Borrowings and other financial liabilities	18	24,500	26,277	37,503	24,500	26,277
<b>Total non - current liabilities</b>		<b>27,258</b>	<b>27,532</b>	<b>37,678</b>	<b>27,258</b>	<b>27,532</b>
<b>Total liabilities</b>		<b>44,386</b>	<b>41,167</b>	<b>45,947</b>	<b>44,557</b>	<b>41,339</b>
<b>NET ASSETS</b>		<b>671,874</b>	<b>673,053</b>	<b>664,609</b>	<b>672,209</b>	<b>673,315</b>

The accompanying accounting policies and notes form part of these financial statements. Explanations of major variances against budget are provided in Note 30.

 Wayne Guppy  
MAYOR

 Chris Upton  
CHIEF EXECUTIVE

## Statement of comprehensive revenue and expense for the year ended 30 June 2016

	NOTES	Actual Parent 30 Jun 16 (\$000)	Actual Parent 30 Jun 15 (\$000)	Budget Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 16 (\$000)	Actual Group 30 Jun 15 (\$000)
<b>OPERATING REVENUE</b>						
Rates	1	34,394	33,112	34,153	34,394	33,112
Fees and charges	2	13,504	6,104	12,301	13,797	6,368
Development and financial contributions		982	271	716	982	271
Subsidies and grants	3	4,481	2,642	3,481	4,550	2,720
Interest and dividends	4	366	364	291	370	370
Gains		75	0	0	75	0
<b>Total operating revenue</b>		<b>53,802</b>	<b>42,493</b>	<b>50,942</b>	<b>54,168</b>	<b>42,841</b>
<b>OPERATING EXPENDITURE</b>						
Personnel costs		9,748	8,903	9,516	10,218	9,382
Depreciation and amortisation expense	6B	13,246	12,992	13,022	13,256	13,001
Finance costs		1,535	1,412	1,892	1,535	1,412
Bulk drainage levy		2,521	2,600	2,647	2,521	2,600
Bulk water levy		2,632	2,573	2,672	2,632	2,573
Other expenses	6A	22,401	20,933	20,543	22,239	20,758
<b>Total operating expenditure</b>		<b>52,083</b>	<b>49,413</b>	<b>50,292</b>	<b>52,401</b>	<b>49,726</b>
<b>Surplus/(deficit) before and after tax</b>		<b>1,719</b>	<b>(6,920)</b>	<b>650</b>	<b>1,767</b>	<b>(6,885)</b>
<b>Other comprehensive revenue</b>						
Gains/(losses) on infrastructural property assets revaluations	14A	(579)	13,543	9,397	(554)	13,543
Gains/(losses) on operational, restricted property and aquatic assets revaluations	12B, 13	(2,319)	21,109	0	(2,319)	21,109
Total other comprehensive revenue and expense		(2,898)	34,652	9,397	(2,873)	34,652
<b>Total Comprehensive Revenue</b>		<b>(1,179)</b>	<b>27,732</b>	<b>10,047</b>	<b>(1,106)</b>	<b>27,767</b>

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

Explanations of major variances against budget are provided in Note 30.

Note due to a change in legislative the Development Financial Contributions are now disclosed separately in the Statement of Comprehensive Revenue and Expense. Previously they were included in other charges as part of fees and charges.

## Statement of changes in equity for the year ended 30 June 2016

	<b>Actual Parent 30 Jun 16 (\$000)</b>	<b>Actual Parent 30 Jun 15 (\$000)</b>	<b>Budget Parent 30 Jun 16 (\$000)</b>	<b>Actual Group 30 Jun 16 (\$000)</b>	<b>Actual Group 30 Jun 15 (\$000)</b>
Equity at the start of the year	673,053	645,321	654,562	673,315	645,548
Total comprehensive revenue and expense for the year	(1,179)	27,732	10,047	(1,106)	27,767
<b>Total comprehensive revenue and expense for the year</b>	<b>(1,179)</b>	<b>27,732</b>	<b>10,047</b>	<b>(1,106)</b>	<b>27,767</b>
<b>Equity at the end of the year</b>	<b>671,874</b>	<b>673,053</b>	<b>664,609</b>	<b>672,209</b>	<b>673,315</b>

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

Explanations of major variances against budget are provided in Note 30.

## Statement of cash flows for the year ended 30 June 2016

	NOTES	Actual Parent 30 Jun 16 (\$000)	Actual Parent 30 Jun 15 (\$000)	Budget Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 16 (\$000)	Actual Group 30 Jun 15 (\$000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Cash was provided from:</b>						
Rates		34,347	33,083	34,153	34,347	33,083
Other receipts		12,907	8,541	10,936	13,904	9,506
Interest received		345	400	291	350	406
Dividends received		0	0	0	0	0
Regional Council rates		9,090	8,368	0	9,090	8,368
		56,689	50,392	45,380	57,691	51,363
<b>Cash was applied to:</b>						
Suppliers and employees		(36,395)	(32,180)	(34,719)	(37,377)	(33,106)
Interest paid		(1,527)	(1,351)	(1,892)	(1,527)	(1,351)
Goods and Services Tax (net)		(80)	(84)	0	(86)	(83)
Regional Council rates		(9,048)	(8,330)	0	(9,048)	(8,330)
		(47,050)	(41,945)	(36,611)	(48,038)	(42,870)
<b>Net cash inflow (outflow) from operating activities</b>	<b>23</b>	<b>9,639</b>	<b>8,447</b>	<b>8,769</b>	<b>9,653</b>	<b>8,493</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Cash was provided from:</b>						
Proceeds from sale of property, plant and equipment		240	0	1,027	240	0
Maturity of investments		0	800	6,919	20	802
		240	800	7,946	260	802
<b>Cash was applied to:</b>						
Purchase of investments		(1,300)	0	0	(1,301)	(14)
Purchase of property, plant and equipment		(12,499)	(10,000)	(21,607)	(12,509)	(10,016)
		(13,799)	(10,000)	(21,607)	(13,810)	(10,030)
<b>Net cash inflow (outflow) from investing activities</b>		<b>(13,559)</b>	<b>(9,200)</b>	<b>(13,661)</b>	<b>(13,550)</b>	<b>(9,228)</b>

	NOTES	Actual Parent 30 Jun 16 (\$000)	Actual Parent 30 Jun 15 (\$000)	Budget Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 16 (\$000)	Actual Group 30 Jun 15 (\$000)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Cash was provided from:</b>						
Loan raised		1,357	6,072	6,492	1,357	6,072
<b>Cash was applied to:</b>						
Loan repayments		(1,253)	(950)	(1,888)	(1,253)	(950)
<b>Net cash inflow (outflow) from financing activities</b>		<b>104</b>	<b>5,122</b>	<b>4,604</b>	<b>104</b>	<b>5,122</b>
Net increase (decrease) in Cash, Cash Equivalents and Bank Overdrafts		(3,816)	4,369	(288)	(3,793)	4,387
Cash and cash equivalents as at 01 July		6,586	2,217	600	6,832	2,445
<b>Cash and cash equivalents as at 30 June</b>		<b>2,770</b>	<b>6,586</b>	<b>312</b>	<b>3,039</b>	<b>6,832</b>
<b>Composition of cash</b>						
Cash and cash equivalents and bank overdrafts	7	320	186	312	589	432
Call account	7	1,950	1,900	0	1,950	1,900
Short term deposits maturing three months or less	7	500	4,500	0	500	4,500
		<b>2,770</b>	<b>6,586</b>	<b>312</b>	<b>3,039</b>	<b>6,832</b>

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

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

The forecast opening balance of year two (2015 – 2016) may not agree to closing balance year one (2014 – 2015) due to Council taking into account events occurring this year.

Explanations of major variances against budget are provided in Note 30.

## Statement of commitments

	Actual Parent 30 Jun 16 (\$000)	Actual Parent 30 Jun 15 (\$000)	Actual Group 30 Jun 16 (\$000)	Actual Group 30 Jun 15 (\$000)
Water systems (including water, wastewater, and stormwater)	1,037	829	1,037	829
Roading	5,751	3,794	5,751	3,794
Property	107	0	107	0
<b>Capital commitments approved and contracted</b>	<b>6,895</b>	<b>4,623</b>	<b>6,895</b>	<b>4,623</b>

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 16 (\$000)	Actual Parent 30 Jun 15 (\$000)	Actual Group 30 Jun 16 (\$000)	Actual Group 30 Jun 15 (\$000)
Property, plant and equipment				
Not later than one year	186	255	232	283
Later than one year and not later than five years	280	308	280	308
Five years and later	40	42	40	42
<b>Total non-cancellable operating leases</b>	<b>506</b>	<b>605</b>	<b>552</b>	<b>633</b>

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil. (2015 \$nil)

Leases are mostly for either a 12, 24 or 36 month term which can be renewed at the end of that term at Upper Hutt City Council's 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 16 (\$000)	Actual Parent 30 Jun 15 (\$000)	Actual Group 30 Jun 16 (\$000)	Actual Group 30 Jun 15 (\$000)
Not later than one year	7,769	6,946	7,769	6,946
Later than one year and not later than five years.	3,585	831	3,585	831
Five years and later.	0	0	0	0
<b>Total other non-cancellable contracts</b>	<b>11,354</b>	<b>7,777</b>	<b>11,354</b>	<b>7,777</b>
<b>Total non-cancellable commitments</b>	<b>18,755</b>	<b>13,005</b>	<b>18,801</b>	<b>13,033</b>

#### 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 16 (\$000)	Actual Parent 30 Jun 15 (\$000)	Actual Group 30 Jun 16 (\$000)	Actual Group 30 Jun 15 (\$000)
Not later than one year	268	149	268	149
Later than one year and not later than five years.	617	298	617	298
Five years and later.	2,217	1,130	2,217	1,130
<b>Total non-cancellable operating leases</b>	<b>3,102</b>	<b>1,577</b>	<b>3,102</b>	<b>1,577</b>

No contingent rents have been recognised in the Statement of Comprehensive Revenue and Expenses during the period (nil 2015).

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

## Notes to the financial statements – year ended 30 June 2016

### Note 1 - Rates

	<b>Actual Parent 30 Jun 16 (\$000)</b>	<b>Actual Parent 30 Jun 15 (\$000)</b>	<b>Actual Group 30 Jun 16 (\$000)</b>	<b>Actual Group 30 Jun 15 (\$000)</b>
General rates	20,615	19,647	20,615	19,647
Targeted Water fire protection rates	1,264	1,216	1,264	1,216
Targeted Stormwater disposal rates	1,808	1,576	1,808	1,576
Targeted Wastewater pan charges	6,528	6,737	6,528	6,737
Rates penalties	231	210	231	210
Water - targeted rates	3,948	3,726	3,948	3,726
<b>Total non-exchange rates revenue</b>	<b>34,394</b>	<b>33,112</b>	<b>34,394</b>	<b>33,112</b>

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

The annual rates income of the Council for the year ended 30 June 2016 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown above.

<b>Disclosure of rating information</b>	<b>30 June 2016</b>	<b>30 June 2015</b>
Total land valuations of rateable properties for the city	\$3,072,981,200	\$3,058,323,200
Total capital valuation of rateable properties for the city	\$7,095,942,700	\$7,007,183,800
Total number of rateable properties	16,817	16,685



**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.

<b>Rate remissions</b>	<b>Actual Parent 30 Jun 16 (\$000)</b>	<b>Actual Parent 30 Jun 15 (\$000)</b>	<b>Actual Group 30 Jun 16 (\$000)</b>	<b>Actual Group 30 Jun 15 (\$000)</b>
Total gross rates revenue	34,523	33,232	34,523	33,232
<b>LESS RATES REMISSION</b>				
Land protected for historical or cultural purposes	0	0	0	0
Land used for sport	102	103	102	103
Rate penalties remissions	27	17	27	17
Remissions Economic Development Policy	0	0	0	0
Total remissions	129	120	129	120
<b>Rates revenue net of remissions</b>	<b>34,394</b>	<b>33,112</b>	<b>34,394</b>	<b>33,112</b>

**NON-RATEABLE LAND**

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

## Note 2 – Fees and charges

<b>Non-exchange fees and charges revenue</b>	<b>Actual Parent 30 Jun 16 (\$000)</b>	<b>Actual Parent 30 Jun 15 (\$000)</b>	<b>Actual Group 30 Jun 16 (\$000)</b>	<b>Actual Group 30 Jun 15 (\$000)</b>
Permit and licence fees	1,122	1,036	1,122	1,036
Vested assets	7,443	504	7,443	504
Metered water charges	1,153	1,108	1,153	1,108
Property rentals	196	194	196	194
H <sup>2</sup> O Xstream and Expressions charges	1,113	983	1,406	1,247
Library, parks, and community charges	164	162	164	162
Insurance recovery	0	0	0	0
Other charges	1,149	931	1,149	931
<b>Total non-exchange fees and charges revenue</b>	<b>12,340</b>	<b>4,918</b>	<b>12,633</b>	<b>5,182</b>
Solid waste	543	591	543	591
Dog charges	325	338	325	338
Cemetery charges	296	257	296	257
<b>Total exchange fees and charges revenue</b>	<b>1,164</b>	<b>1,186</b>	<b>1,164</b>	<b>1,186</b>
<b>Total fees and charges revenue</b>	<b>13,504</b>	<b>6,104</b>	<b>13,797</b>	<b>6,368</b>

**Note:** Development and financial contributions are now shown separately in the Statement of Comprehensive Revenue and Expense.

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

## Note 3 – Non exchange revenue subsidies and grants

	<b>Actual Parent 30 Jun 16 (\$000)</b>	<b>Actual Parent 30 Jun 15 (\$000)</b>	<b>Actual Group 30 Jun 16 (\$000)</b>	<b>Actual Group 30 Jun 15 (\$000)</b>
Roading subsidies (NZTA <sup>1</sup> )	3,621	2,135	3,621	2,135
Petrol tax (crown)	139	136	139	136
Rural fire subsidies (NRFA <sup>2</sup> )	0	121	0	121
Social community project grants	302	250	302	250
Lotteries library grant	0	0	0	0
Other grants and subsidies	419	0	488	78
<b>Total non-exchange revenue subsidies and grants</b>	<b>4,481</b>	<b>2,642</b>	<b>4,550</b>	<b>2,720</b>

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

<sup>2</sup> NRFA - National Rural Fire Authority

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised, (2015 = nil)

## Note 4 – Exchange revenue Interest and dividends

	Actual Parent 30 Jun 16 (\$000)	Actual Parent 30 Jun 15 (\$000)	Actual Group 30 Jun 16 (\$000)	Actual Group 30 Jun 15 (\$000)
Other financial assets	363	359	367	365
Trade receivables - community loans	3	5	3	5
Dividend	0	0	0	0
<b>Total interest and dividends</b>	<b>366</b>	<b>364</b>	<b>370</b>	<b>370</b>

## Note 5 – Rate and general funding requirement for each activity

	Actual Parent 30 Jun 16 (\$000)	Actual Parent 30 Jun 15 (\$000)	Forecast Parent 30 Jun 16 (\$000)
Leadership	2,336	2,119	2,433
Land Transport	4,998	4,507	5,225
Water Supply	5,148	4,825	5,183
Wastewater	6,053	6,228	6,503
Stormwater	1,607	1,496	1,777
Solid Waste	(307)	(363)	(274)
Planning and regulatory services			
<i>City Planning</i>	1,339	1,422	1,713
<i>Building and compliance services</i>	1,463	636	835
Community and recreation			
<i>Community Development</i>	640	602	636
<i>Activation</i>	308	238	283
<i>Emergency Management</i>	562	331	641
<i>Parks and Reserves</i>	2,315	2,214	2,474
<i>H<sup>2</sup>O Xtream</i>	1,656	1,876	1,597
<i>Library</i>	2,702	2,543	2,659
<i>Expressions Arts and Entertainment Centre</i>	774	861	912
<i>Property</i>	69	28	181
<i>Akatarawa Cemetery</i>	(23)	(6)	7
<i>Support Services</i>	54	28	42
Economic Development	1,390	1,129	1,287
<b>Total rate funding requirement for each activity</b>	<b>33,084</b>	<b>30,714</b>	<b>34,114</b>

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

**Note 6A – Other expenses**

	<b>Actual Parent 30 Jun 16 (\$000)</b>	<b>Actual Parent 30 Jun 15 (\$000)</b>	<b>Actual Group 30 Jun 16 (\$000)</b>	<b>Actual Group 30 Jun 15 (\$000)</b>
Insurance	337	450	341	456
Disaster Fund Insurance	209	185	209	185
Audit Fees	130	126	140	136
Audit LTP	0	80	0	80
Disbursements	0	9	0	9
Rental	316	291	319	294
Loss on disposal of assets	1,546	718	1,546	718
Penalty remission	27	17	27	17
Rates remission – sports clubs and other non-profit bodies as per the Upper Hutt City Council Remission or postponement policies	102	103	102	103
Consultants	495	654	495	654
Printing, photocopying and stationary	131	131	146	146
Telephone rental, mobile and tolls	153	135	157	139
Motor vehicles	265	260	269	269
Electricity/Gas energy (includes street lighting)	841	962	904	1,027
Rates on UHCC properties	1,902	1,821	1,902	1,821
Land transport general maintenance	2,134	2,080	2,134	2,080
Water reticulation maintenance	620	586	620	586
Sewer maintenance	462	417	462	417
Drain maintenance	271	210	271	210
Other operating expenses	12,460	11,698	12,195	11,411
<b>Total other expenses</b>	<b>22,401</b>	<b>20,933</b>	<b>22,239</b>	<b>20,758</b>

**Note:** The bulk drainage levy and bulk water levy is now shown separately in the Statement of Comprehensive Revenue and Expense.

## Note 6B – Depreciation and amortisation expense by group of activity

	Actual Parent 30 Jun 16 (\$000)	Actual Parent 30 Jun 15 (\$000)	Actual Group 30 Jun 16 (\$000)	Actual Group 30 Jun 15 (\$000)
<b>Depreciation by activity</b>				
Leadership	0	0	0	0
Land Transport	4,223	4,029	4,223	4,029
Water supply	1,744	1,719	1,744	1,719
Wastewater	3,475	3,330	3,475	3,330
Stormwater	1,720	1,657	1,720	1,657
Solid waste	0	0	0	0
Planning and Regulatory Services	0	0	0	0
Community Services	44	31	44	31
Facilities	2,039	2,225	2,049	2,234
Economic Development	1	1	1	1
<b>Total depreciation and amortisation expenses</b>	<b>13,246</b>	<b>12,992</b>	<b>13,256</b>	<b>13,001</b>

## Note 7 – Cash and cash equivalents

	Actual Parent 30 Jun 16 (\$000)	Actual Parent 30 Jun 15 (\$000)	Actual Group 30 Jun 16 (\$000)	Actual Group 30 Jun 15 (\$000)
Cash on hand	4	4	4	7
Bank balances/ (bank overdrafts)	316	182	585	425
Call account	1,950	1,900	1,950	1,900
Short term deposits maturing three months or less from date of acquisition	500	4,500	500	4,500
<b>Total cash and cash equivalents</b>	<b>2,770</b>	<b>6,586</b>	<b>3,039</b>	<b>6,832</b>

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

## Note 8 – Other financial assets

	Actual Parent 30 Jun 16 (\$000)	Actual Parent 30 Jun 15 (\$000)	Actual Group 30 Jun 16 (\$000)	Actual Group 30 Jun 15 (\$000)
<b>Current Portion</b>				
<i>Loans and receivables</i>				
Short-term deposits with maturities of 4-12 months	5,800	4,500	5,838	4,541
<b>Total current portion</b>	<b>5,800</b>	<b>4,500</b>	<b>5,838</b>	<b>4,541</b>
<b>Non-current portion</b>				
<i>Loans and receivables</i>				
LGFA <sup>1</sup> borrower notes	392	288	392	288
<i>Fair value through Equity- unlisted shares</i>				
Investment in Wellington Water Ltd.	80	80	80	80
Investment in NZLG Insurance Corporation Ltd. <sup>2</sup>	75	62	75	62
Investment in Smartlinx 3 Ltd	43	30	43	30
<b>Total non-current portion</b>	<b>590</b>	<b>460</b>	<b>590</b>	<b>460</b>

### FAIR VALUE

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.

As at 30 June 2016 the Council has 150 Class A voting only shares in Wellington Water Ltd. These shares carry no nominal value (nil: 2015).

As at 30 June 2016 the Council has 40 Class B shares in Wellington Water Ltd. and the latest sale value was \$2,000 per share (2015, 40 shares @ \$2,000 per share).

As at 30 June 2016 the Council has 51,209 shares in Civic Assurance Ltd. and the latest sale value was \$1.46 per share. (2015, 51,209 shares @ \$1.21 per share).

As at 30 June 2016 the Council has 5,338 shares in Smartlinx3 Ltd and the latest sale value was \$8.00 per share. (2015, 3,750 shares @ \$8.00 per share).

### IMPAIRMENT

There were no impairment provisions for other financial assets (nil: 2015).

1 LGFA = Local Government Funding Agency.

2 NZLG Insurance Corporation Ltd. Trading as Civic Assurance.

## Maturity analysis and effective interest rates

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

<b>2016</b>	<b>Short term deposits Parent (\$000)</b>	<b>Short term deposits Group (\$000)</b>	<b>Other Council and Group (\$000)</b>
Short term deposits (with maturities of 3 months or less; average maturity 92 days)	500	500	0
<i>weighted average effective interest rate</i>	3.07%	3.07%	0%
Short term deposits (with maturities of 4-12 months; average maturity 105 days)	5,800	5,838	0
<i>weighted average effective interest rate</i>	2.98%	2.99%	0%
LGFA Borrower Notes (maturities range to 15 April 2027)	0	0	392
<i>weighted average effective interest rate</i>	0%	0%	2.60%
Call account	1,950	1,950	0
<i>weighted average effective interest rate</i>	2.25%	2.25%	0%
	<b>8,250</b>	<b>8,288</b>	<b>392</b>

<b>2015</b>	<b>Short term deposits Parent (\$000)</b>	<b>Short term deposits Group (\$000)</b>	<b>Other Council and Group (\$000)</b>
Short term deposits (with maturities of 3 months or less; average maturity 91 days)	4,500	4,500	0
<i>weighted average effective interest rate</i>	3.76%	3.76%	0%
Short term deposits (with maturities of 4-12 months average maturity 108 days)	4,500	4,541	0
<i>weighted average effective interest rate</i>	4.26%	4.22%	0%
LGF Borrower Notes (maturities to 15 April 2027)	0	0	288
<i>weighted average effective interest rate</i>	0%	0%	3.54%
Call account	1,900	1,900	0
<i>weighted average effective interest rate</i>	3.25%	3.25%	0%
	<b>10,900</b>	<b>10,941</b>	<b>288</b>

## Note 9 – Derivative financial instruments

### INTEREST RATE SWAPS – FAIR VALUE

	Actual Parent 30 Jun 16 (\$000)	Actual Parent 30 Jun 15 (\$000)	Actual Group 30 Jun 16 (\$000)	Actual Group 30 Jun 15 (\$000)
<b>Current asset portion</b>	0	0	0	0
<b>Non-current asset portion</b>	0	15	0	15
<b>Current liability portion</b>	0	0	0	0
<b>Non-current liability portion</b>	(2,439)	(959)	(2,439)	(959)

### INTEREST RATE SWAPS - FAIR VALUE

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

### INFORMATION ABOUT INTEREST RATE SWAPS

The notional principal amounts of the interest rate swap contracts for the Council as at 30 June 2016 is \$28.0M (2015 \$18.5M)

The swaps:	Notional principle	Fixed rate	Maturity date
Westpac <sup>1</sup>	\$1,500,000	4.760%	15-Nov-2021
Westpac <sup>2</sup>	\$1,000,000	4.200%	15-Dec-2021
Westpac <sup>3</sup>	\$1,000,000	4.825%	15-Dec-2020
Westpac <sup>4</sup>	\$1,000,000	4.740%	16-Dec-2019
Westpac <sup>5</sup>	\$1,000,000	4.710%	26-Jan-2018
Westpac <sup>6</sup>	\$1,000,000	4.715%	15-Sep-2024
Westpac <sup>7</sup>	\$2,000,000	4.790%	15-Jun-2023
Westpac <sup>8</sup>	\$1,000,000	4.745%	15-Sep-2023
Westpac <sup>9</sup>	\$1,000,000	3.650%	15-Oct-2025
Westpac <sup>10</sup>	\$2,000,000	2.700%	15-Feb-2019
Kiwibank <sup>1</sup>	\$1,000,000	4.753%	15-Aug-2024
Kiwibank <sup>2</sup>	\$1,000,000	4.752%	15-Mar-2024
Kiwibank <sup>3</sup>	\$1,000,000	4.729%	15-Jul-2020
Kiwibank <sup>4</sup>	\$2,000,000	4.669%	15-Jul-2019
Kiwibank <sup>5</sup>	\$2,000,000	4.778%	15-Jun-2022
Kiwibank <sup>6</sup>	\$1,000,000	3.688%	15-Jan-2020
Kiwibank <sup>7</sup>	\$1,000,000	3.793%	15-Jan-2025
Kiwibank <sup>8</sup>	\$1,500,000	2.815%	24-Dec-2018



Kiwibank <sup>9</sup>	\$1,000,000	2.835%	24-Dec-2018
Kiwibank <sup>10</sup>	\$1,000,000	3.988%	16-Sep-2025
Kiwibank <sup>11</sup>	\$1,000,000	3.465%	24-Dec-2020
Kiwibank <sup>12</sup>	\$2,000,000	3.635%	15-Oct-2025

## Note 10 – Receivables

	Actual Parent 30 Jun 16 (\$000)	Actual Parent 30 Jun 15 (\$000)	Actual Group 30 Jun 16 (\$000)	Actual Group 30 Jun 15 (\$000)
Rates receivables	831	757	831	757
Sundry debtors	775	913	838	973
Community loans	85	128	85	128
GST	429	349	460	376
Related party receivables	41	50	0	0
Accrued revenue	857	185	859	185
Prepayments	392	260	412	279
	<b>3,410</b>	<b>2,642</b>	<b>3,485</b>	<b>2,698</b>
Less provision for impairment of receivables	(50)	(50)	(50)	(50)
<b>Total trade and other receivables</b>	<b>3,360</b>	<b>2,592</b>	<b>3,435</b>	<b>2,648</b>
Less non-current portion:				
Community loans	41	82	41	82
<b>Total non-current portion</b>	<b>41</b>	<b>82</b>	<b>41</b>	<b>82</b>
<b>Current portion</b>	<b>3,319</b>	<b>2,510</b>	<b>3,394</b>	<b>2,566</b>
<b>Receivables from non-exchange transactions</b> – this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	3,135	2,389	3,259	2,444
<b>Receivables from exchange transactions</b> – this includes outstanding dog charges, and cemetery and solid waste transactions	225	253	226	254
	<b>3,360</b>	<b>2,642</b>	<b>3,485</b>	<b>2,698</b>

**COMMUNITY LOANS**

The fair value of community loans is \$85,437 (2015 \$128,403. Fair value has been determined using cash flows discounted at a rate of 2.5% to 7.75% (2015: 2.50% to 7.75%).

The face value of community loans is \$86,694 (2015 \$131,380).

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

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

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

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 2016 and 2015, 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:

<b>Provision for impairment of receivables</b>	<b>Actual Parent 30 Jun 16 (\$000)</b>	<b>Actual Parent 30 Jun 15 (\$000)</b>	<b>Actual Group 30 Jun 16 (\$000)</b>	<b>Actual Group 30 Jun 15 (\$000)</b>
At 1 July	50	50	50	50
Additional provisions made during the year	8	19	8	19
Receivables written off during period	(8)	(19)	(8)	(19)
<b>At 30 June</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>

<b>Age of rates receivables</b>	<b>Actual Parent 30 Jun 16 (\$000)</b>	<b>Actual Parent 30 Jun 15 (\$000)</b>	<b>Actual Group 30 Jun 16 (\$000)</b>	<b>Actual Group 30 Jun 15 (\$000)</b>
The age of rates receivable overdue that have not been impaired are as follows:				
Current 90 days over	745	692	745	692
1 to 2 years old	49	47	49	47
2 to 3 years old	26	15	26	15
greater than 3 years old	11	3	11	3
<b>Carrying amount as at 30 June</b>	<b>831</b>	<b>757</b>	<b>831</b>	<b>757</b>

### AGE OF SUNDRY DEBTORS

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

	<b>Actual Parent 30 Jun 16 (\$000)</b>	<b>Actual Parent 30 Jun 15 (\$000)</b>	<b>Actual Group 30 Jun 16 (\$000)</b>	<b>Actual Group 30 Jun 15 (\$000)</b>
Past due 1-30 days	628	785	650	843
Past due 31 -60 days	85	31	85	33
Past due 61 -90 days	19	8	19	8
Past due greater than 90 days	84	89	84	89
<b>Carrying amount as at 30 June</b>	<b>816</b>	<b>913</b>	<b>838</b>	<b>973</b>

### Note 11 - Inventories

	<b>Actual Parent 30 Jun 16 (\$000)</b>	<b>Actual Parent 30 Jun 15 (\$000)</b>	<b>Actual Group 30 Jun 16 (\$000)</b>	<b>Actual Group 30 Jun 15 (\$000)</b>
Printing, photocopying and stationery supplies	28	18	44	32

The carrying amount of inventories held for distribution is measured at current replacement cost at 30 June 2016.

The carrying amount of inventories pledged as security for liabilities is \$nil (2015: \$nil).

**Note 12A – 2016 Council operational assets, property, plant and equipment**

Valuation	Opening Cost/ Valuation 1 Jul 15 (\$000)	Accum. Depn. and impairment 1 Jul 15 (\$000)	Opening Book Value 1 Jul 15 (\$000)	Current Year Additions (\$000)	Current Year Disposals (\$000)	Current Year Revaluation Surplus (\$000)	Current Year Annual Depn. (\$000)	WIP Transferred (\$000)	Eliminate on Revaluation / Disposals (\$000)	Closing Cost/ Valuation 30 Jun 16 (\$000)	Closing Accum. Depn AD 30 Jun 16 (\$000)	Closing Book Value BV 30 Jun 16 (\$000)
Current surplus assets	1,425	0	1,425	0	0	0	0	0	0	1,425	0	1,425
Land (includes trees)	16,590	0	16,590	479 <sup>1</sup>	(341)	0	0	0	0	16,728	0	16,728
Buildings	23,071	0	23,071	234 <sup>2</sup>	0	0	(566)	0	0	23,305	(566)	22,739
Furniture and equipment	954	(875)	79	11	0	0	(31)	0	0	965	(906)	59
Library books	1,653	0	1,653	205	0	0	(345)	0	0	1,858	(345)	1,513
Motor vehicles	987	(690)	297	0	(156)	0	(57)	0	343	488	(404)	84
Plant	8,470	(1,627)	6,843	1,086 <sup>3</sup>	(115)	0	(435)	0	124	9,317	(1,938)	7,379
Work in progress	325	0	325	0	0	0	0	12	0	337	0	337
<b>Total operational assets 2016</b>	<b>53,475</b>	<b>(3,192)</b>	<b>50,283</b>	<b>2,015</b>	<b>(612)</b>	<b>0</b>	<b>(1,434)</b>	<b>12</b>	<b>467</b>	<b>54,423</b>	<b>(4,159)</b>	<b>50,264</b>
<b>Formulas</b>	A	B	C	D	E	F	G	H	I	J	K	L
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				

Notes: 1 Additions include vested assets of \$375,000 2 Additions include vested assets of \$5,568 3 Additions include vested assets of \$87,400

\$19,260 opening BV moved from Furniture and Equipment to Plant

**Note 12B – 2016 Council restricted assets, restricted property, plant and equipment**

	Opening Cost/ Valuation 1 Jul 15 (\$000)	Accum. Depn. and impairment charge AD 1 Jul 15 (\$000)	Opening Book Value BV 1 Jul 15 (\$000)	Current Year Additions (\$000)	Current Year Disposals (\$000)	Current Year Revaluation Surplus (\$000)	Current Year Annual Depn. (\$000)	WIP Transferred (\$000)	Eliminate on Revaluation / Disposals (\$000)	Closing Cost/ Valuation 30 Jun 16 (\$000)	Closing Accum. Depn AD 30 Jun 16 (\$000)	Closing Book Value BV 30 Jun 16 (\$000)
Land	27,380	0	27,380	37	1	0	0	0	0	25,098	0	25,098
Buildings	4,533	0	4,533	62	2	0	(93)	0	0	4,595	(93)	4,502
Parks and Reserves services	4,903	0	4,903	460	3	(69)	(191)	0	0	5,294	(191)	5,103
<b>Total restricted assets 2016</b>	<b>36,816</b>	<b>0</b>	<b>36,816</b>	<b>559</b>	<b>(69)</b>	<b>(2,319)</b>	<b>(284)</b>	<b>0</b>	<b>0</b>	<b>34,987</b>	<b>(284)</b>	<b>34,703</b>
<b>Total council property, plant and equipment 2016</b>	<b>90,291</b>	<b>(3,192)</b>	<b>87,099</b>	<b>2,574</b>	<b>(681)</b>	<b>(2,319)</b>	<b>(1,718)</b>	<b>12</b>	<b>467</b>	<b>89,410</b>	<b>(4,443)</b>	<b>84,967</b>

Note: There are no restrictions over the title of Upper Hutt City Council's property, plant and equipment, nor are there any tangible assets pledged as security.

**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
- 1    Additions include vested assets of \$15,000      2 Additions include vested assets of \$30,000      3 Additions include vested assets of \$183,973.04
- 4    The revaluation of land \$2,319,000 is due to reclassification error of land internally in the Asset Management Plan. Parks and Reserves was accounted twice in the prior year. This entry is to correct the final valuation position.

**Note 12C – 2016 Subsidiaries assets, property, plant and equipment**

	Opening Cost/ Valuation 1 Jul 15 (\$000)	Accum. Depn. and impairme nt charge AD 1 Jul 15 (\$000)	Openin g Book Value BV 1 Jul 15 (\$000)	Current Year Addition s (\$000)	Current Year Disposal s BV (\$000)	Current Year Revaluatio n /Return to Equity (\$000)	Current Year Annual Depn. (\$000)	WIP Capitised Transfere d (\$000)	Eliminate Depn on Revaluatio n/ Disposals (\$000)	Closing Cost/ Valuatio n CV 30 Jun 16 (\$000)	Closing Accum. Depn AD 30 Jun 16 (\$000)	Closing Book Value BV 30 Jun 16 (\$000)
Expressions property, plant, and equipment	94	(43)	51	14	0	0	(10)	0	0	108	(53)	55
<b>Total subsidiary assets 2016</b>	<b>94</b>	<b>(43)</b>	<b>51</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>(10)</b>	<b>0</b>	<b>0</b>	<b>108</b>	<b>(53)</b>	<b>55</b>
<b>Total group property plant and equipment 2016</b>	<b>90,385</b>	<b>(3,235)</b>	<b>87,150</b>	<b>2,588</b>	<b>(681)</b>	<b>(2,319)</b>	<b>(1,728)</b>	<b>12</b>	<b>467</b>	<b>89,518</b>	<b>(4,496)</b>	<b>85,022</b>

A B C D E F G H I J K L

**Formulas**

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

**Note 12A – 2015 Council operational assets, property, plant and equipment**

	Opening Cost/ Valuation	Accum. Depn. and impairment charge	Opening Book Value	Current Year Disposals	Current Year Revaluation Surplus	Current Year Annual Depn.	Eliminate on Revaluation / Disposals	Closing Cost/ Valuation	Closing Accum. Depn.	Closing Book Value
	CV 1 Jul 14 (\$000)	AD 1 Jul 14 (\$000)	BV 1 Jul 14 (\$000)	(\$000)	(\$000)	(\$000)	(\$000)	CV 30 Jun 15 (\$000)	AD 30 Jun 15 (\$000)	BV 30 Jun 15 (\$000)
Current surplus assets	955	0	955	0	470	0	0	1,425	0	1,425
Land (includes trees)	10,294	0	10,294	1 27	6,269	0	0	16,590	0	16,590
Buildings	19,606	(2,257)	17,349	399	5,766	(443)	2,700	23,071	0	23,071
Furniture and equipment	924	(864)	60	39	19	(20)	9	973	(875)	98
Library books	3,267	(1,070)	2,197	242	(241)	(545)	1,615	1,653	0	1,653
Motor vehicles	882	(642)	240	105	0	(48)	0	987	(690)	297
Plant	6,834	(1,894)	4,940	2 267	2,305	(578)	845	8,451	(1,627)	6,824
Work in progress	66	0	66	285	0	0	0	325	0	325
<b>Total operational assets 2015</b>	<b>42,828</b>	<b>(6,727)</b>	<b>36,101</b>	<b>1,364</b>	<b>14,588</b>	<b>(1,634)</b>	<b>5,169</b>	<b>53,475</b>	<b>(3,192)</b>	<b>50,283</b>

A B C D E F G H I J K L

**Formulas**

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

Opening AD to Closing AD B + G + I A + B + D + E + F + G + H

Note:

1. Additions include vested assets of \$27,404.65

2. Additions include vested assets of \$2,872.00

**Note 12B – 2015 Council restricted assets, restricted property, plant and equipment**

	Opening Cost/ Valuation CV 1 Jul 14 (\$000)	Accum. Deprn. and impairment charge AD 1 Jul 14 (\$000)	Opening Book Value BV 1 Jul 14 (\$000)	Current Year Additions (\$000)	Current Year Disposals (\$000)	Current Year Revaluation Surplus (\$000)	Current Year Annual Deprn. (\$000)	WIP Transferred (\$000)	Eliminate on Revaluation / Disposals (\$000)	Closing Cost/ Valuation CV 30 Jun 15 (\$000)	Closing Accum. Deprn AD 30 Jun 15 (\$000)	Closing Book Value BV 30 Jun 15 (\$000)
Land	23,578	0	23,578 <sup>1</sup>	7	0	3,795	0	0	0	27,380	0	27,380
Buildings	2,817	(352)	2,465	5	0	2,100	(37)	0	389	4,533	0	4,533
Parks and Reserves services	7,850	(748)	7,102 <sup>2</sup>	140	(20)	(2,074)	(245)	0	993	4,903	0	4,903
<b>Total restricted assets 2015</b>	<b>34,245</b>	<b>(1,100)</b>	<b>33,145</b>	<b>152</b>	<b>(20)</b>	<b>3,821</b>	<b>(282)</b>	<b>0</b>	<b>1,382</b>	<b>36,816</b>	<b>0</b>	<b>36,816</b>

<b>Total Council property, plant and equipment 2015</b>	<b>77,073</b>	<b>(7,827)</b>	<b>69,246</b>	<b>1,516</b>	<b>(130)</b>	<b>18,409</b>	<b>(1,916)</b>	<b>(26)</b>	<b>6,551</b>	<b>90,291</b>	<b>(3,192)</b>	<b>87,099</b>
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1. Additions include vested assets of \$6,788
2. Additions include vested assets of \$6,000

**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  
 Opening CV to Closing BV

J + K

A + B + D + E + F + G + H

A      B      C      D      E      F      G      H      I      J      K      L



**Note 12C – 2015 Subsidiaries assets, property, plant and equipment**

	Opening Cost/ Valuation CV 1 Jul 14 (\$000)	Accum. Depn. and impairment charge AD 1 Jul 14 (\$000)	Opening Book Value BV 1 Jul 14 (\$000)	Current Year Additions (\$000)	Current Year Disposals BV (\$000)	Current Year Revaluation /Return to Equity (\$000)	Current Year Annual Depn. (\$000)	WIP Capitalised Transferred (\$000)	Eliminate Depn on Revaluation / Disposals (\$000)	Closing Cost/ Valuation CV 30 Jun 15 (\$000)	Closing Accum. Depn AD 30 Jun 15 (\$000)	Closing Book Value BV 30 Jun 15 (\$000)
Expressions property, plant, and equipment	77	(34)	43	17	0	0	(9)	0	0	94	(43)	51
<b>Total subsidiary assets 2015</b>	<b>77</b>	<b>(34)</b>	<b>43</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>(9)</b>	<b>0</b>	<b>0</b>	<b>94</b>	<b>(43)</b>	<b>51</b>
<b>Total group property, plant and equipment 2015</b>	<b>77,150</b>	<b>(7,861)</b>	<b>69,289</b>	<b>1,533</b>	<b>(130)</b>	<b>18,409</b>	<b>(1,925)</b>	<b>(26)</b>	<b>6,551</b>	<b>90,385</b>	<b>(3,235)</b>	<b>87,150</b>

**Formulas**

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

**Note 12D – Permanent art collection**

	Actual Parent 30 Jun 16 (\$000)	Actual Parent 30 Jun 15 (\$000)	Actual Group 30 Jun 16 (\$000)	Actual Group 30 Jun 15 (\$000)
Pumpkin Cottage Art Collection	0	0	53	26

**NOTE:**

The Pumpkin Cottage Art Collection was donated to Expressions and valued at \$26,095 by an independent valuer in September 2009. The collection has been revalued as at 27 October 2015 by Suzanne Beere of Ngaio Fine Arts.

**Note 13 - 2016 Aquatic assets**

	Opening Cost/ Valuation CV 1 Jul 15 (\$000)	Accum. Deprn. and impairment charge AD 1 Jul 15 (\$000)	Opening Book Value BV 1 Jul 15 (\$000)	Current Year Additions (\$000)	Current Year Disposals BV (\$000)	Current Year Revaluation Surplus (\$000)	Current Year Annual Deprn. (\$000)	WIP Transferred (\$000)	Eliminate on Revaluation / Disposals (\$000)	Closing Cost/ Valuation CV 30 Jun 16 (\$000)	Closing Accum. Deprn AD 30 Jun 16 (\$000)	Closing Book Value BV 30 Jun 16 (\$000)
Land	1,381	0	1,381	0	0	0	0	0	0	1,381	0	1,381
Buildings	8,698	0	8,698	17	(2)	0	(279)	0	0	8,713	(279)	8,434
Plant	200	0	200	0	0	0	(47)	0	0	200	(47)	153
<b>Total aquatic assets 2016</b>	<b>10,279</b>	<b>0</b>	<b>10,279</b>	<b>17</b>	<b>(2)</b>	<b>0</b>	<b>(326)</b>	<b>0</b>	<b>0</b>	<b>10,294</b>	<b>(326)</b>	<b>9,968</b>

**Note 13 - 2015 Aquatic assets**

	Opening Cost/ Valuation CV 1 Jul 14 (\$000)	Opening Book Value BV 1 Jul 14 (\$000)	Accum. Depr. and impairment charge AD 1 Jul 14 (\$000)	Current Year Additions (\$000)	Current Year Disposals BV (\$000)	Current Year Revaluation Surplus (\$000)	Current Year Annual Depn. (\$000)	WIP Transferred (\$000)	Eliminate on Revaluation / Disposals (\$000)	Closing Cost/ Valuation CV 30 Jun 15 (\$000)	Closing Accum. Deprn AD 30 Jun 15 (\$000)	Closing Book Value BV 30 Jun 15 (\$000)
Land	1,237	1,237	0	0	0	144	0	0	0	1,381	0	1,381
Buildings	5,559	5,559	0	434	(74)	3,044	(265)	0	265	8,698	0	8,698
Plant	699	699	0	26	(1)	(488)	(36)	0	36	200	0	200
<b>Total aquatic 2015</b>	<b>7,495</b>	<b>7,495</b>	<b>0</b>	<b>460</b>	<b>(75)</b>	<b>2,700</b>	<b>(301)</b>	<b>0</b>	<b>301</b>	<b>10,279</b>	<b>0</b>	<b>10,279</b>

**Note 14A – 2016 Council infrastructural assets**

	Opening Cost/ Valuation CV 1 Jul 15 (\$000)	Accum. Depn. and impairment charge AD 1 Jul 15 (\$000)	Opening Book Value BV 1 Jul 15 (\$000)	Current year Additions (\$000)	Current year Disposals (\$000)	Current year Revaluation Surplus (\$000)	Current year Annual Depn. (\$000)	WIP Transferred (\$000)	Eliminate on Revaluation/ Disposal (\$000)	Closing Cost/ Valuation CV 30 Jun 16 (\$000)	Closing Accum. Depn AD 30 Jun 16 (\$000)	Closing Book Value BV 30 Jun 16 (\$000)
	A	B	C	D	E	F	G	H	I	J	K	L
Land under roads at cost	88,503	0	88,503	3,672	1	0	0	0	0	92,175	0	92,175
Roads	194,724	0	194,724	6,452	2	(781)	(4,223)	0	4,223	196,675	0	196,675
Stormwater	108,797	0	108,797	417	3	(56)	(1,714)	0	1,714	107,933	0	107,933
Telemetry	305	0	305	135	0	(102)	(42)	0	42	296	0	296
Wastewater	81,498	0	81,498	4,069	4	(189)	(1,834)	0	1,834	82,350	0	82,350
Water	86,244	0	86,244	2,097	5	(77)	(1,712)	0	1,712	86,275	0	86,275
Hutt Valley Wastewater Assets (note 14B)	39,728	0	39,728	508	0	0	(1,634)	0	0	40,236	(1,634)	38,602
Work in progress	2,829	0	2,829	0	0	0	0	1,642	0	4,471	0	4,471
<b>Total infrastructure assets 2016</b>	<b>602,628</b>	<b>0</b>	<b>602,628</b>	<b>17,350</b>	<b>(1,103)</b>	<b>(581)</b>	<b>(11,159)</b>	<b>1,642</b>	<b>9,525</b>	<b>610,411</b>	<b>(1,634)</b>	<b>608,777</b>

**NOTE:** That the closing book value is the most recent estimate of the replacement cost

- 1. Additions include vested assets of \$3,671,525
- 2. Additions include vested assets of \$2,011,971
- 3. Additions include vested assets of \$373,505
- 4. Additions include vested assets of \$374,285
- 5. Additions include vested assets of \$315,066

**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 14A – 2015 Council infrastructural assets**

	Opening Cost/ Valuation CV 1 Jul 14 (\$000)	Accum. Deprn. and impairment charge AD 1 Jul 14 (\$000)	Opening Book Value BV 1 Jul 14 (\$000)	Current year Additions (\$000)	Current year Disposals (\$000)	Current year Revaluation Surplus (\$000)	Current year Annual Deprn. (\$000)	WIP Transferred (\$000)	Eliminate on Revaluation / Disposal (\$000)	Closing Cost/ Valuation CV 30 Jun 15 (\$000)	Closing Accum. Deprn AD 30 Jun 15 (\$000)	Closing Book Value BV 30 Jun 15 (\$000)
	A	B	C	D	E	F	G	H	I	J	K	L
Land under roads at cost	88,222	0	88,222	1 281	0	0	0	0	0	88,503	0	88,503
Roads	190,284	0	190,284	2 3,952	(68)	4,584	(4,028)	0	4,028	194,724	0	194,724
Stormwater	106,033	0	106,033	3 5	(53)	4,460	(1,648)	0	1,648	108,797	0	108,797
Telemetry	320	0	320	0	0	25	(40)	0	40	305	0	305
Wastewater	79,285	0	79,285	265	(63)	3,765	(1,754)	0	1,754	81,498	0	81,498
Water	87,167	0	87,167	4 462	(329)	636	(1,692)	0	1,692	86,244	0	86,244
Hutt Valley Wastewater Assets (note 13B)	44,181	(3,651)	40,530	694	0	73	(1,569)	0	5,220	39,728	0	39,728
Work in progress	96	0	96	2,829	0	0	0	(96)	0	2,829	0	2,829
<b>Total infrastructure assets 2015</b>	<b>595,588</b>	<b>(3,651)</b>	<b>591,937</b>	<b>8,488</b>	<b>(513)</b>	<b>13,543</b>	<b>(10,731)</b>	<b>(96)</b>	<b>14,382</b>	<b>602,628</b>	<b>0</b>	<b>602,628</b>

**NOTE:** That the closing book value is the most recent estimate of the replacement cost

<sup>1</sup> Additions include vested assets of \$281,498 <sup>3</sup> Additions include vested assets of \$5,029

<sup>2</sup> Additions include vested assets of \$168,690 <sup>4</sup> Additions include vested assets of \$5,974

**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

Upper Hutt City Council has no flood protection or control works to disclose as this is covered by Greater Wellington Regional Council.

## Note 14B – 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 32% for Upper Hutt City Council. Upper Hutt City Council is funding the Hutt Valley Wastewater Scheme in line with the Strategic Plan Funding model. While Upper Hutt City Council does not have any direct control over the Scheme it is entitled to a share of the proceeds from any sale of the Scheme's assets.

The Hutt Valley Wastewater Scheme was valued on the depreciated replacement value basis as at 31 December 2014. The valuation of these assets was independently carried out by Ian Henderson (AAPI), Valuation Principal of Aon Global Risk Consulting.

Upper Hutt City Council now has an interest in the total assets of \$38.6 M (2015 \$39.728M) as recognised as part of Infrastructural assets.

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

<b>Hutt Valley wastewater scheme transactions</b>	<b>Actual Parent 30 Jun 16 (\$000)</b>	<b>Actual Parent 30 Jun 15 (\$000)</b>	<b>Actual Group 30 Jun 16 (\$000)</b>	<b>Actual Group 30 Jun 15 (\$000)</b>
Drainage Levy	2,521	2,600	2,521	2,600
Capital Contributions	508	694	508	694
Trade Waste Income	(86)	(98)	(86)	(98)

## Note 15 – Intangible assets

<b>Computer software</b>	<b>Actual Parent 30 Jun 16 (\$000)</b>	<b>Actual Parent 30 Jun 15 (\$000)</b>	<b>Actual Group 30 Jun 16 (\$000)</b>	<b>Actual Group 30 Jun 15 (\$000)</b>
Balance at 01 July				
Cost	291	291	291	291
Accumulated amortisation and impairment	(248)	(204)	(248)	(204)
<b>Opening carrying amount</b>	<b>43</b>	<b>87</b>	<b>43</b>	<b>87</b>
Year ended 30 June				
Additions	0	0	0	0
Amortisation charge	(43)	(44)	(43)	(44)
<b>Closing carrying amount at 30 June</b>	<b>0</b>	<b>43</b>	<b>0</b>	<b>43</b>
Cost balance at 30 June	291	291	291	291
Accumulated amortisation and impairment	(291)	(248)	(291)	(248)
<b>Closing cost amount at 30 June</b>	<b>0</b>	<b>43</b>	<b>0</b>	<b>43</b>

## Note 16 – Payables and deferred revenue

	<b>Actual Parent 30 Jun 16 (\$000)</b>	<b>Actual Parent 30 Jun 15 (\$000)</b>	<b>Actual Group 30 Jun 16 (\$000)</b>	<b>Actual Group 30 Jun 15 (\$000)</b>
Trade creditors	5,115	5,453	5,228	5,575
Rates in advance	787	760	787	760
Greater Wellington Regional Council Rates	343	300	343	300
Fees in advance	764	747	766	747
Amounts due to related parties	10	0	0	0
Accrued interest payable	117	110	117	110
Payroll liability	203	163	203	163
Other liabilities	227	175	227	175
Deposits and trust accounts	943	776	987	797
<b>Payables and deferred revenue</b>	<b>8,509</b>	<b>8,484</b>	<b>8,658</b>	<b>8,627</b>
Payables and deferred revenue from non-exchange transactions	8,447	8,459	8,633	8,602
Payables and deferred revenue from exchange transactions	62	25	25	25
<b>Payables and deferred revenue</b>	<b>8,509</b>	<b>8,484</b>	<b>8,658</b>	<b>8,627</b>

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.

<b>Provisions</b>	<b>Actual Parent 30 Jun 16 (\$000)</b>	<b>Actual Parent 30 Jun 15 (\$000)</b>	<b>Actual Group 30 Jun 16 (\$000)</b>	<b>Actual Group 30 Jun 15 (\$000)</b>
Weathertightness claims	160	90	160	90

Four claims have been lodged with the Weathertight Homes Resolution Service (WHRS) under the Financial Assistance Package (FAP) scheme as at 30 June 2016 (2015, 4).

These claims relate to weathertightness issues of homes in the Upper Hutt area and name the Council as well as other parties. The WHRS is a central government service established under the Weathertightness Homes Resolution Services Act 2006. The FAP is only available to eligible homeowners. The Council has opted into the FAP scheme.

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

## Note 17 – Employee benefit liabilities

	<b>Actual Parent 30 Jun 16 (\$000)</b>	<b>Actual Parent 30 Jun 15 (\$000)</b>	<b>Actual Group 30 Jun 16 (\$000)</b>	<b>Actual Group 30 Jun 15 (\$000)</b>
Accrued pay	(31)	267	(31)	267
Annual leave	647	565	669	594
Sick leave	47	47	47	47
Retirement and long service leave	319	296	319	296
<b>Total employee benefit liabilities</b>	<b>982</b>	<b>1,175</b>	<b>1,004</b>	<b>1,204</b>
Current	663	879	685	908
Non-current	319	296	319	296
<b>Total employee entitlements</b>	<b>982</b>	<b>1,175</b>	<b>1,004</b>	<b>1,204</b>

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

A discount rate of 2.4% (2015, 3.33%) and an inflation rate of 0.4% (2015, 0.1%) have been applied.



## Note 18 - Borrowings

	Actual Parent 30 Jun 16 (\$000)	Actual Parent 30 Jun 15 (\$000)	Actual Group 30 Jun 16 (\$000)	Actual Group 30 Jun 15 (\$000)
Current				
Secured loans	7,956	4,272	7,956	4,272
<b>Total current borrowings</b>	<b>7,956</b>	<b>4,272</b>	<b>7,956</b>	<b>4,272</b>
Non-current				
Secured loans	24,500	26,277	24,500	26,277
<b>Total non-current borrowings</b>	<b>24,500</b>	<b>26,277</b>	<b>24,500</b>	<b>26,277</b>
<b>Total borrowings</b>	<b>32,456</b>	<b>30,549</b>	<b>32,456</b>	<b>30,549</b>

### FIXED-RATE DEBT

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

### FLOATING-RATE DEBT

Upper Hutt City Council's secured debt of \$24.5 M (2015, \$18.0 M) is issued at floating rates of interest.

### INTEREST FREE LOAN

Upper Hutt City Council has no interest free loans.

### SECURITY

The overdraft is unsecured. The maximum amount that can be drawn down against the overdraft facility is \$600,000 (2015, \$600,000). There are no restrictions on the use of this facility.

Council has 2 Westpac multi option credit line facilities available to it, currently it is \$5,060,420 (2015 \$1,624,420). \$5 million limit expiry on 31 July 2021 and \$60,420 limit expiry on 21 Dec 2018.

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

Upper Hutt City Council has issued security stock to the value of \$57.569 M (2015, \$50.208 M), under its Debenture Trust Deed. This stock has been issued to four banking institutions as security for existing facilities totalling committed funds of \$32.456M (2015, \$30.549 M) and uncommitted facilities available to the value of \$nil (2015, \$1,803,241).

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 Plan.

**INTEREST RATES**

The weighted average effective interest rate on loans outstanding (current and non-current) at 30 June 2016 was 4.55% (June 2015, 5.10% in). 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.

<b>Borrowings</b>	<b>30 Jun 16 Secured Loans Parent and Group</b>	<b>30 Jun 15 Secured Loans Parent and Group</b>
Less than one year	7,956	4,272
<i>weighted average effective interest rate</i>	5.02%	5.33%
Later than one year but not more than five years	14,000	20,277
<i>weighted average effective interest rate</i>	2.98%	5.15%
Later than five years	10,500	6,000
<i>weighted average effective interest rate</i>	3.05%	4.60%
<b>Total borrowings</b>	<b>32,456</b>	<b>30,549</b>

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

<b>Fair value of non-current borrowings</b>	<b>Carrying Amounts</b>			<b>Fair Value</b>
	<b>30 Jun 16 (\$000)</b>	<b>30 Jun 15 (\$000)</b>	<b>30 Jun 16 (\$000)</b>	<b>30 Jun 15 (\$000)</b>
Non-current				
Secured loans	24,500	26,277	24,500	26,277
<b>Total non-current borrowings</b>	<b>24,500</b>	<b>26,277</b>	<b>24,500</b>	<b>26,277</b>

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

**INTERNAL BORROWINGS**

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

## Note 19 – 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 \$28 M (2015, \$18.5 M).

### A – FINANCIAL INSTRUMENT CATEGORIES

	Actual Parent 30 Jun 16 (\$000)	Actual Parent 30 Jun 15 (\$000)	Actual Group 30 Jun 16 (\$000)	Actual Group 30 Jun 15 (\$000)
<b>Financial assets</b>				
Fair value through surplus and deficit	0	15	15	15
<b>Derivative financial instrument assets</b>	<b>0</b>	<b>15</b>	<b>15</b>	<b>15</b>
<b>Loans and receivables</b>				
Cash at bank and cash equivalents	2,770	6,586	3,039	6,832
Debtors and other receivables	3,275	2,464	3,350	2,520
<b>Other financial assets</b>				
- term deposits	5,800	4,500	5,838	4,541
- community loans	85	128	85	128
- LGFA borrow notes	392	288	392	288
<b>Total loans and receivables</b>	<b>12,322</b>	<b>13,966</b>	<b>12,704</b>	<b>14,309</b>
<b>Fair value through other comprehensive revenue and expense</b>				
Other financial assets				
- unlisted shares	198	172	198	172
<b>Total fair value through other comprehensive revenue and expense</b>	<b>198</b>	<b>172</b>	<b>198</b>	<b>172</b>
<b>Financial liabilities</b>				
Fair value through surplus and deficit	2,439	959	2,439	959
<b>Derivative financial instrument</b>	<b>2,439</b>	<b>959</b>	<b>2,439</b>	<b>959</b>
<b>Financial liabilities at amortised cost</b>				
Creditors and other payables	8,509	8,484	8,658	8,627
Borrowings				

	<b>Actual Parent 30 Jun 16 (\$000)</b>	<b>Actual Parent 30 Jun 15 (\$000)</b>	<b>Actual Group 30 Jun 16 (\$000)</b>	<b>Actual Group 30 Jun 15 (\$000)</b>
- secured loans	32,456	30,549	32,456	30,549
<b>Total financial liabilities at amortised cost</b>	<b>40,965</b>	<b>39,033</b>	<b>41,114</b>	<b>39,176</b>

## 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:

	<b>Total \$000</b>	<b>Valuation Technique</b>		
		<b>Quoted \$000</b>	<b>Observable \$000</b>	<b>Significant \$000</b>
<b>Council 30 June 2016</b>				
<b>Financial assets</b>				
Derivatives	0	0	0	0
Shares	198	0	198	0
<b>Financial liabilities</b>				
Derivatives	2,439	2,439	0	0
<b>Group 30 June 2016</b>				
<b>Financial assets</b>				
Derivatives	0	0	0	0
Shares	198	0	198	0
<b>Financial liabilities</b>				
Derivatives	2,439	2,439	0	0
<b>Council 30 June 2015</b>				
<b>Financial assets</b>				
Derivatives	15	15	0	0
Shares	172	0	172	0
<b>Financial liabilities</b>				
Derivatives	959	959	0	0

	Total \$000	Valuation Technique		
		Quoted \$000	Observable \$000	Significant \$000
<b>Group 30 June 2015</b>				
<b>Financial assets</b>				
Derivatives	15	15	0	0
Shares	172	0	172	0
<b>Financial liabilities</b>				
Derivatives	959	959	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

#### Price risk

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

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates 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.

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

## Credit risk

Credit risk is the risk that a third party will default on its obligations to 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 A+ 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.

<b>C – Maximum exposure to credit risk</b>	<b>Actual Parent 30 Jun 16 (\$000)</b>	<b>Actual Parent 30 Jun 15 (\$000)</b>	<b>Actual Group 30 Jun 16 (\$000)</b>	<b>Actual Group 30 Jun 15 (\$000)</b>
Upper Hutt City Council's maximum credit exposure for each class of financial instrument is as follows:				
Cash at bank and term deposits	8,570	11,086	8,877	11,373
Debtors and other receivables	3,275	2,464	3,350	2,520
Community and related party loans	85	128	85	128
Derivative financial instrument assets	0	15	0	15
<b>Total credit risk</b>	<b>11,930</b>	<b>13,693</b>	<b>12,312</b>	<b>14,036</b>

## 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.

<b>Credit quality of financial assets</b>	<b>Actual Parent 30 Jun 16 (\$000)</b>	<b>Actual Parent 30 Jun 15 (\$000)</b>	<b>Actual Group 30 Jun 16 (\$000)</b>	<b>Actual Group 30 Jun 15 (\$000)</b>
<b>Counterparties with credit ratings</b>				
<b>Cash at bank and term deposits</b>				
AA+ (Standard and Pools)	392	288	698	288
AA (Standard and Pools)	0	0	0	0
AA- (Standard and Pools)	8,066	9,082	8,067	9,367
A+ (Standard and Pools)	500	2,000	500	2,000
<b>Total cash at bank and term deposits</b>	<b>8,958</b>	<b>11,370</b>	<b>9,265</b>	<b>11,655</b>
<b>Derivative financial instrument assets:</b>				
A+ (Standard and Pools)	0	15	0	15
<b>Total cash at bank and term deposits</b>	<b>0</b>	<b>15</b>	<b>0</b>	<b>15</b>
<b>Counterparties without credit ratings</b>				
<b>Community and related party loans:</b>				
Existing counterparty with defaults in past	13	17	13	17
Existing counterparty with no defaults in past	72	111	72	111
<b>Total community and related party loans</b>	<b>85</b>	<b>128</b>	<b>85</b>	<b>128</b>

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 Plan. Upper Hutt City Council has a maximum amount that can be drawn against its overdraft facility of \$600,000 (2015 \$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.

<b>Contractual maturity analysis of financial liabilities</b>	<b>Carrying amount \$000</b>	<b>Contractual cash flows \$000</b>	<b>Less than 1 Year \$000</b>	<b>1-2 Years \$000</b>	<b>2-5 Years \$000</b>	<b>More than 5 Years \$000</b>
<b>Council 2016</b>						
Creditors and other payables	8,509	8,509	8,509	0	0	0
Secured Loans	32,456	3,687	8,816	9,198	7,287	11,546
<b>Total</b>	<b>40,965</b>	<b>45,356</b>	<b>17,325</b>	<b>9,198</b>	<b>7,287</b>	<b>11,546</b>
<b>Group 2016</b>						
Creditors and other payables	8,658	8,658	8,658	0	0	0
Secured Loans	32,456	36,687	8,816	9,198	7,287	11,546
<b>Total</b>	<b>41,114</b>	<b>45,505</b>	<b>17,474</b>	<b>9,198</b>	<b>7,287</b>	<b>11,546</b>
<b>Council 2015</b>						
Creditors and other payables	8,484	8,484	8,484	0	0	0
Secured Loans	30,549	36,069	5,763	14,004	8,186	8,117
<b>Total</b>	<b>39,033</b>	<b>44,553</b>	<b>14,247</b>	<b>14,004</b>	<b>8,186</b>	<b>8,117</b>

**Group 2015**

Creditors and other payables	8,627	8,627	8,627	0	0	0
Secured Loans	30,549	36,069	5,763	14,004	8,186	8,117
<b>Total</b>	<b>39,176</b>	<b>44,896</b>	<b>14,390</b>	<b>14,004</b>	<b>8,186</b>	<b>8,117</b>

**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.

<b>Contractual maturity analysis of financial assets</b>	<b>Carrying amount \$000</b>	<b>Contractual cash flows \$000</b>	<b>Less than 1 Year \$000</b>	<b>1-2 Years \$000</b>	<b>2-5 Years \$000</b>	<b>More than 5 Years \$000</b>
<b>Council 2016</b>						
Cash and cash equivalents	2,770	2,770	2,770	0	0	0
Debtors and other receivables	3,275	3,275	3,275	0	0	0
Other financial assets:						
- term deposits	5,800	5,850	5,850	0	0	0
- community and related party loans	85	89	33	51	5	0
<b>Total</b>	<b>11,930</b>	<b>11,984</b>	<b>11,928</b>	<b>51</b>	<b>5</b>	<b>0</b>
<b>Group 2016</b>						
Cash and cash equivalents	3,039	3,039	3,039	0	0	0
Debtors and other receivables	3,350	3,350	3,350	0	0	0
Other financial assets:						
- term deposits	5,838	5,893	5,893	0	0	0
- community and related party loans	85	89	33	51	5	0
<b>Total</b>	<b>12,312</b>	<b>12,371</b>	<b>12,315</b>	<b>51</b>	<b>5</b>	<b>0</b>
<b>Council 2015</b>						
Cash and cash equivalents	6,586	6,586	6,586	0	0	0
Debtors and other receivables	2,464	2,464	2,464	0	0	0
Other financial assets:						
- term deposits	4,500	5,062	5,062	0	0	0
- community and related party loans	128	137	48	65	24	0
<b>Total</b>	<b>13,678</b>	<b>14,249</b>	<b>14,160</b>	<b>65</b>	<b>24</b>	<b>0</b>
<b>Group 2015</b>						
Cash and cash equivalents	6,832	6,832	6,832	0	0	0
Debtors and other receivables	2,520	2,520	2,520	0	0	0
Other financial assets:						
- term deposits	4,541	5,906	5,906	0	0	0
- community and related party loans	128	137	48	65	24	0
<b>Total</b>	<b>14,021</b>	<b>15,395</b>	<b>15,306</b>	<b>65</b>	<b>24</b>	<b>0</b>



**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.

<b>Sensitivity Analysis</b>	<b>Note</b>	<b>2016</b>		<b>2015</b>	
		<b>\$000</b>		<b>\$000</b>	
<b>Council Interest rate risk</b>		<b>-100bps</b>	<b>+100bps</b>	<b>-100bps</b>	<b>+100bps</b>
<b>Financial assets</b>					
Cash and cash equivalents	1	-19.5	19.5	-19	19
<b>Financial liabilities</b>					
Term loans	2	-245	245	-180	180
<b>Total sensitivity to interest rate risk</b>		<b>-264.5</b>	<b>264.5</b>	<b>199</b>	<b>199</b>

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

Cash and cash equivalents include deposits at call totalling \$1.95 M (2015, \$1.9 M) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$19,500 (2015, \$19,000).

**2. Secured loans**

Council has floating rate debt with a principal amount of \$24.5 M (2015, \$18 M). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$245,000 (2015, \$180,000).

<b>Sensitivity Analysis</b>	<b>Note</b>	<b>2016</b>		<b>2015</b>	
		<b>\$000</b>		<b>\$000</b>	
<b>Group Interest rate risk</b>		<b>-100bps</b>	<b>+100bps</b>	<b>-100bps</b>	<b>+100bps</b>
<b>Financial assets</b>					
Cash and cash equivalents	1	-19.5	19.5	-19	19
<b>Financial liabilities</b>					
Term loans	2	-245	245	-180	180
<b>Total sensitivity to interest rate risk</b>		<b>-264.5</b>	<b>264.5</b>	<b>-199</b>	<b>199</b>

**EXPLANATION OF SENSITIVITY ANALYSIS – GROUP****1. Cash and cash equivalents**

Cash and cash equivalents include deposits at call totalling \$1.95 M (2015, \$1.9 M) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$19,500 (2015, \$19,000).

**2. Secured loans**

Council has floating rate debt with a principal amount of \$24.5M (2015, \$18 M). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$240,500 (2015, \$180,000).

**Insurance Risk Clause 31A Schedule 10 Local Government Act 2002**

- a. The total value of all above ground assets (excludes land and roads) of the local authority that are covered by insurance contracts is \$103.631 M. The maximum amount to which they are insured is \$150 M for any one event, including business interruption.
- b. The total value of all assets of the local authority that are covered by financial risk sharing arrangements is underground/infrastructure assets with a total value of \$305.93 M. The maximum amount available to the local authority under those arrangements is \$500 M split 60/40 between Central Government and commercial insurance.
- c. The total value of all assets of the local authority that are self-insured is nil except for any insurance claims below the excess. Council has no funds maintained by the local authority for that purpose.

**THE FOLLOWING INFORMATION RELATES TO THE INSURANCE OF COUNCIL ASSETS AS AT 30 JUNE**

	<b>30 June 16 (\$000)</b>	<b>30 June 15 (\$000)</b>
The total value of all Council assets covered by insurance contracts	409.288 M	408,823 M
- above ground assets (excludes land and roads)	103.631 M	103.781 M
- underground/infrastructure assets	305.657 M	305.042 M
The maximum collective amount to which insured assets are insured	150 M	150 M
The total value of all Council assets covered by financial risk sharing arrangements	500 M	300 M
Maximum amount available to Council under financial risk sharing arrangements	60 M	35 M
Total value of assets that are self-insured	Nil	Nil
The value of funds maintained for self-insurance	Nil	Nil

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

## Note 20 – Accumulated funds

	Actual Parent 30 Jun 16 (\$000)	Actual Parent 30 Jun 15 (\$000)	Actual Group 30 Jun 16 (\$000)	Actual Group 30 Jun 15 (\$000)
Opening balance 01 July	227,136	233,976	227,360	234,165
Net Surplus (deficit)	1,719	(6,920)	1,767	(6,885)
	228,855	227,056	229,127	227,280
<b>Transfer to:</b>				
Restricted reserves	(1,312)	(568)	(1,314)	(570)
Accounts restricted by law	(1,576)	(1,755)	(1,576)	(1,755)
Accounts reserve transfer	0	0	0	0
Net revaluation gains and losses	0	0	0	0
Asset revaluation reserve on disposal of property, plant and equipment	0	0	0	0
	(2,888)	(2,323)	(2,890)	(2,325)
<b>Transfer from:</b>				
Restricted reserves	136	515	137	517
Accounts restricted by law	1,540	1,494	1,540	1,494
Accumulated reserve transfer	0	0	0	0
Asset revaluation reserve on disposal of property, plant and equipment	1,213	394	1,213	394
	2,889	2,403	2,890	2,405
<b>Closing balance 30 June</b>	<b>228,856</b>	<b>227,136</b>	<b>229,127</b>	<b>227,360</b>

Fair value through other comprehensive income	Actual Parent 30 Jun 16 (\$000)	Actual Parent 30 Jun 15 (\$000)	Actual Group 30 Jun 16 (\$000)	Actual Group 30 Jun 15 (\$000)
Opening balance 01 July	129	129	129	129
Net revaluation gains/losses	0	0	0	0
<b>Closing balance 30 June</b>	<b>129</b>	<b>129</b>	<b>129</b>	<b>129</b>

## Note 21 – 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.

<b>Restricted reserves</b>	<b>Actual Parent 30 Jun 16 (\$000)</b>	<b>Actual Parent 30 Jun 15 (\$000)</b>	<b>Actual Group 30 Jun 16 (\$000)</b>	<b>Actual Group 30 Jun 15 (\$000)</b>
Reserve funds	3,037	1,861	3,076	1,899
Other accounts restricted by law	4,503	4,467	4,503	4,467
<b>Closing balance 30 June</b>	<b>7,540</b>	<b>6,328</b>	<b>7,579</b>	<b>6,366</b>

#### **A – RESERVE FUNDS**

	<b>Actual Parent 30 Jun 16 (\$000)</b>	<b>Actual Parent 30 Jun 15 (\$000)</b>	<b>Actual Group 30 Jun 16 (\$000)</b>	<b>Actual Group 30 Jun 15 (\$000)</b>
Opening balance 01 July	1,861	1,808	1,899	1,846
Transfers from net surplus	1,312	568	1,314	570
Transfers from accumulated funds	0	0	0	0
	3,173	2,376	3,213	2,416
Transfers to net surplus	0	0	0	0
Transfers to accumulated funds	(136)	(515)	(137)	(517)
<b>Closing balance 30 June</b>	<b>3,037</b>	<b>1,861</b>	<b>3,076</b>	<b>1,899</b>

<b>Contents of reserve funds</b>	<b>Actual Parent 30 Jun 16 (\$000)</b>	<b>Actual Parent 30 Jun 15 (\$000)</b>	<b>Actual Group 30 Jun 16 (\$000)</b>	<b>Actual Group 30 Jun 15 (\$000)</b>
Sierra Way subdivision <sup>7</sup>	130	126	130	126
Civic amenities fund <sup>2</sup>	1	1	1	1
Amenities fund <sup>2</sup>	433	399	433	399
Plant renewal <sup>3</sup>	539	303	539	303
Reserve fund contribution <sup>4</sup>	1,437	559	1,437	559
Council property sales <sup>6</sup>	47	45	47	45
Cash in lieu parking fund account <sup>5</sup>	2	2	2	2
Harcourt Park maintenance fund <sup>8</sup>	4	1	4	1
General reserve fund <sup>1</sup>	8	8	8	8
Blue Mountain roading levy <sup>7</sup>	50	48	50	48
Akatarawa roading levy <sup>7</sup>	69	67	69	67
Kaitoke roading levy <sup>7</sup>	19	18	19	18
Mangaroa roading levy <sup>7</sup>	229	216	229	216
Katherine Mansfield roading levy <sup>7</sup>	0	0	0	0
Moonshine Hill Road levy <sup>7</sup>	5	5	5	5
Alexander Road levy <sup>7</sup>	9	9	9	9
Library redevelopment fund <sup>8</sup>	0	0	0	0
Trench resealing levy <sup>10</sup>	11	11	11	11
Kurth Crescent Stormwater levy <sup>11</sup>	44	43	44	43
Arts scholarship fund <sup>12</sup>	0	0	39	38
<b>Closing balance 30 Jun</b>	<b>3,037</b>	<b>1,861</b>	<b>3,076</b>	<b>1,899</b>

### SPECIAL FUND PURPOSES

The Council has Special Funds to cover the following situations:

1. **General Reserve** – available for any appropriate purpose.
2. **Amenity Fund(s)** – available for lending at concessional rates to community groups for the development/construction of assets that will generate a benefit for the overall community.
3. **Plant Renewal** – funds allocated from rates to replace/upgrade plant assets in the activity charged with the original allocation.
4. **Reserve Fund Contributions** – contributions levied on the developers of sub-divisions which are used to maintain and increase council provided community assets or fund interest costs and loan repayments in relation to providing such assets.
5. **Cash in Lieu of Parking** – funds collected instead of requiring the provision of parking by developers and used for parking purposes.
6. **Property Sales** – profits generated by the sale of property and available to assist in the funding of council work programme.

7. **Roading Levies** – funds raised from sub-divisions in specific catchments and available for roading projects only in the catchment that provide the funds.
8. **Harcourt Park Maintenance** – funds collected from this activity and only available for approved maintenance purposes in that park.
9. **Library and Cemetery Development** – funds collected for or generated by the specific activity and only available for projects in that activity.
10. **Trench Resealing Levy** – funds collected to ensure the correct re-instatement of trenching work by third parties.
11. **Kurth Crescent Development levy** – funds to be collected from developers to provide stormwater upgrade in Kurth Crescent.
12. **Arts Scholarship Fund** – funds collected to provide an annual scholarship.

<b>Special funds for 2015 - 2016</b>	<b>Balance 1 July 2015 (\$000)</b>	<b>Transfers into fund (\$000)</b>	<b>Transfers out of fund (\$000)</b>	<b>Balance 30 June 2016 (\$000)</b>
Sierra Way subdivision	126	4	0	130
Civic amenities fund	1	0	0	1
Amenities fund	399	34	0	433
Plant renewal reserve	303	236	0	539
Reserve fund contribution	559	1,014	(136)	1,437
Council property sales	45	2	0	47
Cash in lieu parking fund account	2	0	0	2
Harcourt Park maintenance fund	1	3	0	4
General reserve fund	8	0	0	8
Blue Mountain roading levy	48	2	0	50
Akatarawa roading levy	67	2	0	69
Kaitoke roading levy	18	1	0	19
Mangaroa roading levy	216	13	0	229
Katherine Mansfield roading levy	0	0	0	0
Moonshine Hill Road levy	5	0	0	5
Alexander Road levy	9	0	0	9
Swamp Road levy	0	0	0	0
Library redevelopment fund	0	0	0	0
Cemetery development	0	0	0	0
Trench resealing levy	11	0	0	11
Kurth Crescent stormwater levy	43	1	0	44
<b>Total special funds for 30 June Parent</b>	<b>1,861</b>	<b>1,312</b>	<b>(136)</b>	<b>3,037</b>
Arts scholarship fund	38	2	(1)	39
<b>Total special funds for 30 June Group</b>	<b>1,899</b>	<b>1,314</b>	<b>(137)</b>	<b>3,076</b>

<b>Special funds for 2014 - 2015</b>	<b>Balance 1 July 2014 (\$000)</b>	<b>Transfers into fund (\$000)</b>	<b>Transfers out of fund (\$000)</b>	<b>Balance 30 June 2015 (\$000)</b>
Sierra Way subdivision	121	5	0	126
Civic amenities fund	1	0	0	1
Amenities fund	353	71	(25)	399
Plant renewal reserve	358	139	(194)	303
Reserve fund contribution	537	281	(259)	559
Council property sales	43	2	0	45
Cash in lieu parking fund account	2	0	0	2
Harcourt Park maintenance fund	4	3	(6)	1
General reserve fund	8	0	0	8
Blue Mountain roading levy	36	30	(18)	48
Akatarawa roading levy	55	12	0	67
Kaitoke roading levy	17	1	0	18
Mangaroa roading levy	199	17	0	216
Katherine Mansfield roading levy	0	0	0	0
Moonshine Hill Road levy	5	0	0	5
Alexander Road levy	5	4	0	9
Swamp Road levy	0	0	0	0
Library redevelopment fund	0	0	0	0
Cemetery development	0	0	0	0
Trench resealing levy	23	1	(13)	11
Kurth Crescent stormwater levy	41	2	0	43
<b>Total special fund for 30 June Parent</b>	<b>1,808</b>	<b>568</b>	<b>(515)</b>	<b>1,861</b>
Arts scholarship fund	38	2	(2)	38
<b>Total special funds for 30 June Group</b>	<b>1,846</b>	<b>570</b>	<b>(517)</b>	<b>1,899</b>



**B – OTHER ACCOUNTS RESTRICTED BY LAW**

	<b>Actual Parent 30 Jun 16 (\$000)</b>	<b>Actual Parent 30 Jun 15 (\$000)</b>	<b>Actual Group 30 Jun 16 (\$000)</b>	<b>Actual Group 30 Jun 15 (\$000)</b>
Opening balance 01 July	4,467	4,206	4,467	4,206
Transfers from net surplus	1,576	1,755	1,576	1,755
Transfers to accumulated funds	(1,540)	(1,494)	(1,540)	(1,494)
<b>Closing balance 30 June</b>	<b>4,503</b>	<b>4,467</b>	<b>4,503</b>	<b>4,467</b>

<b>Contents of other accounts restricted by law</b>	<b>Actual Parent 30 Jun 16 (\$000)</b>	<b>Actual Parent 30 Jun 15 (\$000)</b>	<b>Actual Group 30 Jun 16 (\$000)</b>	<b>Actual Group 30 Jun 15 (\$000)</b>
Dog control account	0	0	0	0
Water rate account	803	867	803	867
Stormwater rate account	456	853	456	853
Wastewater rate account	3,244	2,747	3,244	2,747
<b>Closing balance 30 June</b>	<b>4,503</b>	<b>4,467</b>	<b>4,503</b>	<b>4,467</b>

<b>Other accounts restricted by law for 2015 - 2016</b>	<b>Activities to which the reserve relates to</b>	<b>Balance 1 July 15 (\$000)</b>	<b>Transfers into fund (\$000)</b>	<b>Transfers out of fund (\$000)</b>	<b>Balance 30 June 16 (\$000)</b>
Dog control account	Dogs	0	71	(71)	0
Water rate account	Water	867	116	(180)	803
Stormwater rate account	Stormwater	853	0	(397)	456
Wastewater rate account	Wastewater	2,747	1,389	(892)	3,244
<b>Closing balance 30 June</b>		<b>4,467</b>	<b>1,576</b>	<b>(1,540)</b>	<b>4,503</b>

<b>Other accounts restricted by law for 2014 - 2015</b>	<b>Activities to which the reserve relates to</b>	<b>Balance 1 July 14 (\$000)</b>	<b>Transfers into fund (\$000)</b>	<b>Transfers out of fund (\$000)</b>	<b>Balance 30 June 15 (\$000)</b>
Dog control account	Dogs	0	0	0	0
Water rate account	Water	732	301	(166)	867
Stormwater rate account	Stormwater	956	108	(211)	853
Wastewater rate account	Wastewater	2,518	1,346	(1,117)	2,747
<b>Closing balance 30 June</b>		<b>4,206</b>	<b>1,755</b>	<b>(1,494)</b>	<b>4,467</b>

**PURPOSE OF EACH FUND**

The income from fees or rates for each of these activities can only be expended on each specific activity.

Any surpluses are transferred into these accounts and applied in future periods to mitigate income requirements.

**Note 22 – Asset revaluation reserves**

	<b>Actual Parent 30 Jun 16 (\$000)</b>	<b>Actual Parent 30 Jun 15 (\$000)</b>	<b>Actual Group 30 Jun 16 (\$000)</b>	<b>Actual Group 30 Jun 15 (\$000)</b>
Opening balance 01 July	439,589	405,331	439,589	405,331
Revaluation gains (losses)	(2,898)	34,652	(2,873)	34,652
Transfer of revaluation reserve to/from accumulated reserve on disposal of property, plant and equipment	(1,213)	(394)	(1,213)	(394)
<b>Closing balance 30 June</b>	<b>435,478</b>	<b>439,589</b>	<b>435,503</b>	<b>439,589</b>
Consists of :-				
General asset revaluation reserve	29,799	29,921	29,824	29,921
Land and street trees asset revaluation reserve	30,711	33,371	30,711	33,371
Roading asset revaluation reserve	121,454	121,439	121,454	121,439
Stormwater asset revaluation reserve	92,888	92,479	92,888	92,479
Hutt Valley Wastewater Scheme revaluation reserve	26,259	26,259	26,259	26,259
Wastewater asset revaluation reserve	69,966	71,333	69,966	71,333
Water asset revaluation reserve	64,401	64,787	64,401	64,787
<b>Closing balance 30 June</b>	<b>435,478</b>	<b>439,589</b>	<b>435,503</b>	<b>439,589</b>

## Note 23 – Reconciliation of surplus/(deficit) after tax to net cashflow from operating activities

	Actual Parent 30 Jun 16 (\$000)	Actual Parent 30 Jun 15 (\$000)	Actual Group 30 Jun 16 (\$000)	Actual Group 30 Jun 15 (\$000)
Surplus/(deficit) after tax	1,719	(6,920)	1,767	(6,885)
<b>Add/(less) non-cash items:</b>				
Depreciation	13,203	12,949	13,213	12,958
Donated asset	0	0	0	0
Vested assets	(7,443)	(504)	(7,443)	(504)
Amortisation of intangible	43	43	43	43
Impairment of receivables	8	19	8	19
Loss (profit) on derivative	1,496	930	1,496	930
Rates remission	102	103	102	103
Potential weathertightness claims	70	55	70	55
	<b>7,479</b>	<b>13,595</b>	<b>7,489</b>	<b>13,604</b>
<b>Add/(less) items classified as investing or financing activities:</b>				
Impairment of investments	(26)	(4)	(26)	(4)
Loss on disposal of property, plant and equipment	1,546	718	1,546	718
Profit on disposal of property, plant and equipment	(75)	(55)	(75)	(55)
	<b>1,445</b>	<b>659</b>	<b>1,445</b>	<b>659</b>
<b>Movements in working capital items</b>				
(Increase)/decrease in trade receivable	(634)	(229)	(669)	(241)
(Increase)/decrease in inventories	(10)	13	(12)	6
Increase/(decrease) in trade and other payables	(167)	1,209	(167)	1,220
Increase/(decrease) in employee benefits	(193)	120	(200)	130
	<b>(1,004)</b>	<b>1,113</b>	<b>(1,048)</b>	<b>1,115</b>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>9,639</b>	<b>8,447</b>	<b>9,653</b>	<b>8,493</b>

## Note 24 – Contingencies

<b>Contingent liabilities</b>	<b>Actual Parent 30 Jun 16 (\$000)</b>	<b>Actual Parent 30 Jun 15 (\$000)</b>	<b>Actual Group 30 Jun 16 (\$000)</b>	<b>Actual Group 30 Jun 15 (\$000)</b>
Guarantees	0	0	0	0
Other legal unqualified claims	920	533	920	533
<b>Total contingent liabilities</b>	<b>920</b>	<b>533</b>	<b>920</b>	<b>533</b>

### GUARANTEES

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

### LOCAL GOVERNMENT FUNDING AGENCY

The Council is a guarantor of the New Zealand Government Funding Agency (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating of Standard and Poor's of AA+. There are 30 local authority shareholders and 13 local authority guarantors of the LGFA. The uncalled capital of shareholders is \$20 M and that is available in the event that an imminent default is identified. Also, together with the shareholder's uncalled capital and guarantors, the Council is a guarantor of all of the LGFA's borrowings.

At 30 June 2016, the LGFA had borrowings totalling \$6.445 billion (2015, \$4.955 billion)

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

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

### UNQUANTIFIED CLAIMS

Upper Hutt City Council has seven claims outstanding; all seven have proceedings issued on them. (2015, eleven claims, seven proceedings).

### CONTINGENT ASSETS

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

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

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

As at 30 June 2016, there are 36 facilities, having an approximate value of \$7.044 M (2015, 33 facilities - \$7.139 M). This estimate has been based on government valuations for the area.

## Note 25 – Remuneration of the Chief Executive Officer

The Chief Executive Officer of the Upper Hutt City Council, appointed under section 42(1) (a) of the Local Government Act 2002. The Chief Executive Officer's remuneration package as at 30 June was:

	<b>30 Jun 16</b>	<b>30 Jun 15</b>
	<b>\$</b>	<b>\$</b>
Salary	247,241	242,625
Private use of a car	18,934	18,934
<b>Total remuneration, including fringe benefit tax</b>	<b>266,175</b>	<b>261,559</b>
The Chief Executive Officer's actual remuneration was:		
Salary	245,875	241,403
Private use of a car	18,934	18,934
<b>Actual total remuneration, including fringe benefit tax</b>	<b>264,809</b>	<b>260,337</b>

## Note 26 – Remuneration of elected members

During the year Upper Hutt City Council paid total costs, including meeting allowances of \$456,271 (\$427,106, at 30 June 2015) to elected members, as follows:

	<b>Actual</b>	<b>Actual</b>
	<b>30 Jun 16</b>	<b>30 Jun 15</b>
	<b>\$</b>	<b>\$</b>
His Worship the Mayor, Wayne Guppy	106,650	101,805
Deputy Mayor John Gwilliam	47,702	41,370
Cr. Dave Wheeler	33,665	32,517
Cr. Glenn McArthur	42,197	37,041
Cr. Hellen Swales	36,600	34,763
Cr. Blair Griffiths	30,653	28,969
Cr. Paul Lambert	30,500	28,969
Cr. Angela McLeod	30,704	28,969
Cr. Steve Taylor	30,500	28,969
Cr. Mary Amour	30,500	28,969
Cr. Dean Rabbitt	36,600	34,763
<b>Total remuneration of elected members</b>	<b>456,271</b>	<b>427,106</b>

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

	<b>Actual</b>	<b>Actual</b>
	<b>30 Jun 16</b>	<b>30 Jun 15</b>
	<b>\$</b>	<b>\$</b>
Deputy Mayor J. Gwilliam	5,002	814
Cr. D Wheeler	115	651
Cr. G McArthur	4,072	800
Cr. B Griffiths	153	0
Cr. McLeod	204	0
<b>Total resource consents hearing fees</b>	<b>9,546</b>	<b>2,265</b>

## Note 27 – 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 (2015, \$nil). During the year Council had the following transactions:

<b>A – with Expressions Arts and Entertainment Trust (Expressions)</b>	<b>Actual 30 Jun 16 (\$000)</b>	<b>Actual 30 Jun 15 (\$000)</b>
i. During the year Council had the following transactions:		
Grants	624	599
Maintenance Management Fee	22	19
Other	5	5
<b>Total with Expressions Arts and Entertainment Trust (Expressions)</b>	<b>651</b>	<b>623</b>

ii. At year-end 2016, \$40,552 (\$49,957 in 2015) was owed by Expressions to Council; also Council owed \$9,888 to Expressions (\$230 in 2015).

iii. The Upper Hutt City Council received discounted or free venue hire and related services from the Trust.

<b>B – with Councillors</b>	<b>Actual Parent 30 Jun 16 (\$000)</b>	<b>Actual Parent 30 Jun 15 (\$000)</b>	<b>Actual Group 30 Jun 16 (\$000)</b>	<b>Actual Group 30 Jun 15 (\$000)</b>
Nil	0	0	0	0
<b>Total with Councillors Upper Hutt City Council</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Peter Benner	0	0	7,170	12,410
Upper Hutt Concert Grand Piano Trust (Net)	0	0	3,200	1,906
<b>Total for group</b>	<b>0</b>	<b>0</b>	<b>10,370</b>	<b>14,316</b>

<b>C – Key management personnel compensation</b>	<b>Actual Parent 30 Jun 16 (\$000)</b>	<b>Actual Parent 30 Jun 15 (\$000)</b>	<b>Actual Group 30 Jun 16 (\$000)</b>	<b>Actual Group 30 Jun 15 (\$000)</b>
The Mayor and Councillors				
Remuneration	456,271	427,106	456,271	427,106
Full-time equivalent members	11	11	11	11
Senior Management Team, including the Chief Executive				
Remuneration	1,087,069	1,009,419	1,186,125	1,105,924
Full-time equivalent members	6	6	7	7
<b>Total key management personnel compensation</b>	<b>1,543,340</b>	<b>1,436,525</b>	<b>1,642,396</b>	<b>1,533,030</b>
<b>Total full-time equivalent personnel</b>	<b>17</b>	<b>17</b>	<b>18</b>	<b>18</b>

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

Close family members of key management personnel are employed by Council. The terms and conditions of those arrangements are no more favourable than Council would have adopted if there was no relationship to key management personnel. During the year Councillors and Senior Management, as part of a normal customer relationship were involved in minor transactions with the Council (such as payment of rates etc.). The total paid out in 2016 was nil (2015, nil). The group was nil (2015, nil).

Expressions paid \$7,170 to a company in which a senior staff member of Expressions is a sole shareholder (2015: \$12,410 per prior year).

Expressions paid piano rental for \$3,200 to the Upper Hutt Concert Grand Piano Trust (well below normal market rates), and received free event hire from the Upper Hutt Concert Grand Piano Trust for discounted event expenses.

#### **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 have 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 28 – Severance payments**

For the year ending 30 June 2016 Upper Hutt City Council made no severance payment to any employees (2015, (1) \$44,710).

Upper Hutt City Council Group made one severance payment to an employee totalling \$5,556 (2015 (1) \$44,710).

## Note 29 – Summary of employee levels

	30 Jun 16 Employee Numbers	30 Jun 15 Employee Numbers	30 Jun 16 Full time Equivalent Employee Numbers	30 Jun 15 Full time Equivalent Employee Numbers
Casual employees	70	52	7	4
Part-time employees	63	53	25	15
Full-time employees	64	70	64	70
<b>Band range \$60,000 or under total remuneration</b>	<b>197</b>	<b>175</b>	<b>96</b>	<b>89</b>
Part-time employees	1	0	1	0
Full-time employees	29	29	29	29
<b>Band range \$60,001 to \$80,000 total remuneration</b>	<b>30</b>	<b>29</b>	<b>30</b>	<b>29</b>
Full-time employees	13	10	13	10
<b>Band range \$80,001 to \$100,000 total remuneration</b>	<b>13</b>	<b>10</b>	<b>13</b>	<b>10</b>
Part time employees	0	1	0	1
Full-time employees	6	4	6	4
<b>Band range \$100,001 to \$120,000 total remuneration</b>	<b>6</b>	<b>5</b>	<b>6</b>	<b>5</b>
Full-time employees	4	4	4	4
<b>Band range \$120,001 to \$140,000 total remuneration</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
Full-time employees	5	4	5	4
<b>Band range \$140,001 to \$280,000 total remuneration</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>4</b>
<b>Total employee numbers</b>	<b>255</b>	<b>227</b>	<b>154</b>	<b>141</b>

Total remuneration includes non-financial benefits provided to employees.

A full-time employee is determined on the basis of a forty hour working week.



## Note 30 – Major estimate variations

Explanations for major variations from the Council 2015 – 2016 Annual Plan/2015 – 2025 Long Term Plan are as follows:

### STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

Operating Revenue was \$2,860,000 above estimate. The following are the main variances:

- Rate income was up by \$241,000 over estimate due to growth of subdivisions within the city.
- Fees and Charges were above estimate by \$1,278,000 for Council.
- The main components being:
  - permit and license fees down by \$140,000 reflecting current market conditions.
  - Metered water charges are up by \$133,000 due to higher usage.
  - other income down \$3,785,000 due to a hold up in the development and sale of Maidstone Terraces housing.
  - \$102,000 library income down due to lower demand, free internet usage, and technology changes.
  - vested asset income up by \$5,206,000 due to market conditions of increased subdivisions.
- Development and financial contributions were up by \$266,000 mainly covering increased subdivisions to market conditions.
- Subsidies and Grants were up by an estimate of \$1,000,000. This was solely due to an increase in roading subsidies for the Bridge Road.
- Operating Expenditure was \$1,791,000 above estimate.

The following are the main variances:

- Depreciation was \$224,000 higher than budget. This reflects the impact of asset revaluations and depreciation of the Wastewater project.
- Personnel costs were \$232,000 above for actual personnel costs due to increase personnel cost in restructure in City Planning, policy and reporting, marketing, city promotion, H<sup>2</sup>O Xstream, and the Library.
- Finance Costs for interest expenses were lower than budget by \$357,000 for two reasons. Lower interest rate percentages during the year against budget expectations.
- Secondly, not all projects have been completed, thus new loan funding has not been drawn down to incur interest costs.
- Bulk drainage levy down by \$126,000. Expenditure by joint project is lower than expected.
- Other costs were above from budget by \$1,858,000 and they mainly comprised of:
  - Land transport general maintenance - Bridge Road emergency and preventive costs were up \$1,219,370.

- Loss on disposal \$1,546,000 mainly reflects the write down of the Bridge Road bridge.
- Weathertightness and non weather tightness payments and cost associates with these payments \$621,989 above budget.

### **STATEMENT OF FINANCIAL POSITION**

Asset revaluation reserves have increased by \$12.990 M due to the revaluation of Infrastructural assets.

Public debt at balance date was \$32.457 M. This compares with estimate of \$39.222 M; the difference is due to projects being incomplete and carried forward into the following year.

### **CAPITAL EXPENDITURE**

Capital Expenditure has fluctuated in accordance with projects being incomplete and carried forward.

### **STATEMENT OF CHANGES IN EQUITY**

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

## **Note 31 – Discontinued activities**

2016 nil (2015, nil)

## **Note 32 – Post balance date events**

There were no post balance date events between year-end and the date of signing of the financial statements (2015: no events).

## **Note 33 – Adjustments to the Comparative Year Financial statements and the Long term Plan (LTP)**

Explanatory note

Reclassification adjustments:

- a. For the Council and Group, targeted rates for Water supply of \$3.948 M have been reclassified from rates to exchange revenue. LTP \$3.939M.
- b. For the Council and Group, Solid Waste charges of \$543,000 have been reclassified within the fees and charges note. LTP \$520,000.
- c. For the Council and Group, under Receivables a new breakdown for exchange and non-exchange transactions has been included. This is not shown in the LTP.
- d. For the Council and Group, under payables and deferred revenue, a new breakdown for exchange and non-exchange transaction has been included. This is not shown in the LTP.

# Quality assurance statement

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

## 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% at the 95% confidence level. The questionnaire was prepared by Key Research, 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.

# 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.

<b>Goals</b>	1. Eliminate discrimination and ensure the continued absence of discrimination in employment.
<b>Performance Measure</b>	Eliminate discrimination and ensure the continued absence of discrimination in employment
<b>Achievements as at 30 June 2016</b>	Council continues to operate in accordance with the Human Rights Act, Employment Relations Act and all EEO related policies.

<b>Performance Measure</b>	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
<b>Achievements as at 30 June 2016</b>	Achievements are now made available by the HR Manager.

<b>Performance Measure</b>	Continue to provide training for Council staff in matters relating to Equal Employment Opportunity principles and programmes
<b>Achievements as at 30 June 2016</b>	Council staff continue to receive training in Workplace Bullying and Harassment.

<b>Goals</b>	2. Promoting Equal Opportunity in all aspects of employment including recruitment, promotion, remuneration and training.
<b>Performance Measure</b>	Hold a minimum of four meetings of the Equal Employment Opportunities Committee
<b>Achievements as at 30 June 2016</b>	Due to the committee folding in December 2014 these are provided by means of monthly Corporate Management Team updates where applicable.

<b>Performance Measure</b>	Provide and encourage training for management staff in matters relating to Equal Employment Opportunity principles and programmes
<b>Achievements as at 30 June 2016</b>	Training was provided to Council staff and further EEO awareness is taking place to inform and educate other staff.

<b>Performance Measure</b>	Make available Equal Employment Opportunities promotional material to staff
<b>Achievements as at 30 June 2016</b>	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.

# Performance against Year 1 of the Long Term Plan 2015 – 2025

## 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 Plan (LTP) are as follows. Also included are details of specific areas where there have been significant variations:

	Actual 30 Jun 16 (\$000)	LTP Forecast 30 Jun 16 (\$000)	Actual 30 Jun 15 (\$000)	LTP Forecast 30 Jun 15 (\$000)
<b>Key targets</b>				
Total income	53,802	50,942	42,493	46,264
Total expenditure	52,083	50,292	49,413	49,288
Operating surplus / (deficit)	1,719	650	(6,920)	(3,024)
Total equity / net assets	671,874	664,609	673,053	633,277
Public debt	32,456	39,222	31	32,069
Capital expenditure	19,941	21,607	10,464	12,941
<b>Specific activities (net funding)</b>				
Leadership	2,336	2,433	2,119	2,521
Land Transport	4,998	5,225	4,507	5,419
Water Supply	5,148	5,183	4,825	5,214
Wastewater	6,053	6,503	6,228	6,487
Stormwater	1,607	1,777	1,496	2,311
Solid waste	(307)	(274)	(363)	(523)
Planning and regulatory services				
<i>City Planning</i>	1,339	1,713	1,422	1,271
<i>Building and compliance services</i>	1,463	835	636	786
Community and recreation				
<i>Community Development</i>	640	636	602	629
<i>Activation</i>	308	283	238	218
<i>Emergency Management</i>	562	641	331	624
<i>Parks and Reserves</i>	2,315	2,474	2,214	2,291
<i>H<sup>2</sup>O Xstream</i>	1,656	1,597	1,846	2,026
<i>Library</i>	2,702	2,659	2,543	2,509
<i>Expressions Arts and Entertainment Centre</i>	774	912	861	860
<i>Property</i>	69	181	28	12
<i>Akatarawa Cemetery</i>	(23)	7	(6)	(18)
<i>Support services</i>	54	42	28	27
Economic Development	1,390	1,287	1,129	930

## Actual versus Long Term Plan (LTP)

Explanations for major variations from the Council 2015 – 2016 Annual Plan/2015 – 2025 Long Term Plan year 1 are as follows:

### STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

Operating Revenue was \$2,860,000 above estimate. The following are the main variances:

- Rate income was up by \$241,000 over estimate due to growth of subdivisions within the city.
- Fees and Charges were above estimate by \$1,278,000 for Council.
- The main components being:
  - permit and license fees down by \$140,000 reflecting current market conditions.
  - Metered water charges are up by \$133,000 due to higher usage.
  - other income down \$3,785,000 due to a hold up in the development and sale of Maidstone Terraces housing.
  - \$102,000 library income down due to lower demand, free internet usage, and technology changes.
  - vested asset income up by \$5,206,000 due to market conditions of increased subdivisions.
- Development and financial contributions were up by \$266,000 mainly covering increased subdivisions to market conditions.
- Subsidies and Grants were up by an estimate of \$1,000,000. This was solely due to an increase in roading subsidies for the Bridge Road.
- Operating Expenditure was \$1,791,000 above estimate.

The following are the main variances:

- Depreciation was \$224,000 higher than budget. This reflects the impact of asset revaluations and depreciation of the Wastewater project.
- Personnel costs were \$232,000 above for actual personnel costs due to increase personnel cost in restructure in City Planning, policy and reporting, marketing, city promotion, H<sub>2</sub>O Xstream, and the Library.
- Finance Costs for interest expenses were lower than budget by \$357,000 for two reasons. Lower interest rate percentages during the year against budget expectations.
- Secondly, not all projects have been completed, thus new loan funding has not been drawn down to incur interest costs.
- Bulk drainage levy down by \$126,000. Expenditure by joint project is lower than expected.

- Other costs were above from budget by \$1,858,000 and they mainly comprised of:
  - Land transport general maintenance - Bridge Road emergency and preventive costs were up \$1,219,370.
  - Loss on disposal \$1,546,000 mainly reflects the write down of the Bridge Road bridge.
  - Weathertightness and non-tightness payments and cost associates with these payments \$621,989 above budget.

#### **STATEMENT OF FINANCIAL POSITION**

Asset revaluation reserves have increased by \$12.990 M due to the revaluation of Infrastructural assets.

Public debt at balance date was \$32.457 M. This compares with estimate of \$39.222 M; the difference is due to projects being incomplete and carried forward into the following year.

#### **CAPITAL EXPENDITURE**

Capital Expenditure has fluctuated in accordance with projects being incomplete and carried forward.

#### **STATEMENT OF CHANGES IN EQUITY**

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



# 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%	95%			0% - 10%	5%
Land Transport	50% - 70%	55%			30% - 50%	45%
Water Supply			80%	79%	20%	21% <sup>2</sup>
Wastewater			90% - 100%	93%	0% - 10%	7%
Stormwater			90% - 100%	91%	0% - 10%	9%
Solid waste					100%	100%
Planning and Regulatory Services						
City Planning	65% - 90%	51%			10% - 35%	49% <sup>2</sup>
Building and Compliance Services						
Dog Control	0%	15% <sup>4</sup>			100%	85% <sup>4</sup>
Building Control	0% - 30%	59% <sup>5</sup>			70% - 100%	41% <sup>2</sup>
Environmental Health	75% - 90%	84%			10% - 25%	16%
Parking Enforcement	0% - 15%	6%			85% or more	94%
Liquor Licensing	0% - 20%	21%			80% - 100%	79%
Community and recreation						
Community Development	Up to 100%	87%			Up to 100%	13% <sup>1</sup>
Activation	Up to 80%	27%			20% - 85%	73%
Emergency Management	85% - 100%	67% <sup>6</sup>			0% - 15%	33% <sup>2</sup>
Parks and Reserves	90% - 100%	67%			0% - 10%	33% <sup>2</sup>
H2O Xtream	40% - 65%	58%			35% - 60%	42% <sup>2</sup>
Library	85% - 95%	94%			5% - 15%	6% <sup>1</sup>
Expressions	Up to 100%	95%			Up to 100%	5% <sup>2</sup>
Property	0%	24%			100%	76%
Akatarawa Cemetery	Balance	-8%			Up to 100%	108% <sup>3</sup>
Economic Development	95% - 100%	97%			0% - 5%	3% <sup>1</sup>

1. One off projects/expenses
2. Up to 100% of capital projects
3. Balance of development costs from general rates
4. No funds remain in dog control restricted funds, balance of operating costs from general rates
5. Provisions and actual weathertightness changed the target
6. Council assets transferred to Rural Fire District

# Upper Hutt City Council

## OUR MAYOR AND COUNCILLORS



MARY AMOUR

BLAIR GRIFFITHS

PAUL LAMBERT

GLENN MCARTHUR

JOHN GWILLIAM

WAYNE GUPPY

ANGELA MCLEOD

DEAN RABBITT

HELLEN SWALES

STEVE TAYLOR

DAVE WHEELER

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# Upper Hutt City Council

## OUR CORPORATE MANAGEMENT TEAM



LACHLAN WALLACH

STEVE TAYLOR

IAN JOHNSON

CHRIS UPTON

MIKE RYAN

RICHARD HARBORD

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 Democratic services  
 Executive support

#### Lachlan Wallach

##### ASSET MANAGEMENT AND OPERATIONS

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

#### Steve Taylor

##### BUSINESS DEVELOPMENT SERVICES

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

#### Ian Johnson

##### CORPORATE SERVICES

Insurances  
 Administration  
 Legal services  
 Customer services  
 Finance  
 Information systems

#### Mike Ryan

##### COMMUNITY SERVICES

Central Government liaison  
 Expressions  
 City Library  
 Community development  
 Recreation services  
 H<sub>2</sub>O Xstream

#### Richard Harbord

##### PLANNING AND REGULATORY SERVICES

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

## Independent Auditor's Report

### To the readers of Upper Hutt City Council and group's annual report for the year ended 30 June 2016

The Auditor-General is the auditor of Upper Hutt City Council (the City Council) and group. The Auditor-General has appointed me, Mari-Anne Williamson, using the staff and resources of Audit New Zealand, on her behalf, to:

- audit the information included in the City Council and group's annual report that we are required to audit under the Local Government Act 2002 (the audited information);
- report on whether the City Council and group has complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report and the Local Government (Financial Reporting and Prudence) Regulations 2014.

### Opinion on the audited information

In our opinion:

- the financial statements on pages 116 to 192:
  - present fairly, in all material respects:
    - the City Council and group's financial position as at 30 June 2016;
    - the results of its operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards;
- the funding impact statement on page 94, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council and group's Long-term plan;
- the statement of service provision (referred to as Report of Council Performance by Activity) of the City Council on pages 33 to 92:
  - presents fairly, in all material respects, the City Council's levels of service for each group of activities for the year ended 30 June 2016, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;

- the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand;
- the statement about capital expenditure for each group of activities on pages 95 to 103, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council and group's Long-term plan;
- the funding impact statement for each group of activities on pages 95 to 103, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council and group's Long-term plan.

## **Compliance with requirements**

The City Council and group has:

- complied with the requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report; and
- made the disclosures on pages 33 to 192 which are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council and group's audited information.

Our audit was completed on 31 October 2016. 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 we 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 information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the audited 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 information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the City Council and group's preparation of the information we audited in order to design 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 the disclosures in the information we audited;
- determining the appropriateness of the reported statement of service provision within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the City Council and group complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report, we limited our procedures to making sure the annual report included the required information and identifying material inconsistencies, if any, with the information we audited. We carried out this work in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. 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 meeting all legal requirements that apply to its annual report.

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

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

## **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the annual report in accordance with the reporting requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014. Our responsibility arises from the Public Audit Act 2001.

## **Independence**

When carrying out our audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, we have carried out an assurance review of the City Council's

Debenture Trust Deed. This assignment is compatible with those independence requirements. Other than the assurance review, we have no relationship with or interests in the City Council or any of its subsidiaries.



Mari-Anne Williamson  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand



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