

UPPER HUTT CITY

Annual Report 2016 – 2017

1 JULY 2016 – 30 JUNE 2017



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Foreword

FROM HIS WORSHIP THE MAYOR AND THE CHIEF EXECUTIVE

Welcome to Upper Hutt City's Annual Report for 2016 – 2017. We are proud of our achievements this year—particularly our momentum toward our city vision of Life. **Leisure. Live it!** This framework has continued to focus our efforts and strengths, enabling us to respond to our communities' needs and to deliver quality leadership, infrastructure, and support services to our residents and businesses.

Our most visible achievement this year has been the completion of the replacement bridge at Birchville. Despite the project experiencing some delays, we were able to deliver a fantastic result for the residents of Bridge Road. NZTA funding, insurance, and project efficiencies all contributed to this project being completed under budget.

We were also pleased to begin the recycling drop-off point trial. Although the trial is set to run for 12 months, there's no mistaking its success to date. Demand for additional capacity for paper and cardboard saw us installing extra cages. To date, Waste Management has collected 113.5 tonnes of recycling through this channel.

One source of frustration to all of us has been the continually delayed work around Upper Hutt Station and Princes Street. There were a number of factors causing the delay, not least of which was the wettest seasons we've had in some years. This frustration has been felt throughout the community, and we'd like to thank you all for your patience over this time. Once the works are complete, we will be able to enjoy the benefits that the improved route to Main Street will bring—and a change to the face of our city, particularly for those arriving at the station. Subsequent phases of the overall project are also now being completed with much greater efficiency.

Business investment in our city is continuing to grow. We've had over 30 businesses get started in Upper Hutt during the financial year. Significant private investment continues to improve retail in our city. Following almost 12 months of increased activity, retail spending was up 7.9% during May – June, compared with the same period last year.

Finally, we'd like to acknowledge our Councillors who, after the local body elections in 2016, came together and have really gelled as a team. We are proud of all we've achieved and of a Council that is continuing to make decisions in the best interests of the community.



Wayne Guppy | MAYOR



Chris Upton | CHIEF EXECUTIVE



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!*

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 2016 – 2017 are identified under each of the five strategic priority areas.

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

Cycleways/walkways

Council is committed to developing an extensive network of cycling/walking trails that connect through the length of the city, through Maidstone Park, over into the valley, and through to Cross Creek in the Wairarapa. This will include part of the Rimutaka Cycle Trail. An investigation is in progress to identify the development of these trails.

The existing Hudson Avenue to Totara Park Road cycleway has now been extended further along the river to the suspension bridge near Harcourt Park, increasing the length of the sealed off-road cycle network by 1.5km. The North – South section along the west side of the river is also trialling a new form of asphalt which includes recycled rubber from waste tyres.

Riparian planting continuing for Mangaroa River

Council's Sustainability Strategy identifies riparian planting as one way of improving the water quality of the Mangaroa River. The Mangaroa River Restoration Project is a partnership with Forest & Bird and assists local land owners in planting out riparian strips along the Mangaroa River. According to one local farmer, "Apart from just being the right thing to do, it has had huge benefits in preventing erosion."





District plan change

In March, Council consulted the public on Plan Change 42 Mangaroa and Pinehaven Flood Hazard Extents. The plan change identified and addressed the risk from flooding within the Managroa River and Pinehaven Stream catchments. The plan change seeks to avoid development in the high hazard areas and avoid or minimise the risk from flooding in the lower hazard areas.



Recycling drop-off point

In response to public demand, the recycling drop-off point in Park Street opened on 31 January 2017. The trial has initially been set for 12 months and use of the recycling station will be monitored to gauge uptake and effectiveness. The trial is proving to be a huge success and additional cardboard cages have been supplied to accommodate the demand. A security camera has also been installed to monitor activities at the station.



Bagless August 2016 shopping promotion

In support of Council's waste minimisation and sustainability efforts, and to encourage more retail activity Council promoted a bagless August. Printed with artwork by local artist Pip McKay, the bags were distributed free of charge to local retailers for use throughout August in place of plastic bags. The bags have proved to be very popular and can be seen by shoppers on a regular basis. One has recently been spotted in Croatia, and another on a cruise ship in Tonga!

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

Upper Hutt City Library

The library is continuing to provide residents with a wide-range of factual, interactive, informative, and educational activities. We've highlighted a couple of key initiatives below.

BACK IN THE DAY: UPPER HUTT IN THE 1960S POP-UP MUSEUM,

Hosted by Arkwrights Empire second-hand store, a temporary exhibition was held on their premises by the library's heritage team. Photos, artefacts, home movies, and information panels were on display covering various aspects of life in Upper Hutt during the 1960s. The pop-up museum attracted 2,216 visitors during the two weeks it was open.

UPPER HUTT HERITAGE CALENDAR

Inspired by the city's 50th Anniversary celebrations, a project group from the library produced a 2017 calendar featuring historical images from the library archives.

CHANGES TO THE CENTRAL LIBRARY

The central library had a makeover this year, providing a completely new look. In response to customer feedback, the space has been reorganised to provide an improved customer experience.





Community initiatives

The Community Development team have again worked tirelessly in helping our community. The team have been involved in several initiatives which demonstrate Council's commitment to a number of national and local initiatives such as *Positive Aging Week*, *White Ribbon family fun day*, *Elder Abuse Awareness Week*, *Youth Week and Youth Civic Awards*, *Lifhack: Oro—Upper Hutt* (for youth wellbeing), *Painted Environment*—continuation of Council's collaborative anti-graffiti project.



Activation

Activation has had an extremely busy timetable this year out in the community, working with colleges, sports groups, families, and more. Activation's aim is to get "more Upper Hutt people, more active, more often" which, in today's world of fast-food and inactivity, is a great thing to encourage.

- **ADAPT:** Council's inclusive recreation programme for local residents who have any sort of impairment or disability.
- **ALIVE:** breaking down the barriers that prevent people from participating in regular active recreation.
- **Recycle project:** in conjunction with Upper Hutt Cycle Centre, Department of Corrections, Heretaunga Rotary Club, and prison volunteers, donated bikes are restored and distributed to families who wouldn't normally have access to a bike.
- **Breakaway Festival of Cycling:** A month of cycling events.



H²O Xtream

H²O Xtream celebrated its 20th Anniversary on 12 December 2016. The milestone was celebrated with an exciting month of fun events that catered for pool users of all ages.

City Centre

Our city centre is alive, attractive and vibrant.

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



SUPPORTING OUR CITY CENTRE

City centre events

Council has facilitated a number of events again this year that have brought more people into our city centre such as Little City Big Bash, the very popular March Madness, and the children's favourite, Upper Hutt Santa Parade.



Working with retailers

LUCKY CHRISTMAS SHOPPER

Council is heavily reliant on the support from local businesses in promoting Upper Hutt's retail offering. This relationship was demonstrated by the huge generosity shown by retailers who donated gifts to the value of \$10,000 for the Lucky Christmas Shopper competition during December 2016.

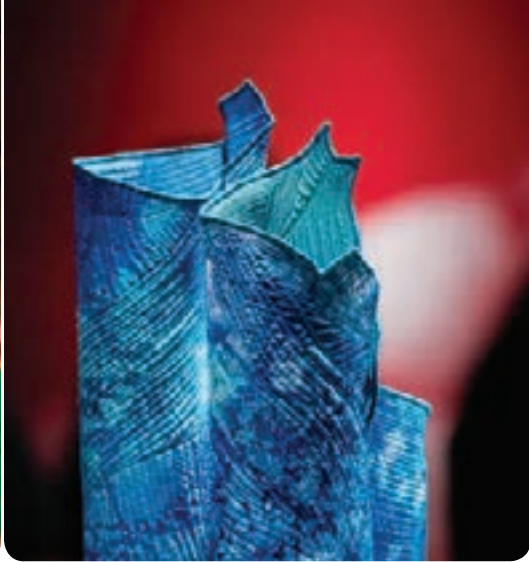


Sculpture trail

Several new sculptures, gifted by Ernie Cosgrove (of Efil Doog), have appeared in and around the city centre throughout the year with a couple of the older ones having moved location. *The File*, having spent a number of years on the corner of Russell and Main Streets, now guides commuters from the train station towards the city centre under the watchful eye of *Motherhood*.

Expressions Whirinaki Arts and Entertainment Centre

The team at Expressions Whirinaki has provided a bar-setting programme of exhibitions and events including fashion, painting, photography, LEGO installations, African masks, textile tents, and a showcase of emerging artists. Their performing arts programme ranged from children's shows to award-winning drama, comedy, and dance. The Professionals Recreation Hall hosted a full spectrum of events, including the Wellington Regional Business Awards, the annual Poultry show, a national bowling competition, several large weddings, and the annual Rotary Book Fair.







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



Business expos

Council attended business expos, including the Wellington Business Expo at Westpac Stadium and the Brewers Guild Conference in Auckland in mid-September 2016. Both events provided an opportunity to profile and promote the Upper Hutt business and lifestyle opportunities, raising awareness of what we have to offer as a city.

Economic Development Stimulus Policy

There is no doubt that the implementation of the Economic Development Stimulus Policy has had a significantly positive effect in the city centre and surrounding areas by assisting new businesses into Upper Hutt and relocating others around the city centre over the last two years. The majority of submissions for the Annual Plan 2017 – 2018 supported the proposal to continue funding the Economic Development Stimulus Policy \$250,000 for a further 12 months.



Development of South Pacific Industrial Park

Council has continued to work towards Upper Hutt becoming a destination for lovers and brewers of craft beer. Panhead Custom Ales in the former South Pacific Industrial Park, and Kererū Brewing Co, just 800 metres away in Maidstone Terrace started the ball rolling a few years ago. This year Te Aro Brewing Company, recently moved from Wellington to Upper Hutt, and Boneface Brewing Co. has also set up shop in the vicinity.

Wellington Regional Business Excellence Awards

On Friday 4 November 2016 Expressions Whirinaki Arts and Entertainment Centre hosted the annual Wellington Region Business Excellence Awards in conjunction with the Hutt Valley Chamber of Commerce. It was the first time this glamorous event was held in Upper Hutt. The venue looked spectacular, thanks to the very talented staff at Expressions, showcasing just what a beautiful venue we have to offer.



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 replacement

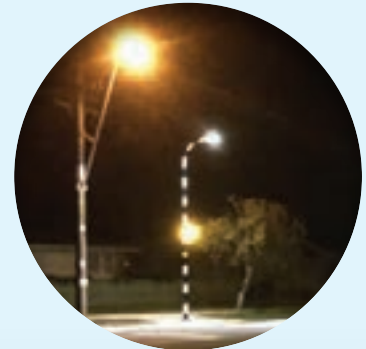
After 18 months of waiting, the residents of Bridge Road were finally able to use the new bridge at Birchville following the official opening on 24 June 2017. Inclement weather, fish spawning season, technical issues, and equipment malfunctions were all challenges that needed to be overcome. It was a marathon accomplishment to demolish the old bridge, and design and re-build a new bridge in such a short space of time.



Road safety improvements

LED UPGRADE OF STREETLIGHTS AND PEDESTRIAN CROSSINGS

LED streetlights are not only more efficient but also emit a much brighter light. Council has continued with its programme to upgrade existing streetlight fittings on residential streets to LED along with floodlights at all pedestrian crossings around the city. NZTA funding is now allowing the upgrade to be completed much sooner than originally anticipated.



SPEED HUMPS

In response to requests from concerned residents in Clouston Park Road and Cruickshank Road, speed humps have been installed to reduce excessive speed.

WHITEMANS VALLEY ROAD SAFETY IMPROVEMENTS

To make our rural roads safer, work has continued on widening and sealing sections of Whitemans Valley Road.





Upper Hutt Station to Main Street via Princes Street

Although this major reconstruction has unfortunately run behind schedule for completion, no one can deny that the new layout is raising the bar for our city centre. The new direction, the modern pavement tiles and the colourful planters will all contribute to making the transition from the train station to Main Street a more pleasant experience. Even the relocation of *The File* (the brass line of walkers), has added a whimsical feel to the area, while being overlooked by our very much loved *Motherhood* sculpture.



General infrastructure

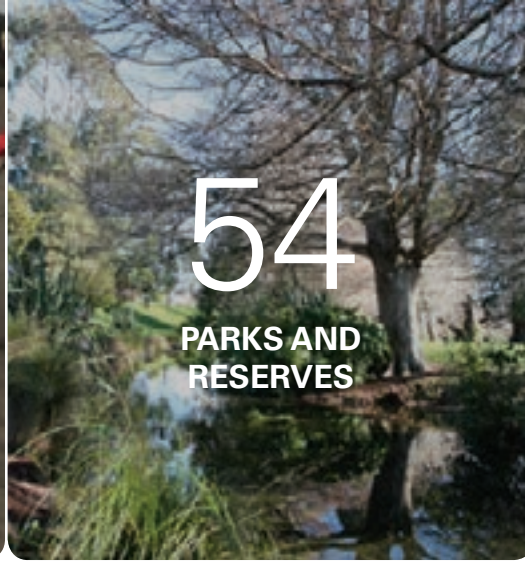
A significant portion of our rates (48%) goes towards keeping our water supply and wastewater pipelines, roads, footpaths, and bridges in good order. A portion of the work involves replacing existing assets such as resealing roads and footpaths, street drainage, pipeline renewals, and reservoir upgrades, while other work involves capital works to improve the current level of service such as sealing and widening the Hutt River Trail cycleway/walkway, the LED street lighting upgrade, and the Pinehaven Stream capacity upgrade. Often infrastructure work is carried out as joint projects with the New Zealand Transport Agency (NZTA) or Greater Wellington Regional Council (GWRC).







**SCHOOL HOLIDAY
CYCLE SKILLS COURSE**



**54
PARKS AND
RESERVES**



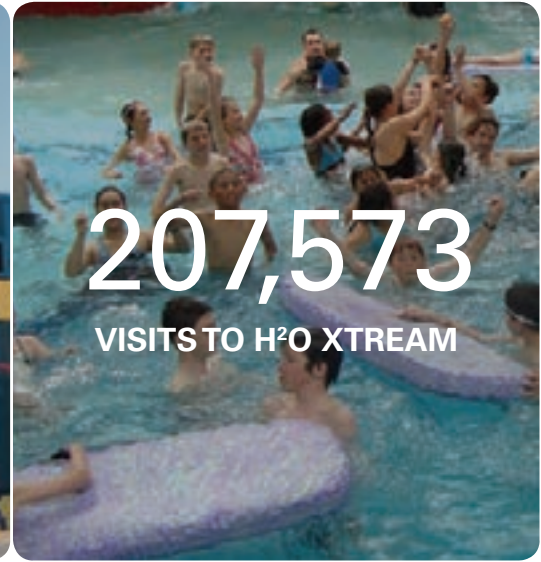
**SPEARHEAD
LEADERS**



**30
NEW BUSINESSES
OPENED IN 2016 – 2017**



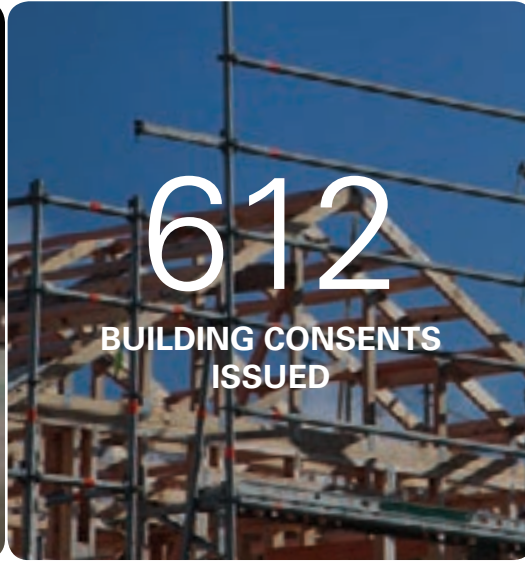
**NEW
RECYCLING
DROP-OFF POINT**



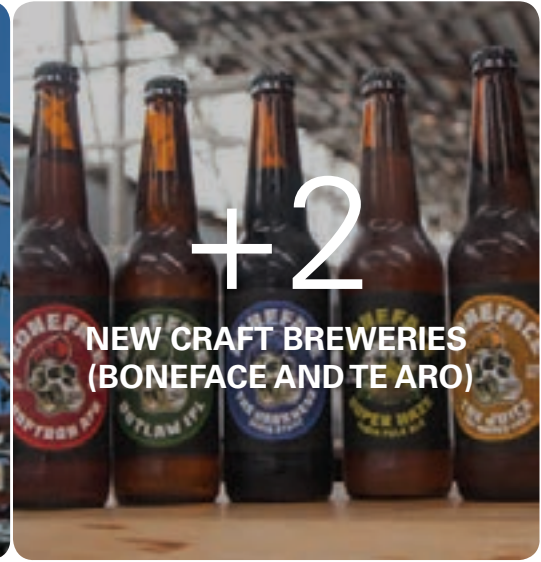
**207,573
VISITS TO H²O XTREAM**



**5
YOUNG ACHIEVERS
(YOUTH CIVIC AWARDS)**



**612
BUILDING CONSENTS
ISSUED**



**+2
NEW CRAFT BREWERIES
(BONEFACE AND TE ARO)**



**NEW
CHILDREN'S PLAY
AREA AT TMP**



**252
PEOPLE FROM 24 COUNTRIES
BECAME NZ CITIZENS**



**79,100
SQUARE METRES OF
LOCAL ROADS RESURFACED**



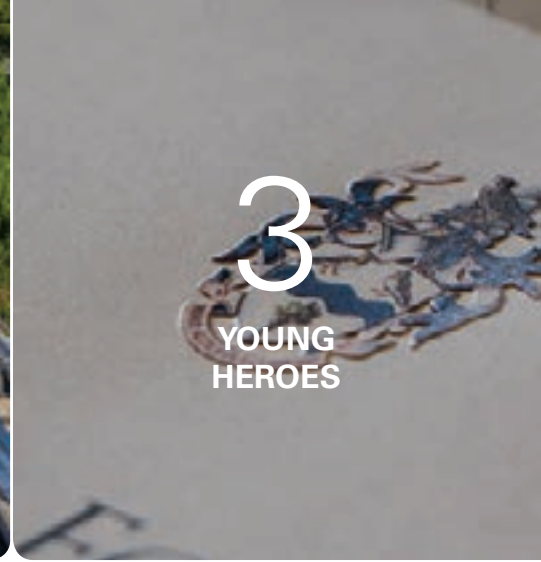
42,381

UPPER HUTT POPULATION
FORECAST FOR 2017



NEW

BRIDGE ROAD
BRIDGE

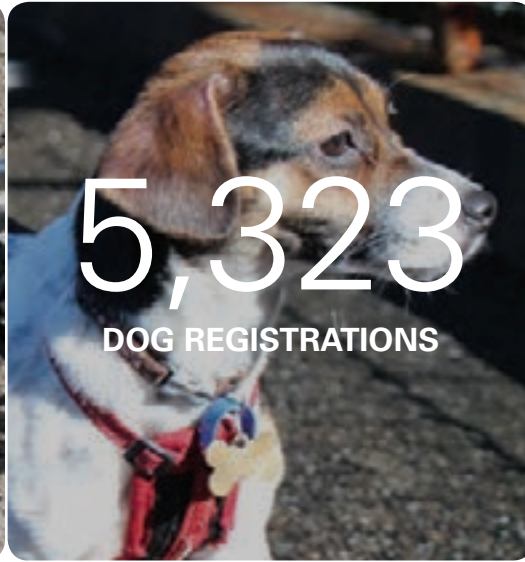


3

YOUNG
HEROES

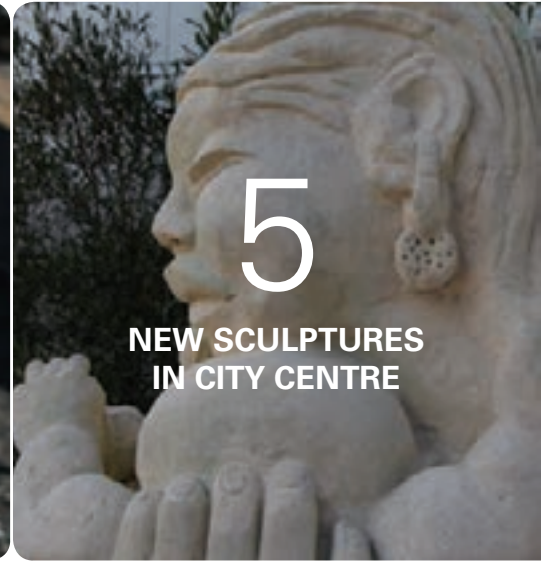


BIKE RECYCLE
PROJECT



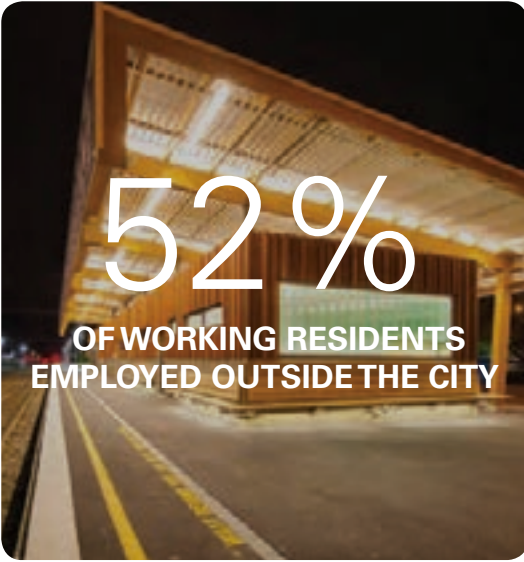
5,323

DOG REGISTRATIONS



5

NEW SCULPTURES
IN CITY CENTRE



52%

OF WORKING RESIDENTS
EMPLOYED OUTSIDE THE CITY



MARCH
MADNESS



147,442

VISITS TO EXPRESSIONS



3

CIVIC
AWARDS



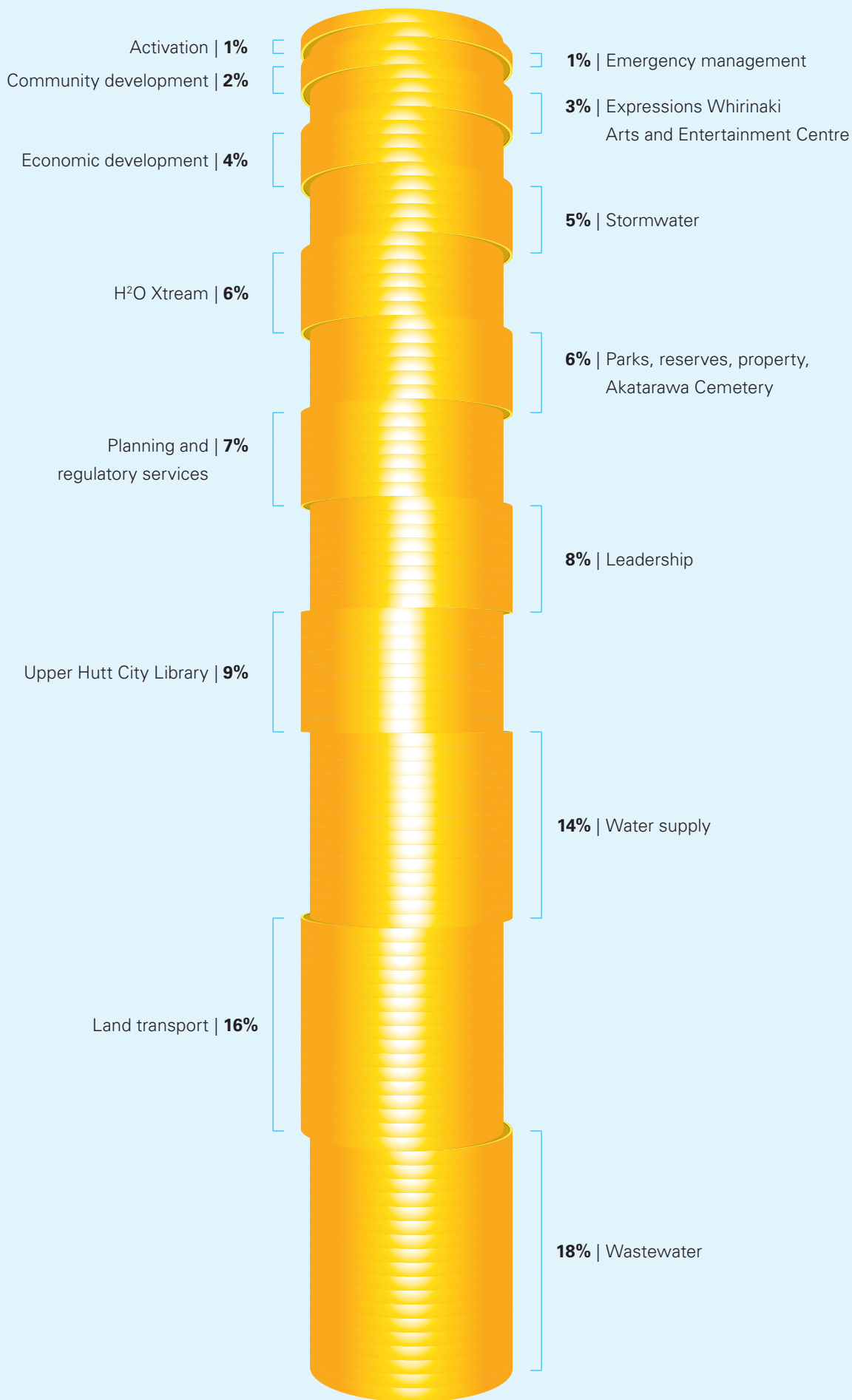
LAND USE STRATEGY
ADOPTED



10

PUBLIC ENGAGEMENT
CONSULTATIONS

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 \$1.522 M. After allowing for approved funding carryovers from the previous year to the current year, and carryovers from the current year to the next year, the effective result is a surplus of \$2.128 M.

The operating surplus (operating income less expenditure) was \$470 K compared to a budgeted surplus of \$3.368 M an unfavourable variance of \$2.898 M.

Operating income was \$2.527 M less than estimated. There were several components to this increase: fees and charges were below estimate by \$2.423 M with the main components being metered water charges up by \$220 K, other income down \$3.743 M due to no progress on the sale of Maidstone Terrace properties, Library income down \$113 K, and vested asset income down by \$652 K.

Subsidies and grants were down by \$624 K due to the following variances: NZTA subsidy for the bridge carryover was less \$142 K, other grants budgeted for \$596 K were not received.

Development and financial contributions were up by \$253 K covering increased subdivisions due to market conditions.

Operating expenditure was \$371 K above estimate due to the following variances: depreciation was \$165 K higher than budget, \$605 K loss on disposal reflecting write-down of park assets, increase in staffing due to excess of building consents being received. Finance costs for interest expenses were lower than budget by \$476 K due to lower interest rates and not all loan funding for projects was used due to project delays.

Term debt was less than expected, \$3.45 M, compared to the budgeted \$39.716 M. 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) of 1.06:1 is positive compared to the previous financial year (in 2016 it was 0.69:1).

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.

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

Traditionally, the Community Survey had been carried out in February/March of each year. The new trend with local government, which Upper Hutt City Council adopted this year, is to interview residents on a quarterly basis (four times a year). Responses are collected from approximately one hundred residents each round, with the responses consolidated into the final Community Survey report at the end of the financial year. The main advantage of this process is the ability to smooth out any highs or lows during the course of the year (such as seasonal variations, temporary or one-off issues that can influence responses).

Council engaged an external survey company to measure the satisfaction of businesses actively engaged with the economic development team. A Business Survey and a Retailers Survey were carried out in June 2017.

Council has 62 performance measures. This year Council was unable to report on the Solid Waste measure to 'Promote recycling within Upper Hutt with the goal of increasing the participation rate of households' as data from the recycling providers was incomplete.

The results that we are presenting show that 46 of 61 non-financial performance targets were achieved (75.4%) when omitting the Solid Waste measure noted above.

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 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: 75.4% of Council's performance measures were met—*not achieved*

Community satisfaction with the ease of accessing Council information¹

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



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

Community satisfaction with the ease of navigating and using the Council website¹

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



Performance: 80% of respondents were satisfied or very satisfied—*achieved*

LAND TRANSPORT

Community satisfaction with the street lighting throughout the city¹

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



Performance: 84% satisfaction—*not achieved*

City street lighting is currently being upgraded using LED technology and by the end of the 2017-2018 all existing street lights will have been replaced. The new lights will provide a significant improvement in both performance and reliability.

Community satisfaction with the cleanliness of the city's streets¹

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



Performance: 90% satisfaction—*achieved*

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

2016 – 2017: 11 serious crashes resulting in fatalities or serious injury

2015 – 2016: 6 serious crashes resulting in fatalities or serious injury—*not achieved*

The number of crashes in 2016 – 2017 is higher than the previous year, but is within the range of normal variation observed over the past 20 years, and is consistent with an increase in the number of crashes nationally for the last two years.

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

Target: 84%



Performance: 86%—*achieved*

NOTES

1. Performance measures that are directly related to the results of the 2016 – 2017 Community Survey.

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

Target: 110,000 m²

Performance: 79,107 m²—*not achieved*



A change was required to the originally planned road surfaces in order to provide the required level of service. The higher cost of the selected treatments meant that it was necessary to adjust the quantity of work carried out to match the budget.

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: 94%

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



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: 96% compliant—*achieved*



WATER SUPPLY

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%²—*achieved*



Target: 100% protozoal compliance

Performance: 100%²—*achieved*



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

Target: Less than 17%

Performance: 12.7%—*achieved*



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: 35 minutes—*achieved*



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

Performance: 2.57 hours—*achieved*



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

Performance: 29 hours—*achieved*



Target D: Resolution of non-urgent call-outs—15 days

Performance: 2 days—*achieved*



NOTES

2. The results for this measure are based on provisional results from the drinking water assessment. We do not expect the final results to be different.

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: 7.11 complaints per 1,000 connections—*achieved*



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

Target: 335 litres per person per day

Performance: 345 litres per person per day—*not achieved*



Water consumption was above target this year due to high network leakage in the first quarter. Proactive leak detection and repairs have progressively reduced consumption through the year and night flows are now tracking below their target levels. Summer water conservation programmes are in place and leak detection work will continue to manage water demand.

Interruptions to the water supply

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

Performance: 1.13 unplanned supply cuts per 1000 connections—*achieved*



WASTEWATER

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: Nil—*achieved*



There was one dry weather overflow due to a blocked main in a residential area. Once identified, the blockage was immediately cleared, the discharge cleaned up and disinfected and odour control undertaken.

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*



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: 37 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: 2.7 hours—*achieved*



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: 16.17 complaints—*achieved*



STORMWATER

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*



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*



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: 6.36 complaints—*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: 40 minutes—*achieved*



SOLID WASTE

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 754 tonnes in the 2015 – 2016 year to 552 tonnes in the 2016 – 2017 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: Unable to report data

Data from Waste Management Limited for recycling contracts and the recycling drop-off point indicates an increase in recycling participation. Council is no longer able to obtain data from other recycling service providers due to commercial sensitivity. We are therefore unable to report conclusively on this measure.

PLANNING AND REGULATORY SERVICES

Process resource consents within the 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 practices¹

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



Performance: 53% 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 provided¹

Target: 92% satisfaction with the building consenting service



Performance: 85.5% satisfaction — *not achieved*

Satisfaction levels are closely linked to the speed of Council response to requests for building consents. An increase in the number of building consent requests and the size of some of the projects (reflected by a substantial increase in values) impacts on service delivery timeframes.

Target: 85% satisfaction with the control of dog nuisances in the city¹



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: 90% satisfaction with the enforcement of parking requirements within the city centre¹



Performance: 85% 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.

Process building consents within the statutory timeframes

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



Performance: 95.42% — *not achieved*

Year-on-year building consents for 2016 – 2017 were up 13% compared to 2015 – 2016. Building consent values increased by 20% for 2016 – 2017. The need for extra staff was forecast in September 2016, approved in October 2016 and recruitment commenced November 2016. Due to a lack of capacity in the building control sector nationally we were not able to find and secure experienced building control staff until June 2017.

Process LIMs within the statutory timeframes

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



Performance: 88% processed within statutory timeframes — *not achieved*

The pattern of LIM applications received was of peaks and troughs. More than twice the number of applications that could be processed within a day would be received. This meant that the team was consistently in catch-up mode.

NOTES

1. Performance measures that are directly related to the results of the 2016 – 2017 Community Survey.

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 have been inspected under the old Food Act and now premises will transition to the new Food Act—*achieved*

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*

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*

COMMUNITY SERVICES

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

Target: 90% satisfaction



Performance: 98% of respondents were satisfied or very satisfied—*achieved*

Community satisfaction with the level of customer service provided by library staff¹

Target: 95% of respondents are satisfied or very satisfied



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

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

Target: Minimum of 350,000 visitors



Performance: 269,990 visitors—*not achieved*

In June 2016 new gates were installed that provided more accurate visitor counts than previously recorded. A test in March 2017 indicated that there was an error rate of approximately 20% over-count prior to June.

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

Target: Minimum of 700,000 digital connections made



Performance: 1,158,334 digital connections made—*achieved*

Satisfaction with the quality of library programmes delivered

Target: 95% of respondents are satisfied or very satisfied



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

Our community is increasingly prepared for a civil defence emergency¹

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



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

Whilst the target was missed by 1%, sales of water tanks during the year (354) were significantly greater than the previous year (256) suggesting that households are continuing to improve their preparedness for a civil defence emergency.

NOTES

1. Performance measures that are directly related to the results of the 2016 – 2017 Community Survey.

RECREATION

Community satisfaction with the range of high quality aquatic leisure opportunities provided for people of all ages and abilities by H²O Xstream¹

Target: 95% of respondents are satisfied or very satisfied

Performance: 92% satisfaction—*not achieved*

The recent appointment of a full-time Team Leader Aquatics will provide more resource to this area.

H²O Xstream will meet or exceed all required compliance standards for swimming pool operation

Target: PoolSafe Accreditation

Performance: PoolSafe Accreditation maintained—*achieved*

H²O Xstream annual attendance figures

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

Performance: 207,573—*not achieved*

H²O Xstream had restricted hours for public in October 2016 to allow the roof to be repaired. This had significant effect on the overall attendance.

Community satisfaction with the range and quality of events and exhibitions provided at Expressions Whirinaki Arts and Entertainment Centre¹

Target: 90% of respondents are satisfied or very satisfied

Performance: 94% satisfaction—*achieved*

Number of visitors to Expressions Whirinaki Arts and Entertainment Centre

Target: 95,000 visitors per annum

Performance: 147,442—*achieved*

Community satisfaction with the level of provision of open space, amenities, and gardens¹

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: 95.6% satisfaction—*achieved*

NOTES

1. Performance measures that are directly related to the results of the 2016 – 2017 Community Survey.

ECONOMIC DEVELOPMENT

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

Target: 75% of respondents are satisfied or very satisfied



Performance: 90% of respondents were satisfied or very satisfied with Council's support in relation to economic development—*achieved*

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: 78% of respondents were satisfied or very satisfied with the level of support from Council in building a vibrant city centre—*not achieved*

This resulting satisfaction level is primarily attributed to the appearance of some of our vacant and tenanted retail stores. Council is working to improve this vibrancy through the Economic Development Stimulus Policy and working with various landlords to improve the presentation of their properties.

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 2017 fairly reflect the financial position and operations of Upper Hutt City Council as at 31 October 2017.



W N Guppy
MAYOR

C B Upton
CHIEF EXECUTIVE

I Johnson
DIRECTOR OF
CORPORATE SERVICES



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 2016 – 2017

Local body elections

During the local body elections on 8 October 2016, Wayne Guppy was elected as Mayor for his sixth term of office. Two new councillors, Ros Connelly and Chris Carson, were elected effectively filling the vacancies left after the resignations at the election of Mary Amour and Dean Rabbit. Mayor Wayne Guppy and the ten Councillors were officially sworn in at the Triennial Meeting of Council on 31 October 2016.

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 numerous inter-agency meetings. In addition, the Mayor met with many members of the public in his office each month.

The Mayor 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'.

Citizenship ceremonies

Three citizenship ceremonies have been held at Expressions Whirinaki Arts and Entertainment Centre this financial year (in September 2016, December 2016 and May 2017). A total of 252 people from 24 countries became New Zealand citizens. The countries of origin were; Australia, Cambodia, China, Colombia, Denmark, Ethiopia, Fiji, Germany, India, Ireland, Iraq, Italy, Jordan, Kenya, Kiribati, Malaysia, Macedonia, Mexico, Nepal, Pakistan, Philippines, Russia, Samoa, South Africa, Sri Lanka, South Sudan, Sudan, Thailand, Tonga, Uganda, United Kingdom, United States of America, and Zimbabwe.

To date, Upper Hutt has been enriched with residents from 33 different countries gaining citizenship.

Mayoral awards to young heroes

The Mayor presented three young heroes with the city's first Mayoral Commendation certificates to acknowledge and thank them for coming to the aid of a resident who had collapsed in Main Street. It was an opportunity to reflect on their involvement and have this recognised as being something special. The Mayor hosted the young heroes, their families, and the resident they helped with a morning tea.

Long Term Plan 2018 – 2028 (LTP)

Planning has already begun for the next Long Term Plan which will become operational in July 2018. Two intensive workshops have taken place with the Mayor and Councillors, and one workshop with the Full Management Team, where discussions were held on how we are going to shape our city over the next ten years.

Bylaws review

A ten-yearly review of a large group of Upper Hutt's bylaws commenced in July 2016. The first five bylaws were reviewed and consulted on during December 2016 and January 2017 with the following decisions by Council (May 2017):







- Community Facilities (revoked)
- Solid Waste (revoked)
- Keeping of Stock, Poultry and Bees (amended)
- Traffic and Parking (amended)
- Urban Fire Prevention (amended)

Following the review of two further bylaws, Public Places and Trading in Public Places, consultation occurred in May and June 2017. Decisions will be made on these bylaws in the new financial year.

Level of service objectives and performance measures

Objectives 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			
2016 – 2017 performance:		2015 – 2016 performance:	
73.8% of Council's performance measures were met – <i>not achieved</i>		74%* of Council's performance measures were met – <i>not achieved</i>	
2. Community satisfaction with the ease of accessing Council information ¹			
Target: 80% of the community agree that Council information is easy to access			
2016 – 2017 performance:		2015 – 2016 performance:	
82% respondents were satisfied or very satisfied – <i>achieved</i>		87% respondents were satisfied or very satisfied – <i>achieved</i>	
3. Community satisfaction with the ease of navigating and using the Council website ¹			
Target: 80% of the community agree the Council website is easy to navigate and use			
2016 – 2017 performance:		2015 – 2016 performance:	
80% of respondents were satisfied or very satisfied – <i>achieved</i>		82% of respondents were satisfied or very satisfied – <i>achieved</i>	

¹ Annual Community Survey

* The total number of performance measures was incorrectly reported as 61 in the 2015 – 2016 Annual Report. This figure should have been 62.

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 Ngati Toa about issues relating to land, water or air.

Works programme

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2017
Regional Amenities Fund	106	106	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.
Total leadership works programme	106	106	

Approved carryover projects from previous years budgets

Projects	Budget (\$ 000)	Actual (\$ 000)	Funded by
Civic celebrations	20	20	Rates
Total	20	20	

Cost of service statement

	Actual 30 June 2017 (\$ 000)	Actual 30 June 2016 (\$ 000)	Budget 30 June 2017 (\$ 000)
Operating statement			
General rates	2,612	2,336	2,700
Operating revenue	1,076	73	130
Total operating revenue	3,688	2,409	2,830
Operating costs			
Operating costs	2,760	3,971	2,841
Interest	0	0	0
Depreciation	0	0	0
Total operating costs	2,760	3,971	2,841
Operating surplus/ (deficit)	928	(1,562)	(11)
Capital and reserves funding statement			
Capital expenditure	0	0	0
Loans repayments	0	0	0
Operating (surplus)/ deficit	(928)	1,562	11
Transfer to funds	0	0	0
Total funding required	(928)	1,562	11
Funded by			
Funding from non-cash expenses	(928)	1,509	11
Loans raised	0	0	0
Transfer from funds	0	0	0
Accumulated funds	0	53	0
Transfer from funds applied	(928)	1,562	11



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 2016 – 2017

Pedestrian link between railway station and Main Street

In 2011 it was identified that there was a disconnection between the Upper Hutt Railway Station and Main Street.

The objective of this project is overcome the disconnection by providing a clear and well defined pedestrian link between the railway station and Main Street via Princes Street. Key elements of the project are to redevelop the green space in front of the railway station to make it look more attractive, improve the pedestrian crossing across Fergusson Drive, and to improve the pedestrian connection along Princes Street.

Bridge Road replacement bridge

Following the partial collapse of the Bridge Road access bridge in October 2015, Council oversaw the design and construction of a replacement bridge to restore access to residents. The new bridge was reopened for use on 3 May 2017. A blessing was held on 24 May 2017.

Road access and safety upgrades in Whitemans Valley

Upper Hutt's rural roads are utilised by a wide range of road users including local residents, cyclists, horse riders and visitors. The improvements on Whitemans Valley Road are part of ongoing work and have addressed the worst sections of the road by increasing the road width to allow vehicles travelling in opposite directions to pass safely.

Traffic calming measures in Cruickshank Road and Clouston Park Road

To address residents' concerns about safety, speed humps and traffic islands were constructed on Cruickshank Road and Clouston Park Road, resulting in a drop in traffic speeds on both roads.

Urban cycleway programme

As part of the urban cycleway programme, sections of shared pedestrian/cycle paths were constructed on the stopbank in Totara Park and north along the river from Harcourt Park. An extension of the existing Hudson Avenue to Totara Park Road cycleway, it has increased the length of the sealed off-road cycle network by 1.5km.

Road safety education and training programmes

Council engaged with 47 different community groups, government agencies and other local authorities to deliver 19 community based road safety education and training programmes.

One programme involved Council, in association with Corrections, Police and Fire services delivering an alcohol education programme to recidivist drink-drivers and co-ordinating school holiday cycle skills courses to young cyclists. Further collaboration with regional partners produced campaigns to encourage motorcycle safety and skills.

Level of service objectives and performance measures

Objectives ensure Council will provide a safe roading network.

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

Performance measures

1. Community satisfaction with the street lighting throughout the city ¹

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

2016 – 2017 performance:

84% satisfaction – *not achieved*



2015 – 2016 performance:

84% satisfaction – *not achieved*



City street lighting is currently being upgraded using LED technology and by the end of the 2017-2018 all existing street lights will have been replaced. The new lights will provide a significant improvement in both performance and reliability.

2. Community satisfaction with the cleanliness of the city's streets ¹

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

2016 – 2017 performance:

90% satisfaction – *achieved*



2015 – 2016 performance:

89% satisfaction – *not achieved*



3. Road safety ²

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

2016 – 2017 performance:

11 serious crashes resulting in fatalities or serious injury – *not achieved*



2015 – 2016 performance:

6** serious crashes resulting in fatalities or serious injury



Rationale for 2016 – 2017 performance measure not being achieved

The number of crashes in 2016 – 2017 is higher than the previous year, but is within the range of normal variation observed over the past 20 years, and is consistent with an increase in the number of crashes nationally for the last two years.

4. Road conditions ³

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

Target: *84% (83% in 2015 – 2016)

2016 – 2017 performance:

86% – *achieved*



2015 – 2016 performance:

82% – *not achieved*



5. Road maintenance³

The area of the sealed local road network that is resurfaced

Target: *110,000m² (93,000m² in 2015 – 2016)

2016 – 2017 performance:

79,107.30 m² – *not achieved*



2015 – 2016 performance:

82,291m² – *not achieved*



Rationale for 2016 – 2017 performance measure not being achieved

A change was required to the originally planned road surfaces in order to provide the required level of service. The higher cost of the selected treatments meant that it was necessary to adjust the quantity of work carried out to match the budget.

6. Footpaths ³

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: *94% (93% in 2015 – 2016)

2016 – 2017 performance:

98.0% of footpaths fall within the level of service or service standard – *achieved*



2015 – 2016 performance:

98.6%*** of footpaths fall within the level of service or service standard – *achieved*



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

2016 – 2017 performance:

96% compliant – *achieved*



2015 – 2016 performance:

97% compliant – *achieved*



¹ Annual Community Survey ² NZTA crash statistics

³ 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.

PLEASE NOTE:

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

** the number of serious crashes resulting in fatalities or serious injury was reported as five for 2015 – 2016. This has been corrected to six crashes.

*** Footpaths. In 2015 – 2016, it was reported that 98% of footpaths fall within the level of service or service standard. This has been corrected to 98.6%.

Works programme

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2017
Asset management – to replace existing assets			
Street drainage	334	310	Completed as per the Asset Plans
Resealing	1,143	1,172	Completed as per the Asset Plans
Street lighting upgrade	50	50	Completed as per the Asset Plans
Minor safety	182	182	Completed as per the Asset Plans
Footpaths	562	560	Completed as per the Asset Plans
Carparks and bus shelters	19	18	Completed as per the Asset Plans
Litter bin replacement	5	5	Completed as per the Asset Plans
Structures component replacement	26	26	Completed as per the Asset Plans
Traffic services renewals	316	294	Completed as per the Asset Plans
Miscellaneous work	27	0	Completed as per the Asset Plans
Capital works – to meet additional demand			
Fergusson/Ward/Whakatiki intersection	61	0	Not achieved, awaiting a review of the future traffic demands on Fergusson Drive between Silverstream and the CBD
Capital works – to improve level of service			
Enhance cycle and walkway -rail corridor	2,517	0	Still in design stage – work to continue in 2017 – 2018
St Patricks to Silverstream Bridge cycleway and pedestrian walkway	329	24	Still in progress - work to continue in 2017 – 2018
Enhance cycle and walkway - subway under State Highway 2	51	0	Further discussions required with NZTA and Greater Wellington - work to continue in 2017 – 2018
Footbridge replacement - Beechwood Lane	99	0	Still in progress - work to continue in 2017 – 2018
Eastern Hutt/Fergusson Drive and access to County Lane	51	0	Awaiting a review of the future traffic demands on Fergusson Drive between Silverstream and the CBD

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2017
Gateway improvements	107	0	Concept plans being developed - work to continue in 2017 - 2018
LED street lighting upgrade	75	75	Partially achieved - this is an ongoing programme
Sealing/widening Hutt River Trail cycle/walkway	582	240	This is an ongoing programme
Pedestrian link between railway station and Main Street	1,040	28	Still in progress - works to continue in 2017 - 2018
Main Street decorative lighting	77	77	Completed
Total land transport works programme	7,653	3,061	

Approved carryover projects from previous years budgets

Projects	Budget (\$ 000)	Actual (\$ 000)	Funded by
Project			
City gateway signage	189	44	Loans
Works contingency	92	92	Rates/Accumulated funds
New footpaths	52	53	Rates
Blue mountains upgrade	29	0	Rates
CBD development	578	56	Loans (\$300K) Accumulated funds (\$90K)
Encouragement of future city centre development	1,300	0	Loans
Pedestrian walkway - Main Street to train station	951	951	Loans
Rural roads	672	571	Loans
Enhanced cycleways rail corridor	1,897	66	NZTA/UCF/Loans
St Patricks to Silverstream Bridge cycleway	50	84	NZTA/UCF/Loans
Enhanced cycleway - St Pats	94	12	
Enhanced cycleway - subway	13	13	
Total	5,917	1,917	

Cost of service statement

	Actual 30 June 2017 (\$ 000)	Actual 30 June 2016 (\$ 000)	Budget 30 June 2017 (\$ 000)
Operating statement			
General rates	5,559	4,998	5,892
Operating revenue	5,927	9,721	6,523
Total operating revenue	11,486	14,719	12,415
Operating costs	4,514	5,098	4,291
Interest	524	441	814
Depreciation	4,276	4,223	4,379
Total operating costs	9,314	9,762	9,484
Operating surplus/ (deficit)	2,172	4,957	2,931
Capital reserves funding statement			
Capital expenditure	7,305	7,276	8,154
Loans repayments	759	545	1,168
Operating (surplus)/ deficit	(2,172)	(4,957)	(2,931)
Transfer to funds	44	5	337
Total funding required	5,936	2,869	6,728
Funded by			
Funding from non-cash expenses	4,139	(648)	3,644
Loans raised	1,627	2,909	2,214
Loans to be raised	0	78	0
Transfer from funds	170	530	625
Accumulated funds	0	0	0
Transfer from funds applied	5,936	2,869	6,728



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 2016 – 2017

Water supply resilience

The work being done at the regional level for the Water Supply Resilience Strategy has been successful in raising the awareness and importance of the need for resilient water infrastructure. This is signified by central government's announcement of \$6 million to part fund emergency water supplies in our region.

Community education

The 'Step up and be a Water hero' campaign was launched to raise awareness of resilience in the community. The campaign emphasises the need for people to plan and prepare now for their drinking water and wastewater needs after a major earthquake. Information including guidance, education resources and handy links are provided through leaflets, newspaper advertising, the internet and social media, with a great response received via the latter.

Reservoir valve actuators



An automatic valve actuator is the mechanism for opening and closing a valve without the need for someone in attendance. New actuators were installed on the automatic shut-off valves at the Maidstone, Cruickshank, Chatsworth, Riverstone, Pinehaven and Timberlea reservoirs. Renewal of the actuators helps ensure the reliable operation of the valves, which are critical for retaining water storage in the event of a major pipe burst or earthquake.

Level of service objectives and performance measures

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


Performance measures


1. Safety of drinking water (section 69A Health Act 1956) ¹

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% compliance


2016 – 2017 Performance

Bacteria compliance 100% – *achieved* 

Protozoal compliance 100% – *achieved* 

2015 – 2016 Performance

Bacteria compliance 100% – *achieved* 

Protozoal compliance 100% – *achieved* 


Note: The results for this measure are based on provisional results from the drinking water assessment. We do not expect the final results to be different.

2. Maintenance of the reticulation network ²


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

Target: * Less than 17%

2016 – 2017 Performance:

12.7% – *achieved* 

2015 – 2016 Performance:


21.3% – *not achieved* 


3. Fault response times ²


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
b. Resolution of urgent call-outs	4 hours
c. Attendance for non-urgent call-outs	36 hours
d. Resolution of non-urgent call-outs	15 days

2016 – 2017 Performance:

35 minutes – *achieved* 


2.57 hours – *achieved* 

29.0 hours – *achieved* 


2 days – *achieved* 

2015 – 2016 Performance:

38 minutes – *achieved* 

3.88 hours – *achieved* 



24.12 hours – *achieved* 

3.54 days – *achieved* 



4. Customer satisfaction ²
 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)

2016 – 2017 Performance:		2015 – 2016 Performance:	
7.11 complaints per 1000 connections – <i>achieved</i>		8.4 complaints per 1000 connections – <i>achieved</i>	



5. Demand management ²
 The average consumption of drinking water per day per resident
Target: *335 litres/person/day

2016 – 2017 Performance:		2015 – 2016 Performance:	
345 litres/person/day – <i>not achieved</i>		357 litres/person/day – <i>not achieved</i>	

Rationale for 2016 – 2017 performance measure not being achieved

Water consumption was above target this year due to high network leakage in the first quarter. Proactive leak detection and repairs have progressively reduced consumption through the year and night flows are now tracking below their target levels. Summer water conservation programmes are in place and leak detection work will continue to manage water demand.

6. Interruptions to the water supply ³
Target: *The number of unplanned supply cuts per 1000 connections <4

2016 – 2017 Performance:		2015 – 2016 Performance:	
1.13 unplanned supply cuts per 1000 connections – <i>achieved</i>		2.6 unplanned supply cuts per 1000 connections – <i>achieved</i>	

¹ Ministry of Health Drinking Water Standards for New Zealand (Revised 2008)

² Wellington Water in-house records

³ 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 2017
Asset management – to replace existing assets			
Pipeline renewal	917	586	Fortune Lane, Fergusson Drive, Ross Grove, Edelweiss Grove, Cole Grove and Rongonui Street water main and rider main renewals were completed.
Reservoir upgrade	215	223	New actuators installed on auto shut-valves at six reservoirs.
Miscellaneous works	185	193	Mechanical and electrical upgrade of Riverstone pump station completed. Ward Street bulk water meter installed.
Capital works – to improve the level of service			
Pressure management	82	66	Kirton Drive Pressure Reducing Valve flow meter installed
Total water supply works programme	1,399	1,068	

Cost of service statement

	Actual 30 June 2017 (\$ 000)	Actual 30 June 2016 (\$ 000)	Budget 30 June 2017 (\$ 000)
Operating statement			
Rates	4,942	5,148	5,473
Operating revenue	1,706	1,617	1,501
Total operating revenue	6,648	6,765	6,974
Operating costs			
Operating costs	5,785	5,290	5,822
Interest	41	39	52
Depreciation	1,743	1,744	1,785
Total operating costs	7,569	7,073	7,659
Operating surplus/ (deficit)	(921)	(308)	(685)
Capital and reserves funding statement			
Capital expenditure	1,068	1,505	1,399
Loans repayments	82	80	82
Operating (surplus)/ deficit	921	308	685
Transfer to funds	3	3	3
Total funding required	2,074	1,896	2,169
Funded by			
Funding from non-cash expenses	1,736	1,531	1,808
Loans raised	110	185	133
Transfer from funds	228	180	228
Accumulated funds	0	0	0
Transfer from funds applied	2,074	1,896	2,169



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 2016 – 2017

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. This year's programme targeted the Maymorn rural area and found only a small number of faults, indicating the relatively good condition of the network in the area. The photo shows a broken gully trap surround - a potential source of high inflow of stormwater into the wastewater system.











Wastewater Network Renewals

Pipe renewals were completed at Logan Street, Winchester Avenue and stage 1 of the Ward Street renewal project. The 49 Bridge Road wastewater pump station mechanical and electrical upgrade was also completed. The photograph shows trenching and shoring during the construction of the Ward Street project.

Level of service objectives and performance measures

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

Performance measures



1. System and adequacy ¹ 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			
2016 – 2017 performance: Nil – <i>achieved</i>		2015 – 2016 performance: One dry weather sewerage – <i>not achieved</i>	
			
2. Discharge compliance ¹ Breaches of resource consents for discharge from its sewerage system, measured by the number of;			
			Target
a.	abatement notices for discharges from wastewater system (section 322 of RMA 1991)		Zero breaches
b.	infringement notices for discharges from wastewater system (issued under 343C of RMA 1991)		Zero breaches
c.	enforcement orders for discharges from wastewater system, and		Zero breaches
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.		Zero breaches
2016 – 2017 performance Achieved		2015 – 2016 performance Achieved	
			
Achieved		Achieved	
			
Achieved		Achieved	
			
Achieved		Achieved	
			

3. Fault response times ¹



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. attendance time: from the time that notification is received to the time that service personnel reach the site, and	60 minutes
b. resolution time: from the time that notification is received to the time that service personnel confirm resolution of the blockage or other fault.	6 hours

2016 – 2017 performance

- a. 37 minutes – *achieved* 
- b. 2 hours 42 minutes – *achieved* 

2015 – 2016 performance

- a. 38 minutes – *achieved* 
- b. 1.43 hours – *achieved* 

4. Customer satisfaction ¹


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

- sewage odour
- sewerage system faults
- sewerage system blocked, and
- Council’s response to the sewerage system issues


Expressed per 1000 connections to the TA’s sewerage system

Target: Total number of complaints ≤ 30

2016 – 2017 performance

16.17 complaints – *achieved* 

2015 – 2016 performance

7.18 complaints – *achieved* 

¹ 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 2017
Asset management – to replace existing assets			
Pipeline renewal upgrade ¹	1,715	1,508	Wastewater pipe renewals were completed at Logan Street, Winchester Avenue and Ward Street. Mechanical and electrical upgrade of Bridge Road pump station completed.
Miscellaneous works	58	22	Completed
Capital works – to improve the level of service			
William Durant Wastewater Plant ²	0	141	
Wastewater project capital ³	494	321	Noted below
Total wastewater works programme	2,267	1,992	

¹ 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.

² Budgeted as part of pipeline renewal upgrade.

³ 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 pump station renewal	29	30	Rates
Total	29	30	

Cost of service statement

	Actual 30 June 2017 (\$ 000)	Actual 30 June 2016 (\$ 000)	Budget 30 June 2017 (\$ 000)
Operating statement			
Rates	6,186	6,053	6,411
Operating revenue	569	607	770
Total operating revenue	6,755	6,660	7,181
Operating costs			
Operating costs	4,637	4,296	4,679
Interest	721	706	802
Depreciation	3,532	3,474	3,376
Total operating costs	8,890	8,476	8,857
Operating surplus/ (deficit)	(2,135)	(1,816)	(1,676)
Capital and reserves funding statement			
Capital expenditure	2,022	2,486	2,266
Loans repayments	178	415	178
Operating (surplus)/ deficit	2,135	1,816	1,676
Transfer to funds	0	0	0
Total funding required	4,335	4,717	4,120
Funded by			
Funding from non-cash expenses	3,453	3,317	3,076
Loans raised	332	508	494
Loans to be raised	0	0	0
Transfer from funds	550	892	550
Accumulated funds	0	0	0
Transfer from funds applied	4,335	4,717	4,120



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 2016 – 2017

Stormwater pollution education



Promotional material has been developed and circulated through various means to raise the community's awareness of some of the do's and do nots for our stormwater. This has included concrete-washing brochures for the general public and for contractors, website FAQs which were also handed out at public stands, and stormwater pollution education advertising in the Community Calendar.

Perry Street pump station

Following procurement of replacement pumps in 2015 – 2016, we have completed the mechanical and electrical upgrade of the Perry Street stormwater pump station, including the replacement of three pumps and a new electrical panel. The photo shows one of the new pumps.



Pinehaven Stream

The professional services contract for the multi-year Pinehaven Stream upgrade project was awarded in the fourth quarter of this year. Investigations and design are underway and will continue through 2017 – 2018. The procurement strategy for the project has been approved and the physical works programme is being planned to be completed in the next 3-4 years.

Level of service objectives and performance measures

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



Performance measures

1. System adequacy ¹



- 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)

2016 – 2017 performance:

- Zero flooding events – *achieved* 
- Zero habitable floors affected – *achieved* 

2015 – 2016 performance:

- a. Zero flooding events – *achieved* 
- b. Zero habitable floors affected – *achieved* 

2. Discharge compliance ¹

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

	Target
a. abatement notices	Zero notices
b. infringement notices	Zero infringement notices
c. enforcement orders	Zero enforcement orders
d. convictions	Zero convictions

received by Council in relation those resource consents.

2016 – 2017 performance:

- a. *Achieved* 
- b. *Achieved* 
- c. *Achieved* 
- d. *Achieved* 

2015 – 2016 performance:

- a. *Achieved* 
- b. *Achieved* 
- c. *Achieved* 
- d. *Achieved* 

3. Response times ¹

	Target
Number of complaints per 1000 stormwater connections	50 complaints
Median response time to attend a flooding event, measured from the time that Council received notification to the time that service personnel reach the	60 minutes

site.

2016 – 2017 performance:a. 6.36 complaints – *achieved*b. 40 minutes – *achieved***2015 – 2016 performance:**a. 0.16 complaints – *achieved*b. 47 minutes – *achieved*¹ 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 2017
Asset management – to replace existing assets			
Pipeline renewal	265	132	The Golders Road project was subject to an extensive process of optioneering in order to come to a solution that saved money and used innovative design. The selected option took advantage of the infiltration capacity of the local soils and proved much less costly than traditional stormwater solutions such as pipes and channels that direct runoff to a surface disposal point.
Telemetry upgrade	52	25	
Pump station renewal	205	84	Investigation and detailed design for the Perry Street pump station renewal found that the scope of work was less than had been earlier estimated. These savings were anticipated and signalled in the first quarter of 2016 - 2017.
Capital works – to improve the level of service			
Pinehaven Stream capacity upgrade (joint project with Greater Wellington Regional Council (GWRC))	564	254	Noted above in 'Work delivered to support the community in 2016 – 2017'
Total stormwater works programme	1,086	495	

Approved carryover projects from previous years budgets

Projects	Budget (\$000)	Actual (\$000)	Funded by
Stormwater unscheduled renewals	25	26	Accumulated funds
Total	25	26	

Cost of service statement

	Actual 30 June 2017 (\$ 000)	Actual 30 June 2016 (\$ 000)	Budget 30 June 2017 (\$ 000)
Operating statement			
Rates	1,738	1,607	2,013
Operating revenue	583	464	622
Total operating revenue	2,321	2,071	2,635
Operating costs	1,806	1,691	1,899
Interest	32	18	24
Depreciation	1,732	1,720	1,738
Total operating costs	3,570	3,429	3,661
Operating surplus/ (deficit)	(1,249)	(1,358)	(1,026)
Capital and reserves funding statement			
Capital expenditure	521	1,002	1,085
Loans repayments	9	0	9
Operating (surplus)/ deficit	1,249	1,358	1,026
Transfer to funds	0	0	0
Total funding required	1,779	2,360	2,120
Funded by			
Funding from non-cash expenses	1,365	1,415	1,206
Loans raised	64	607	564
Transfer from funds	350	338	350
Accumulated funds	0	0	0
Transfer from funds applied	1,779	2,360	2,120

MIXED PLASTIC 1-7

CANS AND PLASTIC

DUMPING RUBBISH IS ILLEGAL! NO FOOD, NO NAPPIES, NO ANIMALS



PLASTIC BOTTLES



FOOD AND DRINK POLYSTYRENE



CANS



ACIDIC CANS



TAKEAWAY COFFEE CUPS



POLYSTYRENE

DON'T FORGET: EMPTY & CLEAN



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Solid waste

Solid waste

Council is a signatory to the Wellington Region Waste Management and Minimisation Plan 2011 - 2017 (WMMP). This document has shared region-wide actions and specific actions for Upper Hutt. The actions help Council prioritise its waste management and minimisation work each year.

Work delivered to support the community in 2016 - 2017

Wellington Region Waste Management and Minimisation Plan 2011 - 2017 (WMMP)

A review of the WMMP was completed in 2016 – 2017. The revised plan was adopted later in 2017. The review was informed by a regional waste assessment and re-prioritises Council's work for the next six years (2017 - 2023).

Waste minimisation in Upper Hutt is also supported by actions from Council's Sustainability Strategy.

Recycling drop-off point

Council has a contract in place with Waste Management, who along with other providers, offer kerbside recycling services to households and businesses. This year, funding was secured to trial a recycling drop-off point to complement the existing private kerbside collection services. The introduction of the facility was supported by a media campaign to raise awareness and promote ongoing commitment to kerbside service providers.

Waste minimisation

Council's solid waste bylaw was reviewed and revoked this year, and the WMMP steering group is investigating developing a regionally consistent bylaw. The revised WMMP includes actions to investigate other ways to significantly reduce waste in Upper Hutt and the Wellington region.

Other waste minimisation projects included:

- Hazardous waste collection day
- Waste and recycling collection at major events (e.g. March Madness)
- Supporting the SeatSmart child car seat recycling programme
- Zero Waste and Community Garden funding
- Support for Zero-Waste at events organised by community groups and businesses in Upper Hutt.

Waste education

Significant achievements have been made around community education and awareness over the last year.

Projects delivered in 2016 – 2017 include engaging 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 will include; reducing the waste of valuable

resources, improving our region's economic efficiency (saving money), and reducing our impact on the environment.

Key waste education projects in 2016 - 2017:

- Love Food Hate Waste campaign
- Funding of the Enviroschools programme. Upper Hutt has six registered enviroschools and seven registered early childhood education centres. Plateau School achieved Green-Gold status this year
- Waste-free parenting workshops run by the Nappy Lady
- FoodLovers Masterclass (reducing food waste and increasing community resilience through food supply)
- Plastic-free July and reusable cloth bag August promotions
- Supporting World of Waste tours for local schools
- Monthly Sustainability column in the Upper Hutt Leader promoting community actions for waste minimisation and sustainable living

Level of service objectives and performance measures

Objectives ensure 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 ¹

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

2016 - 2017 performance

Total tonnage or refuse collected from Council refuse bags has reduced from 754 tonnes in the 2015 - 2016 year to 552 tonnes in the 2016 - 2017 year – *achieved*



2015 - 2016 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 ¹

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

2016 - 2017 performance

Unable to report data

2015 - 2016 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*



Data from Waste Management Ltd and the drop-off point suggest an increase in recycling participation. Data from other recycling service providers, previously made accessible to Council, is no longer available due to commercial sensitivity. We are therefore unable to report conclusively on this performance measure.

¹ In-house reporting using contractor's data

Works programme

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2017
Asset management			
Drop-off recycling bins	20	63	Completed
Project			
Waste Management and Minimisation Plan – Wellington regional projects	4	4	<ul style="list-style-type: none"> • Participated in Love Food Hate Waste campaign. • Started work on a regional waste bylaw. • Participated in EnviroSchools programme. • Supported Zero Waste Events.
Waste Management and Minimisation Plan – Upper Hutt projects	50	55	<ul style="list-style-type: none"> • Provided Hazardous Waste Collection. • Supported Nappy Lady programme. • Zero Waste Funded Schools/Gardens. • Sponsored World of Waste Tours. • Plastic-free July and reusable cloth bag August promotion. • Supported the SeatSmart programme.
Review of Waste Management and Minimisation Plan	7	7	Together with other regional territorial authorities, completed a regional waste assessment and scenario modelling to inform the review. The revised plan will be adopted later in 2017.
Recycling drop-off point	35	31	Drop-off recycling bin trial period began
Total solid waste works programme	116	160	

Cost of service statement

	Actual 30 June 2017 (\$ 000)	Actual 30 June 2016 (\$ 000)	Budget 30 June 2017 (\$ 000)
Operating statement			
General rates	(285)	(307)	(341)
Operating revenue	580	548	577
Total operating revenue	295	241	236
Operating costs			
Operating costs	233	242	216
Interest	0	0	0
Depreciation	0	0	0
Total operating costs	233	242	216
Operating surplus/ (deficit)	62	(1)	20
Capital and reserves funding statement			
Capital expenditure	63	0	20
Loans repayments	0	0	0
Operating (surplus)/ deficit	(62)	1	(20)
Transfer to funds	0	0	0
Total funding required	1	1	0
Funded by			
Funding from non-cash expenses	1	1	0
Loans raised	0	0	0
Transfer from funds	0	0	0
Transfer from funds applied	1	1	0



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. This includes reviewing the District Plan and processing of resource consents.

Building control

As a Building Consent Authority, Council performs the following main functions: 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; maintaining records of Building Warrants of Fitness; and issuing Amendments to (existing) Compliance Schedules.

Environmental health

The Environmental health activity promotes public health within the community. Upper Hutt City Council contracts Hutt City Council to provide its environmental health services. A wide range of bylaws and regulations are enforced including food premise standards and noise control.

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.

Liquor Licencing

As a liquor licencing authority, Council issues liquor licences and monitors premises for compliance with the Sale and Supply of Alcohol Act 2012.

Work delivered to support the community in 2016 - 2017

City planning

PLAN CHANGES

The City planning team has processed a number of plan changes in 2016 - 2017 as part of its rolling review cycle. In particular, the Plan Change 41 relating to Urban Tree Protection was completed and incorporated into the District Plan. Plan Change 42, which relates to flood plain management in Pinehaven and Mangaroa has also been revised and advanced through the public notification process during this period.

LAND USE STRATEGY

The Land Use Strategy was adopted by Council in September 2016 and provides a strategic framework for managing the long term development of the city, and its environment. This document is primarily being implemented through the District Plan work programme.

RESOURCE CONSENTS

Resource consent has been granted for additional stages at Wallaceville, with up to 125 consented lots now, and the completion of stage 1 (65 lots) expected in late 2017. Smaller pockets of land within the established residential areas have also been subdivided for residential development, including 23 lots in Merton Street and the redevelopment of ex-Housing New Zealand land on Rimutaka Street and Merton Street.

BUILDING CONTROL

As a result of a significant increase in development activity, 612 building consents were issued in the reporting period, including 174 new dwellings. In the preceding year 137 new dwellings were consented.

COMPLIANCE SERVICES

A continued area of focus during the year has been the ongoing implementation of the Food Act 2014. Upper Hutt's food premises, which currently number 170, will transition to the new Act in stages over a 3 year period.

Land Information Memorandum (LIM)

Between 1 July 2016 and 30 June 2017 officers processed 418 LIM applications a decrease of 125 on the previous year. An electronic delivery system was introduced in 2016 and requests for delivery by this system have increased such that very few LIMs are issued on paper or a USB.

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 ²

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

2016 – 2017 performance

100% – *achieved*



2015 – 2016 performance

100% – *achieved*



2. Community satisfaction with Council's current resource management practices ¹

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

2016 – 2017 performance

53% satisfaction – *not achieved*



2015 – 2016 performance

58% satisfaction – *not achieved*



Rationale for 2016 – 2017 performance measure not being 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 ¹ and ³

Target 1: 92% satisfaction with the building consenting service ³

2016 – 2017 performance

85.5% satisfaction - *not achieved*



2015 – 2016 performance

73% satisfaction – *not achieved*



Rationale for 2016 – 2017 performance measure not being achieved

Satisfaction levels are closely linked to the speed of Council response to requests for building consents. An increase in the number of building consent requests and the size of some of the projects (reflected by a substantial increase in values) impacts on service delivery timeframes.

Target 2: 85% satisfaction with the control of dog nuisances in the city ¹

2016 – 2017 performance

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



2015 – 2016 performance

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



Rationale for 2016 – 2017 performance measure not being 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 ¹

2016 – 2017 performance

85% of respondents were satisfied or very satisfied – *not achieved*

**2015 – 2016 performance**

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

**Rationale for 2016 – 2017 performance measure not being 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.

4. Process building consents within the statutory timeframes ²

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

2016 – 2017 performance

95.42% - *not achieved*

**2015 – 2016 performance**

100% – *achieved*

**Rationale for 2016 – 2017 performance measure not being achieved**

Year-on-year building consents for 2016 - 2017 were up 13% compared to 2015 - 2016. Building consent values increased by 20% for 2016 - 2017. The need for extra staff was forecast in September 2016, approved in October 2016 and recruitment commenced November 2016. Due to a lack of capacity in the building control sector nationally we were not able to find and secure experienced building control staff until June 2017.

5. Process LIMs within the statutory timeframes ²

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

2016 – 2017 performance

88% processed within statutory timeframe – *not achieved*

**2015 – 2016 performance**

95% processed within statutory timeframe – *not achieved*

**Rationale for 2016 – 2017 performance measure not being achieved**

The pattern of LIM applications received was of peaks and troughs. More than twice the number of applications that could be processed within a day would be received. This meant that the team was consistently in catch-up mode.

6. Timeliness of food and hairdresser premises inspections ²

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

2016 – 2017 performance

All premises have been inspected under the old food act and now premises will

**2015 – 2016 performance**

All premises were inspected – *achieved*



transition to the new act – *achieved*

7. Timeliness of response to complaints of excessive noise ²

Target: Complaints of excessive noise – respond within one hour to 90% of excessive noise reports being confirmed

2016 – 2017 performance

After an initial 30 minute stand down period, all noise complaints were attended within one hour – *achieved*



2015 – 2016 performance

After an initial 30 minute stand down period, all noise complaints were attended within one hour – *achieved*



8. Timeliness of initial response to reported dog attacks ²

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

2016 – 2017 performance

There is often a delay in reporting attacks but for those reported the target was achieved – *achieved*



2015 – 2016 performance

There is often a delay in reporting attacks but for those reported the target was achieved – *achieved*



1. Annual Community Survey

2. In-house monitoring

3. Building Consents Survey

Works programme

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2017
Scheme review – Reprioritisation of the District Plan	120	68	Completion of Plan Change 41: Urban Tree Protection and progression of the.
Reprioritisation of the District Plan, UGS/rural implementation*	33	0	Pinehaven and Mangaroa Flood Plain Management plan change
Rural Strategy *	125	0	Land Use Strategy adopted.
Total city planning works programme	278	68	

* These budgets support the adoption and implementation of the Land Use Strategy which came out of the amalgamation of the Urban Growth Strategy (UGS) review and work to develop a Rural Strategy.

Approved carryover projects from previous years budgets

Projects	Budget (\$000)	Actual (\$000)	Funded by
Environmental Health Hutt City Council supplementary	14	14	Rates
Building enforcement consultants	22	22	Rates
Go Get System	26	26	Rates
Maymorn Improvement	218	0	Rates/Accumulated funds
Habitat Improvement Study	23	8	Loans
Rural Strategy	53	54	Rates
Total	356	124	

Cost of service statement

Amalgamations:	Actual	Actual	Budget
<ul style="list-style-type: none"> • Building and compliance services • Planning 	30 June 2017	30 June 2016	30 June 2017
	(\$ 000)	(\$ 000)	(\$ 000)
Operating statement			
Rates	2,337	2,802	2,582
Operating revenue	2,913	2,768	2,210
Total operating revenue	5,250	5,570	4,792
Operating costs	4,325	4,664	4,306
Interest	16	18	19
Depreciation	0	0	0
Total operating costs	4,341	4,682	4,325
Operating surplus/ (deficit)	909	888	467
Capital and reserves funding statement			
Capital expenditure	0	0	0
Loans repayments	83	60	83
Operating (surplus)/ deficit	(909)	(888)	(467)
Transfer to funds	893	977	400
Total funding required	67	149	16
Funded by			
Funding from non -cash items	59	89	16
Loans raised	8	60	0
Transfer from funds	0	0	0
Accumulated funds	0	0	0
Transfer from funds applied	67	149	16



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 H²O 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, older residents and all sectors of the community.

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.

H²O Xtream

H²O 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 2016 - 2017

Community Development

SPEARHEAD LEADERS PROGRAMME

Spearhead Leaders is a collaborative initiative between Upper Hutt City Council and Upper Hutt Community Youth Trust and is a platform for young people to connect, grow, belong and identify with Upper Hutt and the wider community. It is one of three initiatives resulting from the Lifehack youth wellbeing project, Oro-Upper Hutt, that took place in late 2016. This exciting programme was co-designed by young people for young people and was designed to give young people supported, real-life opportunities to develop and practice their leadership skills and to enhance their voice in the Upper Hutt community. The four-month

programme began in March and consisted of a 2-day adventure 'boot camp,' and weekly leadership and mentoring sessions. The young leaders then had the opportunity to apply everything that they learned from the sessions by designing and running a leadership event for over 100 young people in Youth Week in May (Youth Fest). The Spearhead Leaders group also met with Upper Hutt City's Mayor, Councillors, Chief Executive, Community Services Director and key Council staff to discuss opportunities for increasing youth engagement and youth voice in the City.



SUPPORTING CITY SAFETY INITIATIVES

Council's Community Development Team worked with Hutt Safe City, Upper Hutt Neighbourhood Support and Upper Hutt Community Patrol to increase awareness about Neighbourhood Support and Upper Hutt Community Patrol. Community Development also developed and published a new Council resource '*Reporting, Preventing, and Removing Graffiti Vandalism*'. The publication aims to support graffiti vandalism eradication and prevention throughout the city and increase knowledge and awareness of when and how to report crime.

PAINTED ENVIRONMENT – UPPER HUTT SCHOOL MURAL

Upper Hutt City Council, in collaboration with Upper Hutt School senior students, worked together to install a mural on Blenheim Road, opposite H²O Xstream. Council engaged professional artist Joe McMenamin to work with a group of senior students from Upper Hutt School to design and install the mural. The school's 90-year-old oak tree features prominently, along with elements that reflect the school whakatauki, what the students' value about their school and their city such as a rich cultural heritage and a connection to the city's river, mountains and outdoors. This mural can be viewed from outside of Upper Hutt School (Blenheim Road side).

LOVES ME NOT (THE SOPHIE ELLIOT FOUNDATION):

Loves-Me-Not focuses on 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.

WELLINGTON INTERNATIONAL AIRPORT COMMUNITY AWARDS (2016)

Forty two organisations were finalists in the Upper Hutt, Wellington International Airport Community Awards. These groups were invited to an evening at Expressions Whirinaki Arts and Entertainment Centre to thank and honour their contribution to the community. Upper Hutt's Supreme winner on the night was Upper Hutt Community Rescue Incorporated who also went on to win the Health and Wellbeing Category at the Wellington International Airport Regional Awards ceremony in Wellington.

FUNDING ROUNDS

Three key community funding rounds are administered annually by Council. Council's Community Grants which supports regional and community organisations and groups that service the residents of Upper Hutt, and Creative Communities which has two rounds of funding available to support community arts based projects.

COMMUNITY WORKSHOPS:

A series of financial and funding workshops were held to support capacity and capability building within community groups. *Financial Essentials for Treasurers* and *Financial Essentials for Community Groups* were run by Accounting for Charities Trust, and two *Sustainable Funding* workshops were held in collaboration with Hutt City Council and Volunteer Hutt. The workshops were held at the Walter Nash Centre in Lower Hutt and Upper Hutt City Library. Seventy two people in total attended the workshops describing them as full of relevant information and knowledge.

UPPER HUTT CITY YOUNG ACHIEVERS AWARDS

The 11th Upper Hutt City Young Achievers Awards took place on 7 June 2017. This year's forty eight nominees were of a very high standard and exemplified all that is positive about young people in Upper Hutt. Ten of the nominees are already representing New Zealand in their chosen sports; the leadership nominees are supporting and mentoring hundreds of young people in Upper Hutt; the arts nominees are making an impact both locally and nationally and our resilience nominees are thriving and succeeding despite the odds they have had to face in their short lives.

The Young Achiever Awards also involve significant youth participation. Past nominees evaluated the 2016 awards and contributed to the design of the 2017 awards, all the stage performers were young people, Heretaunga College School of Hospitality provided the catering, and background support was provided by youth volunteers.

WHITE RIBBON AWARENESS CAMPAIGN

Community Development initiated a local White Ribbon Awareness Campaign. The campaign aimed to raise Upper Hutt residents' consciousness and understanding about White Ribbon and many and varied visual prompts were displayed in prominent locations across Upper Hutt throughout November – February. As part of the campaign, White Ribbon bumper stickers have been applied to all Council fleet vehicles and made available to the community. They have a simple yet effective message '*Respect can stop violence towards women*' and prompt the reader to visit the White Ribbon website and consider taking the White Ribbon pledge. In total 3000 bumper stickers were produced and made available.

CHEERS TO OUR VOLUNTEERS

In the spirit of National Volunteer Week, Council again 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 were created featuring images of Upper Hutt volunteers accompanied by a message of thanks to all the city's volunteers.



Parks and reserves

TRENTHAM MEMORIAL PARK – PLAYGROUND UPGRADE

The old playground at TMP has had a complete overhaul with eye-catching, colourful, exciting apparatus. The new adventure playground is proving to be very popular for toddlers and children of all ages.

SCULPTURE TRAIL

Six sculptures donated by the late Ernst Cosgrove have been installed at various locations around the city adding an interest element to compliment the recent city centre upgrade. This installation is the first stage of an ongoing programme to establish a sculpture trail. The scope of the project is spread out over a five year period.

WIDENING AND SEALING OF THE HUTT RIVER TRAIL

Construction has commenced on the widening and sealing of sections of the Hutt River Trail to meet the National Cycleway Standards. The section from Awakairangi Park to the Norbert St Bridge has been completed, with the section from Harcourt Park to Hoggard Park currently under way.

CEMETERY DEVELOPMENT PLAN

A report was commissioned by Upper Hutt and Hutt City Council in 2016 to prepare a concept development plan for the extension of the Akatarawa Cemetery to provide capacity for the next 56 years on 58 hectares of land jointly owned by Hutt City and the Upper Hutt Council. The work will be carried out in three stages between 2023 and 2025.

Central, Pinehaven and Mobile Libraries

LIBRARY LAYOUT IMPROVEMENTS

After gaining inspiration from visiting several libraries, talking to public library managers, and looking at what public libraries are doing nationally and internationally, a plan was developed for a complete revamp of our own library this year. The project was staged in phases based on budget availability, beginning in April 2016 with the installation of a new front service point, replacement of the self-service points and a refresh of the front service area

The overall result has seen a 2.3% increase in issue numbers in the first five months, compared to the same period in the previous year, and an arresting of the previous five years downward trend of decreasing issues.

In addition to the revamp, new opening hours were introduced in February 2017, based on customer feedback and usage patterns.



MOBILE LIBRARY OUT AND ABOUT

During 2016 – 2017 the Mobile Library participated in several community events with games and activities for children. Many of the visitors on the Mobile Library at these events were families of children that use the Mobile Library service through their school or early childhood centres. The children enjoyed showing their family around the bus and introducing them to staff that run the service. The Mobile Library is a fully functioning Library branch that is open to anyone in the community.

50TH ANNIVERSARY CELEBRATIONS

In 2016, during the 50th Anniversary celebrations of Upper Hutt becoming a city the library delivered three key events.

- Pop Up Museum “Back in the Day: Upper Hutt in the 1960s**
 A temporary pop-up museum, featuring a range of photographs and publications representative of the decade, along with period films and artefacts. The museum was housed within the premises of Arkwright’s Empire, a local second hand and antiques dealer. It ran for fifteen days attracting over 2,200 visitors.
- Oral History project**
 The focus of this project was life in the 1960s, covering themes including Upper Hutt’s lively music scene of the era, the 1966 city status celebrations, the highly successful Māori Cultural group Mawai

Hakona, and the development of the Orongomai Marae. The library received funding to employ an oral historian for the 12 month period.

- **Heritage calendar**

The library produced a great 2017 calendar with images that told the story of Upper Hutt from its earliest days as a pioneer settlement through the decades as a picturesque recreational hinterland for the Wellington region.

All three projects promoted the *Recollect* database raising greater awareness in the community of this valuable resource.



LIBRARY COMMUNITY PROGRAMMES AND EVENTS

Upper Hutt Library has continued its commitment to provide high quality community events and programmes throughout the year enabling stronger community connections for our local communities. As well as the old favourites, including Ukulele Club, Unscripted, Hot Seat sessions, Knit and Knatter, Friday Fables, Poetry month celebrations, Busy programmes for pre-schoolers and successful school holiday programmes, the Library have introduced or held new programmes including “Stepping Up”, Bilingual Busy sessions in partnership with Orongomai Marae, Roald Dahl’s Birthday Bash and Women of Worth workshops.

H²O Xtream

20 YEARS OF H²O XTREAM

In December 2016, H²O Xtream celebrated 20 years of operation. The birthday month was celebrated with events and activities (two described below), including staff wearing the original uniform from the Upper Hutt Leisure Centre.

- **VIP NIGHT**

In recognition of the pool’s 20th anniversary regular customers, who had been swimming at the pool since it opened in 1996, were invited to an evening event with the Mayor. One customer who had purchased a concession card every month in the 20 year period was presented with a year’s free swimming.

- **POOL PARTY – 18 DECEMBER 2016**

The main event for the birthday month was held on Sunday 18 December, with the main attraction being the 1996 prices of \$2 entry. The Hits Radio Station started the event with music, games and activities for all. Santa and a couple of his helpers were on site giving gifts to children. There were 445 people who attended this event.

YOUTH - AQUA BEATZ

This programme, delivered once a term, is designed to encourage youth to use and enjoy H²O Xstream on a Friday night. The facility provides a fun environment for youth with slides, spot prizes and a DJ at no extra cost

Expressions Whirinaki Arts and Entertainment Centre

This year has seen a major 67% increase in school visitation to Expressions Whirinaki with the Centre's new Learning Programme Specialist working with over 3600 school students delivering a curriculum-linked programme. The team has presented over 22 public programmes throughout the year including the annual *Well Made Craft Fair* and *Christmas at Expressions*. In addition Expressions Whirinaki touring exhibitions reached over 54,000 people throughout New Zealand.

EXHIBITIONS:

Visitors to Expressions Whirinaki experienced a wide range of exhibitions and events ranging from Versace dresses to Rembrandt's paintings, NASA photography to LEGO installations, African masks to textile tents. Four of the ten exhibitions presented were international exhibitions, several new theatrical productions were from overseas and the programmes included some of the world's most recognisable names, cementing the centre as both a local and national attraction.

A highlight example of the international offerings was the *Catwalk to Cover* exhibition from the London Fashion Museum. This high glamour, high profile, glittering exhibition attracted over 23,000 visitors. Another example of the Centre punching above its weight was the presentation of *The Evolving Universe*, featuring space photography taken by NASA and toured by The Smithsonian Institute (USA). This was first time that the Smithsonian has ever exhibited in New Zealand and saw the Centre feature on a prime time slot on TV One News. Two interactive exhibitions were also presented, signalling the Centre's commitment to family experiences. *Brick Flicks*, featuring 25,000 LEGO bricks and *Healing Pools*, a large interactive lighting installation were both hugely popular. The nationally based *BrickCon-NZ*, New Zealand's biggest LEGO EXPO held in conjunction with Brick Flicks brought over 6500 people through the Centre.



PERFORMANCES AT EXPRESSIONS WHIRINAKI

The Centre's performing arts programme, as always, had diverse offerings ranging from children shows to award-winning drama, comedy and dance. Two performing arts events to note are *Riverside Kings*, a premier theatre show about growing up in Timberlea presented by an emerging theatre professional who grew up in Upper Hutt, and *Songs of the Sea* by Capital E National Theatre for Children, which sold out. The regular *Classical Expressions*, *Expressions Live! Sunday Strum* and *Late Nite Sound Bite* are still popular and continue to add variety and delight. The Queen's Birthday Music Festival, featuring New Zealand heavy weights Anika Moa, Don McGlashan and Shayne Cater proved very popular.

PROFESSIONALS RECREATION HALL

The Centre has hosted a full spectrum of events in the Professionals Recreation Hall ranging from the annual Poultry show, to a National Bowling competition, several large weddings for over 400 guests and the Rotary Book Fair. A highlight event this year was hosting the Wellington Regional Business Awards at a glamorous plated meal for over 420 people.

Activation

PLAY.SPORT

Play.Sport is a Sport New Zealand initiative aimed at ensuring young people are getting quality Physical Education and sport at school so that they gain an appreciation and love of activity and remain active for life. Play.Sport is a multi-layered approach to the provision of Physical Education and sport with hands on practical support and training for teachers, schools, parents and community organisations to improve the quality of the experience for young people.

Play.Sport in Upper Hutt has a Facilitator, three Mentors and an Activator working in and around Upper Hutt schools and the community. Upper Hutt is one of two communities in New Zealand that are piloting the Play.Sport project for Sport New Zealand.

PARKS & PLACES

This was an eight week programme (sponsored by The Gas Hub), incorporating physical activity opportunities in Upper Hutt by recreation providers and clubs. Some of the events Activation delivered included the annual *Kev the Kiwi*, *Paws in the Park*, *Family Water Day*, *Youth in Parks*, and *Bike the Trail*.

Additionally *Hurricanes in the Park* was an open event held for viewing of the Hurricanes away match against the Chiefs in Harcourt Park. A mobile screen (9mx5m), along with food trucks and non-traveling Hurricanes players provided entertainment for 350 people who attended this family friendly event.

Activation also organised *Top School* – old style 'Top Town' activities for school communities to compete for top honours. Ten schools took part with teams of ten.

BIKE RECYCLE PROJECT

The Department of Corrections teamed up with Upper Hutt City Council, Upper Hutt Cycle Centre, Heretaunga Rotary Club and prison volunteers to collect second-hand bikes, restore them and re-distribute them to local families. The goal of the project was to provide quality refurbished bikes to members of the local community who wouldn't normally have access to a bike, while also providing training and skills in

bike maintenance for the prisoners. Almost two hundred bikes have been donated, restored, and redistributed within the community.

PASS IT UP

Funded by the Health Promotion Agency, Pass it Up aims to educate potential sports stars and leaders around making the right choice around drinking. Workshops with players, parents, coaches and teachers identifying the impact alcohol has on an athlete is the overarching message of ‘passing it up’.

Emergency Management - Civil Defence

Regular training of the staff who 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 ¹			
Target: 95% of respondents are satisfied or very satisfied			
2016 – 2017 performance	97% of respondents were satisfied or very satisfied – <i>achieved</i>		
2015 – 2016 performance	97% of respondents were satisfied or very satisfied – <i>achieved</i>		
2. Satisfaction with the level of community group engagement by the Community Development team ²			
Target: 90% satisfaction			
2016 – 2017 performance	98% of respondents were satisfied or very satisfied— <i>achieved</i>		
2015 – 2016 performance	100% of respondents were satisfied or very satisfied – <i>achieved</i>		
3. Visits to library facilities in the 12 months to 30 June ³			
Target: Minimum of 350,000 visitors			
2016 – 2017 performance	269,990 visitors – <i>not achieved</i>		
2015 – 2016 performance	345,000 visitors – <i>not achieved</i>		

Rationale for 2016 – 2017 performance measure not being achieved

In June 2016 new gates were installed that provided more accurate visitor counts than previously recorded. A test in March 2017 indicated that there was an error rate of approximately 20% over- count prior to June

4. Level of digital engagement with the library in the 12 months to 30 June ³

Target: Minimum of 700,000 digital* connections made

2016 – 2017 performance

1,158,334 digital connections made
– *achieved*



2015 – 2016 performance

1,206,418 digital connections made
– *achieved*



5. Satisfaction with the quality of library programmes delivered ³

Target: 95% of respondents are satisfied or very satisfied

2016 – 2017 performance

100% of respondents are satisfied or very satisfied – *achieved*



2015 – 2016 performance

95% of respondents are satisfied or very satisfied – *achieved*



6. Our community is increasingly prepared for a civil defence emergency ¹

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

2016 – 2017 performance

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



2015 – 2016 performance

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



Rationale for 2016 – 2017 performance measure not being achieved

Whilst the target was missed by 1%, sales of water tanks during the year (354) were significantly greater than the previous year (256) suggesting that households are continuing to improve their preparedness for a civil defence emergency.

¹ Annual Community Survey

² Annual Community Development Group Survey

³ 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 H²O Xtream ¹

Target: 95% of respondents are satisfied or very satisfied

2016 – 2017 performance

92% satisfaction—*not achieved*



2015 – 2016 performance

91% satisfaction—*not achieved*



Rationale for 2016 – 2017 performance measure not being achieved

The recent appointment of a full-time Team Leader Aquatics will provide more resource to this area.

2. H²O Xtream will meet or exceed all required compliance standards for swimming pool operation ²

Target: PoolSafe Accreditation

2016 – 2017 performance

Achieved



2015 – 2016 performance

Achieved



3. H²O Xtream annual attendance figures ³

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

2016 – 2017 performance

Attendance = 207,573 —*not achieved*



2015 – 2016 performance

Attendance = 203,714 —*not achieved*



Rationale for 2016 – 2017 performance measure not being achieved

H²O Xtream had restricted hours for public in October 2016 to allow the roof to be repaired. This had significant effect on the overall attendance.

4. Community satisfaction with the range and quality of events and exhibitions provided at Expressions Arts and Entertainment Centre ¹

Target: 90% of respondents are satisfied or very satisfied

2016 – 2017 performance

94% satisfaction — *achieved*



2015 – 2016 performance

97% satisfaction — *achieve*



5. Number of visitors to the Expressions Arts and Entertainment Centre ⁴

Target: 95,000 (90,000 in 2015 – 2016) visitors per annum

2016 – 2017 performance147,442 – *achieved***2015 – 2016 performance**148,000 – *achieved***6. Community satisfaction with the level of provision of open space, amenities, and gardens ¹**

Target: 95% of respondents are satisfied or very satisfied

2016 – 2017 performance95% satisfaction – *achieved***2015 – 2016 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 ⁵**

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).

2016 – 2017 performance95.6% satisfaction – *achieved***2015 – 2016 performance**97.5% satisfaction – *achieved*¹ Annual Community Survey² Pool Safe Assessment³ In-house computer software system (pool)⁴ In-house Expressions monitoring⁵ In-house Activation monitoring

Works programme

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2017
Asset management to replace existing assets			
EM Vehicles	17	0	Not required due to transfer of vehicles to Fire and Emergency NZ (FENZ)
PR Toilets	93	0	Planned upgrade of the commuter toilets were deferred subject to the outcome of the Community Hub
PR Shower and changing room upgrades	4	2	Achieved
PR Amenities replacement	137	121	Achieved
PR New roading seal	8	8	Achieved in accordance with the asset plan.
PR Renewal roading resealing	16	12	Achieved in accordance with the asset plan.
PR Play equipment	146	144	Achieved in accordance with the asset plan.
PR Walkway asset replacement / refurbishment	46	30	Achieved
LB Equipment replacements	72	70	Achieved

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2017
LB Library furniture	0	45	
Capital works – to meet additional demand			
HO Extraordinary maintenance renewal	0	146	Reclassification of operating budget to capital
CE Parks building upgrade	8	2	Achieved
PR Walkway signage	3	2	Achieved
PR Sealing of Hutt River Trail programme	38	0	Partially achieved, still in progress
PR National cycleway - widening the Hutt River Trail	0	0	Transferred to Land Transport
PR Sculpture trail	26	9	Partially achieved, construction of the Local Hero signs were completed
PR City environmental improvement	77	77	Achieved
PR Citywide recreational walkway/cycleway network	26	26	Achieved
PR New pathways and walkways	49	10	Achieved, carry over funds were used
PR Multi-use pathway	198	8	Not achieved due to additional consultation
LB Library resources	230	231	Expended on Resources
LB APNK - Public Internet	23	8	Enabled free internet access
PP CCTV security cameras (All city cameras)	12	12	Achieved
PP Depot extraordinary (AMP) renewals capex	8	0	Not achieved due to high quoted cost.
SS Minor equipment	3	0	Not required
SS Document management software	80	22	Partially achieved, still in progress
Projects			
CS Youth strategy	13	13	Noted under “Actions undertaken to support the community”
CS Safe and healthy cities	22	21	As above
AC Activation	306	314	As above
PR Large trees in reserves	10	11	Achieved
PR Native forest management programme	3	1	Achieved
PR Monitoring native bush	4	3	Achieved
LB Leases - Library IT Equipment (RFID)	15	11	Achieved

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2017
SS Sustainable strategy programme	94	63	Mangaroa River restoration project, environmental education, energy monitoring, community resiliency (peak oil and community gardens), climate change initiative, sustainable business initiative, eco-design advice
Total community and recreation works programme	1,784	1,422	

KEY TO COST CENTRES

CS = Community services

PR = Parks and reserves

LB = Library

AC = Activation

EX = Expressions

CE = Cemetery

EM = Emergency management

HO = H²O Xstream

PP = Property

SS = Support services

Approved carryover projects from previous years budgets

Projects	Budget (\$ 000)	Actual (\$ 000)	Funded by
Finance reporting module	23	23	Rates
Credit card payment project	20	15	Rates
GIS software	11	11	Rates
DAMO consultants	145	145	Rates
Sealing Hutt River Trail	280	0	Transferred to Land Transport
Heritage Trail	77	77	Special funds reserve contribution fund
Widening Hutt River Trail	38	0	Loans
Sculpture Trail	25	25	Loans
City environment improvements	68	70	Loans
Toilet upgrade	25	10	Special funds reserve contribution fund
Playground upgrade	165	165	Loans
Amenity replacement	34	34	Special funds reserve contribution fund
New paths and walkways	22	22	Special funds reserve contribution fund
New trees	5	7	Rates
Cemetery development	97	97	Fees and charges/Loan
Library AMP renewals	15	15	Rates
H ² O Xstream extraordinary maintenance	29	29	Rates
HAPAI extraordinary maintenance	101	68	Rates
Community houses extraordinary maintenance	19	0	Rates

Extraordinary maintenance – Civic Centre	5	5	Rates
Alterations to building	0	16	Rates
Property consultants	25	25	Rates
Art consultants	36	32	Rates
Expressions extraordinary maintenance	180	180	Rates
Total	1,445	1,071	

Cost of service statement—Community and recreation

Amalgamations:	• Activation	Actual	Actual	Budget
• Community services	• Emergency management	30 June 2017	30 June 2016	30 June 2017
• Library	• Support services	(\$ 000)	(\$ 000)	(\$ 000)
• Parks and reserves	• Property			
• H ² O Xtream	• Cemetery			
• Expressions				
Operating statement				
Rates		9,961	9,057	9,533
Operating revenue		3,187	3,877	6,771
Total operating revenue		13,148	12,934	16,304
Operating costs		11,468	10,703	10,655
Interest		305	286	371
Depreciation		2,154	2,083	1,995
Total operating costs		13,927	13,072	13,021
Operating surplus/ (deficit)		(779)	(138)	3,283
Capital and reserves funding statement				
Capital expenditure		1,845	1,847	5,113
Loans repayments		365	315	579
Operating (surplus)/ deficit		779	138	(3,283)
Transfer to funds		427	167	4,812
Transfer to non-rate funds		75	19	0
Total funding required		3,491	2,486	7,221
Funded by				
Funding from non-cash items		2,414	1,754	1,940
Non-rate funded		0	0	0
Loans raised		565	652	552
Loans to be raised		0	0	0
Transfer from funds		512	80	4,729
Accumulated funds		0	0	0
Transfer from funds applied		3,491	2,486	7,221



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 2016 - 2017

Economic Development Stimulus Policy (EDSP)

For the third consecutive year the EDSP has contributed towards the attraction and retention of new businesses into our community while also providing the means for the expansion and improvements of many others, resulting in several new employment opportunities.

Over the year the policy has been presented at a number of trade conferences, including the Wellington Business Expo and the Annual Brewers Guild Conference in Auckland, profiling Upper Hutt and the benefits we have to offer. New and established businesses are beginning to realise the opportunities that now exist in Upper Hutt.

Upper Hutt is seeing a growth of the craft beer manufacturing industry, with four breweries in and around South Pacific Business Park. The cluster that is starting to develop has the potential to become a unique tourist destination.

The establishment of Pita Pit (a national brand) into our city centre has helped provide confidence in our retail environment and build a more attractive shopping destination.

Engaging with developers, businesses, and land owners

Continued engagement between developers and land owners has been a priority for Council over the last 12 months. As land for developing becomes more scarce and at a premium in the more traditional areas such as a Seaview, we are seeing more activity for such space in Upper Hutt. An example of this is the uptake on the vacant land on Eastern Hutt Road at Silverstream that has sat largely underutilised. It is also encouraging to see new development take place in the Alexander Road Business Park.

City centre retail vacancies

With the attraction of new businesses, refurbishment, modernisation and expansion of existing retail stores, and the revitalisation of previously empty buildings, centre retail vacancy rates have continued to fall.

Upper Hutt saw an influx of shoppers from outside the Upper Hutt area as a result of the earthquake on Monday 14 November 2016. This has continued to flow through into 2017.

Supporting retail in Upper Hutt

Collaborative promotion of the city centre has been undertaken with both Council and retailers working together to promote Upper Hutt retail.

CRIME PREVENTION

Valuable information has been provided to the retailers around crime prevention on their premises.

COUNCIL-LED RETAIL COMMUNITY WORKSHOPS

To enhance resilience and build knowledge in our retail community the following workshops were delivered:

- Running Facebook Competitions
- Health and Safety
- WREMO – Business Preparedness – (two sessions)
- Profile id - the go-to website to find information around the socio-demographic profile of Upper Hutt and its suburbs.

Marketing and communications

In 2015 –2016 Council launched the *Our Neighbourhood, My Upper Hutt* campaign through social media and digital channels, encouraging residents to share their stories of local heroes.

Upper Hutt residents didn't respond in the way we expected, and as a result our content strategy has evolved throughout this year (2016 – 2017). Rather than profiling individuals, we focused on sharing the unique places, people, and experiences you can have in our city, which was met with great success.

We launched the '*Upper Hutt Second*' video; a humorous take on promoting what is unique and loveable about our city, taking inspiration from viral coverage following the US election. The video was a fresh take on how we can communicate about ourselves, and the overwhelmingly positive response told us that our residents agreed. The video was seen on Facebook by over 800,000 people in just two weeks, and reached the front page of Stuff.co.nz.

Our online activity has been complemented with attendance at events and street flags around the city.

Upper Hutt is a city of experiences waiting to be discovered and stories waiting to be told, and we continue to bring imagery from our community to the forefront of our campaigns.

EVENTS

Our events have an enormous impact on our community, from building a strong sense of community to attracting visitors to our region. Having a vibrant calendar of events is an important way for Council to support our residents and our city.

Our annual events, such as the Santa Parade, March Madness Fair, and Anzac Day ceremony, saw great success this past year with more attendees than ever.

In 2016 we celebrated Upper Hutt's 50th anniversary as a city with the *Little City, Big Bash* event on Saturday 28 October, which showcased our diverse community and celebrated all that we enjoy as New Zealand's youngest city. This street fair featured many of our fantastic community groups and local businesses. As well as traditional fair attractions, we also held a youth singing competition and a pup parade, tipping our hats to the original celebrations in 1966 when we first received city status.

In collaboration with Prime Music Academy and the Upper Hutt Cossie Club, The Voice of Upper Hutt saw over 30 talented Upper Hutt youth competing for the title of Junior and Senior Voice of Upper Hutt. Over 40 dogs took to the stage for the Upper Hutt Pup Parade, with prizes sponsored from local businesses Paws-n-Claws and The Pet Shop.

Combined, our events drew an estimated 55,000 people to our city centre. The continued support from our community at these events ensures we can keep providing high-quality local events.

Level of service objectives and performance measures

Objectives ensure 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 ¹

Target: 75% of respondents are satisfied or very satisfied

2016 – 2017 performances

90% of respondents were satisfied or very satisfied— *achieved*



2015 – 2016 performances

93% of respondents were satisfied or very satisfied— *achieved*



2. City centre retailers’ satisfaction with the level of support provided to build vibrancy in our city centre ²

Target: 85% of respondents are satisfied or very satisfied

2016 – 2017 performances

78% of respondents were satisfied or very satisfied — *not achieved*



2015 – 2016 performances

91% of respondents were satisfied or very satisfied — *achieved*



Rationale for 2016 – 2017 performance measure not being achieved

This resulting satisfaction level is primarily attributed to the appearance of some of our vacant and tenanted retail stores. Council is working to improve this vibrancy through the Economic Development Stimulus Policy and working with various landlords to improve the presentation of their properties.

¹ Business survey

² City centre retailers’ survey

Works programme

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2017
Vacant property programme	5	5	Work has continued improving the presentation of the city centre through the vacant property programme.. This is helping in the overall appearance and the way our retail offering is perceived.
Upper Hutt Marketing Strategy	107	48	Council has continued to make progress in all priority areas, with increased growth in visitation and engagement through campaigns. Several key projects have been delayed to take advantage of seasonality, with greater investment scheduled for summer 2017-18.
Business and residents opportunity prospectus	5	5	The business profiles Council has been developing continues to expand highlighting business excellence in our region and promoting the Upper Hutt proposition.
Opportunities profile	13	13	Upper Hutt was represented through various publications as well as at a number of trade conferences throughout the year promoting all the opportunities and benefits we have to offer in operating business in Upper Hutt.
City centre management	19	19	Council has worked on the collaborative promotion of the city centre, attraction of new businesses, refurbishment, modernisation and expansion of existing retail stores, and the revitalisation of previously empty building. Council has also worked on enhancing resilience in our retail community by the running of workshops and providing information on crime prevention.
Regional marketing initiatives	10	10	Our destination marketing has continued to grow, with strategic partnerships in place across the region. We continue to build a stronger profile for Upper Hutt as a destination and collaborate with key events like LUX Light Festival and VISA Wellington on a Plate.
The Great Ride Cycleway	5	5	Council has worked collaboratively across the region to develop the cycling profile across the Hutt Valley, including the Hutt River Trail and Rimutaka Rail Trail as legs of the Rimutaka Cycle Trail.
Economic development stimulus package	250	0	The EDSP policy continues to be a key tool in attracting new investment into the area and creating employment opportunities. The policy has also been key to enabling a number of businesses to expand and improve their business offerings.
Total economic development works programme	414	105	

Approved carryover project from the previous year's budget

Projects	Budget (\$ 000)	Actual (\$ 000)	Funded by
Sustainable business programme	300	288	Rates
Total	300	288	

Cost of service statement

	Actual 30 June 2017 (\$ 000)	Actual 30 June 2016 (\$ 000)	Budget 30 June 2017 (\$ 000)
Operating statement			
General rates	1,483	1,129	1,547
Operating revenue	32	35	16
Total operating revenue	1,515	1,164	1,563
Operating costs	1,573	1,661	1,561
Interest	35	8	56
Depreciation	1	1	0
Total operating costs	1,609	1,670	1,617
Operating surplus/ (deficit)	(94)	(506)	(54)
Capital and reserves funding statement			
Capital expenditure	0	0	0
Loans repayments	200	0	200
Operating (surplus)/ deficit	94	506	54
Transfer to funds	0	0	0
Total funding required	294	506	254
Funded by			
Funding from non-cash expenses	6	6	4
Loans raised	288	500	250
Transfer from funds	0	0	0
Accumulated funds	0	0	0
Transfer from funds applied	294	506	254

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

Upper Hutt City Council: Funding Impact Statement for 30 June 2017 For whole of Council	Year 1 Annual Plan 2015-16 (\$ 000)	Year 1 Annual Report 2015-16 (\$ 000)	Year 2 Annual Plan 2016-17 (\$ 000)	Year 2 Actual 2016-17 (\$ 000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	20,651	20,276	21,913	21,671
Targeted rates	13,463	12,808	13,897	12,866
Subsidies and grants for operating purposes	1,636	679	1,857	584
Fees and charges	5,534	6,434	5,838	7,294
Interest and dividends from investments	291	366	306	286
Local authority fuel tax, fines, infringement fees, and other receipts	989	1,008	1,172	1,086
Total operating funding (A)	42,564	41,571	44,983	43,787
Applications of operating funding				
Payments to staff and suppliers	34,258	34,185	35,455	35,677
Finance costs	1,892	1,535	2,150	1,675
Other operating funding applications	169	52	170	0
Total applications of operating funding (B)	36,319	35,772	37,775	37,352
Surplus (deficit) of operating funding (A-B)	6,245	5,799	7,208	6,435
Sources of capital funding				
Subsidies and grants for capital expenditure	1,696	3,676	3,171	4,668
Development and financial contributions	332	6	337	44
Increase(decrease) in debt	4,604	3,682	1,963	1,318
Gross proceeds from sale of assets	4,382	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding (C)	11,014	7,364	5,471	6,030
Applications of capital funding				
Capital expenditure				
- to meet additional demand	285	807	724	120
- to improve the level of service	10,459	7,014	10,415	6,429
- to replace existing assets	6,996	6,295	6,899	6,275
Increase (decrease) in reserves	(772)	(953)	(5,665)	(359)
Increase (decrease) of capital investments	291	0	306	0
Total applications of capital funding (D)	17,259	13,163	12,679	12,465
Surplus (deficit) of capital funding (C-D)	(6,245)	(5,799)	(7,208)	(6,435)
Funding balance ((A-B)+(C-D))	0	0	0	0

Upper Hutt City Council: Funding Impact Statement for 30 June 2017 For Leadership	Year 1 Long-term Plan 2015-16 (\$ 000)	Year 2 Long-term Plan 2016-17 (\$ 000)	Year 2 Actual 2016-17 (\$ 000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,433	2,473	2,616
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	3	86	93
Internal charges and overheads recovered	30	33	44
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	2,466	2,592	2,753
Applications of operating funding			
Payments to staff and suppliers	879	973	1,060
Finance costs	0	0	0
Internal charges and overheads applied	1,587	1,619	1,693
Other operating funding applications	0	0	0
Total applications of operating funding (B)	2,466	2,592	2,753
Surplus (deficit) of operating funding (A-B)	0	0	0
Sources of capital funding			
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
Total sources of capital funding (C)	0	0	0
Applications of capital funding			
Capital expenditure			
- 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
Total applications of capital funding (D)	0	0	0
Surplus (deficit) of capital funding (C-D)	0	0	0
Funding balance ((A-B)+(C-D))	0	0	0

Upper Hutt City Council: Funding Impact Statement for 30 June 2017	Year 1 Long-term Plan 2015-16 (\$ 000)	Year 2 Long-term Plan 2016-17 (\$ 000)	Year 2 Actual 2016-17 (\$ 000)
For Land Transport			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	5,225	5,804	5,559
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	1,612	1,492	447
Fees and charges, and targeted rate for water supply	56	58	127
Internal charges and overheads recovered	115	116	151
Local authority fuel tax, fines, infringement fees, and other receipts	115	154	172
Total operating funding (A)	7,158	7,624	6,456
Applications of operating funding			
Payments to staff and suppliers	3,338	3,273	3,208
Finance costs	608	779	524
Internal charges and overheads applied	840	874	1,124
Other operating funding applications	0	0	0
Total applications of operating funding (B)	4,786	4,926	4,856
Surplus (deficit) of operating funding (A-B)	2,372	2,698	1,600
Sources of capital funding			
Subsidies and grants for capital expenditure	1,671	1,877	4,668
Development and financial contributions	332	337	44
Increase (decrease) in debt	2,029	1,252	868
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	4,032	3,466	5,580
Applications of capital funding			
Capital expenditure			
- to meet additional demand	15	161	80
- to improve the level of service	3,496	2,922	4,884
- to replace existing assets	2,970	2,744	2,342
Increase (decrease) in reserves	(77)	337	(126)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	6,404	6,164	7,180
Surplus (deficit) of capital funding (C-D)	(2,372)	(2,698)	(1,600)
Funding balance ((A-B)+(C-D))	0	0	0

Upper Hutt City Council: Funding Impact Statement for 30 June 2017	Year 1 Long-term Plan 2015-16 (\$ 000)	Year 2 Long-term Plan 2016-17 (\$ 000)	Year 2 Actual 2016-17 (\$ 000)
For Water Supply			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates (other than a targeted rate for water supply)	5,183	5,477	4,942
Subsidies and grants for operating purposes	0	0	0
Fees and charges, and targeted rate for water supply	1,041	1,066	1,293
Internal charges and overheads recovered	88	91	120
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	6,312	6,634	6,355
Applications of operating funding			
Payments to staff and suppliers	4,311	4,549	4,612
Finance costs	40	51	41
Internal charges and overheads applied	793	812	887
Other operating funding applications	0	0	0
Total applications of operating funding (B)	5,144	5,412	5,540
Surplus (deficit) of operating funding (A-B)	1,168	1,222	815
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(45)	52	28
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	(45)	52	28
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	82	55
- to replace existing assets	1,300	1,317	1,013
Increase (decrease) in reserves	(177)	(125)	(225)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	1,123	1,274	843
Surplus (deficit) of capital funding (C-D)	(1,168)	(1,222)	(815)
Funding balance ((A-B)+(C-D))	0	0	0

Upper Hutt City Council: Funding Impact Statement for 30 June 2017	Year 1 Long-term Plan 2015-16 (\$ 000)	Year 2 Long-term Plan 2016-17 (\$ 000)	Year 2 Actual 2016-17 (\$ 000)
For Wastewater			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates (other than a targeted rate for water supply)	6,503	6,610	6,186
Subsidies and grants for operating purposes	0	0	0
Fees and charges, and targeted rate for water supply	111	111	85
Internal charges and overheads recovered	114	112	141
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	6,728	6,833	6,412
Applications of operating funding			
Payments to staff and suppliers	3,757	3,846	3,752
Finance costs	828	890	721
Internal charges and overheads applied	574	584	621
Other operating funding applications	0	0	0
Total applications of operating funding (B)	5,159	5,320	5,094
Surplus (deficit) of operating funding (A-B)	1,569	1,513	1,318
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	1,941	291	154
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	1,941	291	154
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	2,107	481	329
- to replace existing assets	1,723	1,773	1,693
Increase (decrease) in reserves	(320)	(450)	(550)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	3,510	1,804	1,472
Surplus (deficit) of capital funding (C-D)	(1,569)	(1,513)	(1,318)
Funding balance ((A-B)+(C-D))	0	0	0

Upper Hutt City Council: Funding impact statement for 30 June 2017	Year 1 Long-term Plan 2015-16 (\$ 000)	Year 2 Long-term Plan 2016-17 (\$ 000)	Year 2 Actual 2016-17 (\$ 000)
For Stormwater			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates (other than a targeted rate for water supply)	1,777	2,103	1,738
Subsidies and grants for operating purposes	0	0	0
Fees and charges, and targeted rate for water supply	0	0	117
Internal charges and overheads recovered	36	36	56
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	1,813	2,139	1,911
Applications of operating funding			
Payments to staff and suppliers	1,320	1,388	1,293
Finance costs	5	28	32
Internal charges and overheads applied	433	442	470
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,758	1,858	1,795
Surplus (deficit) of operating funding (A-B)	55	281	116
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	170	555	55
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	170	555	55
Applications of capital funding			
Capital expenditure			
- to meet additional demand	170	564	0
- to improve the level of service	0	0	279
- to replace existing assets	400	522	242
Increase (decrease) in reserves	(345)	(250)	(350)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	225	836	171
Surplus (deficit) of capital funding (C-D)	(55)	(281)	(116)
Funding balance ((A-B)+(C-D))	0	0	0

Upper Hutt City Council: Funding Impact Statement for 30 June 2017	Year 1 Long-term Plan 2015-16 (\$ 000)	Year 2 Long-term Plan 2016-17 (\$ 000)	Year 2 Actual 2016-17 (\$ 000)
For Solid Waste			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	(274)	(276)	(285)
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	520	533	577
Internal charges and overheads recovered	3	3	4
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	249	260	296
Applications of operating funding			
Payments to staff and suppliers	94	102	175
Finance costs	0	0	0
Internal charges and overheads applied	155	158	58
Other operating funding applications	0	0	0
Total applications of operating funding (B)	249	260	233
Surplus (deficit) of operating funding (A-B)	0	0	63
Sources of capital funding			
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
Total sources of capital funding (C)	0	0	0
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	0	0	63
- to replace existing assets	0	0	0
Increase (decrease) in reserves	0	0	0
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	0	0	63
Surplus (deficit) of capital funding (C-D)	0	0	(63)
Funding balance ((A-B)+(C-D))	0	0	0

Upper Hutt City Council: Funding Impact Statement for 30 June 2017	Year 1 Long-term Plan 2015-16 (\$ 000)	Year 2 Long-term Plan 2016-17 (\$ 000)	Year 2 Actual 2016-17 (\$ 000)
For Planning and Regulatory Services			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,548	2,456	2,337
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	1,784	1,851	2,590
Internal charges and overheads recovered	42	42	184
Local authority fuel tax, fines, infringement fees, and other receipts	244	260	255
Total operating funding (A)	4,618	4,609	5,366
Applications of operating funding			
Payments to staff and suppliers	2,751	2,668	2,944
Finance costs	20	19	17
Internal charges and overheads applied	1,402	1,441	1,438
Other operating funding applications	0	0	0
Total applications of operating funding (B)	4,173	4,128	4,399
Surplus (deficit) of operating funding (A-B)	445	481	967
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(60)	(83)	(74)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	(60)	(83)	(74)
Applications of capital funding			
Capital expenditure			
- 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	385	398	893
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	385	398	893
Surplus (deficit) of capital funding (C-D)	(445)	(481)	(967)
Funding balance ((A-B)+(C-D))	0	0	0

Upper Hutt City Council: Funding Impact Statement for 30 June 2017	Year 1 Long-term Plan 2015-16 (\$ 000)	Year 2 Long-term Plan 2016-17 (\$ 000)	Year 2 Actual 2016-17 (\$ 000)
For Community and Recreation			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	9,432	9,760	9,961
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	24	25	137
Fees and charges, and targeted rate for water supply	2,020	1,994	2,405
Internal charges and overheads recovered	156	161	220
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	11,632	11,940	12,723
Applications of operating funding			
Payments to staff and suppliers	9,242	9,402	7,992
Finance costs	351	378	305
Internal charges and overheads applied	1,122	1,177	2,782
Other operating funding applications	169	173	0
Total applications of operating funding (B)	10,884	11,130	11,079
Surplus (deficit) of operating funding (A-B)	748	810	1,644
Sources of capital funding			
Subsidies and grants for capital expenditure	25	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	168	(57)	199
Gross proceeds from sale of assets	4,382	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	4,575	(57)	199
Applications of capital funding			
Capital expenditure			
- to meet additional demand	100	0	40
- to improve the level of service	4,857	477	819
- to replace existing assets	604	541	985
Increase (decrease) in reserves	(238)	(265)	(1)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	5,323	753	1,843
Surplus (deficit) of capital funding (C-D)	(748)	(810)	(1,644)
Funding balance ((A-B)+(C-D))	0	0	0

Upper Hutt City Council: Funding Impact Statement for 30 June 2017	Year 1 Long-term Plan 2015-16 (\$ 000)	Year 2 Long-term Plan 2016-17 (\$ 000)	Year 2 Actual 2016-17 (\$ 000)
For Economic Development			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,287	1,428	1,483
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	0	0	7
Internal charges and overheads recovered	12	12	25
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	1,299	1,440	1,515
Applications of operating funding			
Payments to staff and suppliers	1,435	1,209	1,254
Finance costs	41	56	35
Internal charges and overheads applied	223	225	314
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,699	1,490	1,603
Surplus (deficit) of operating funding (A-B)	(400)	(50)	(88)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	400	50	88
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	400	50	88
Applications of capital funding			
Capital expenditure			
- 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
Total applications of capital funding (D)	0	0	0
Surplus (deficit) of capital funding (C-D)	400	50	88
Funding balance ((A-B)+(C-D))	0	0	0

Schedule 5

Annual report disclosure statement

Annual report disclosure statement for year ending 30 June 2017

What is the purpose of this statement?

The purpose of this statement is to disclose the council’s 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.

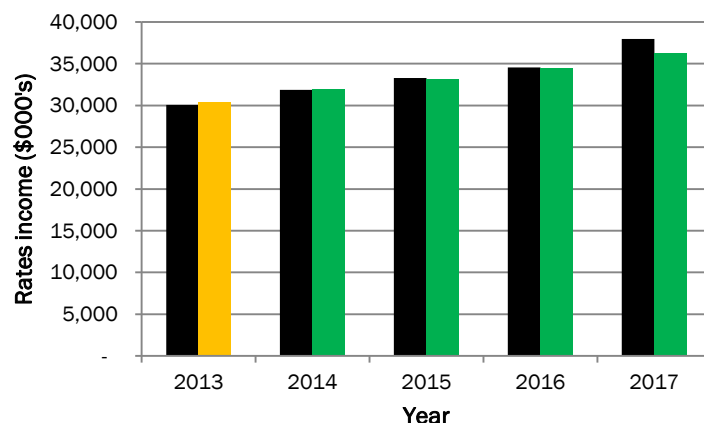
Rates affordability benchmark

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



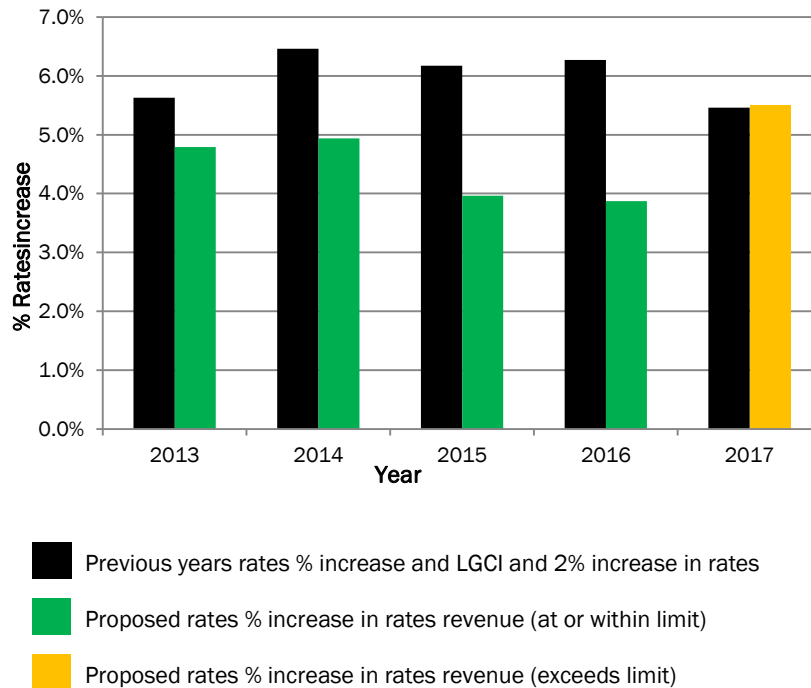
- Previous years rates % increase and LGCI and 2% increase in rates
- Actual rates % increase in rates income (at or within limit)
- Actual rates % increase in rates income (exceeds limit)

ADDITIONAL INFORMATION OF COMMENT

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.

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 previous year planned rates % plus Local Government Cost Index (LGCI) annual average percent change as provided by Business and Economic Research Limited (BERL) plus 2% increase in rates to the proposed rates increases in percentage terms and growth in the rates database.



ADDITIONAL INFORMATION OF COMMENT

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.

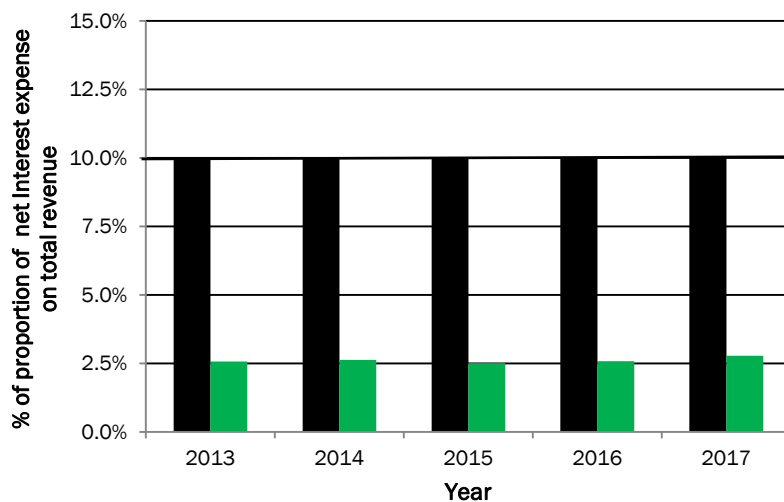
Debt affordability benchmark

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% of total revenue.
- 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 and will not exceed 10% of the annual rates.

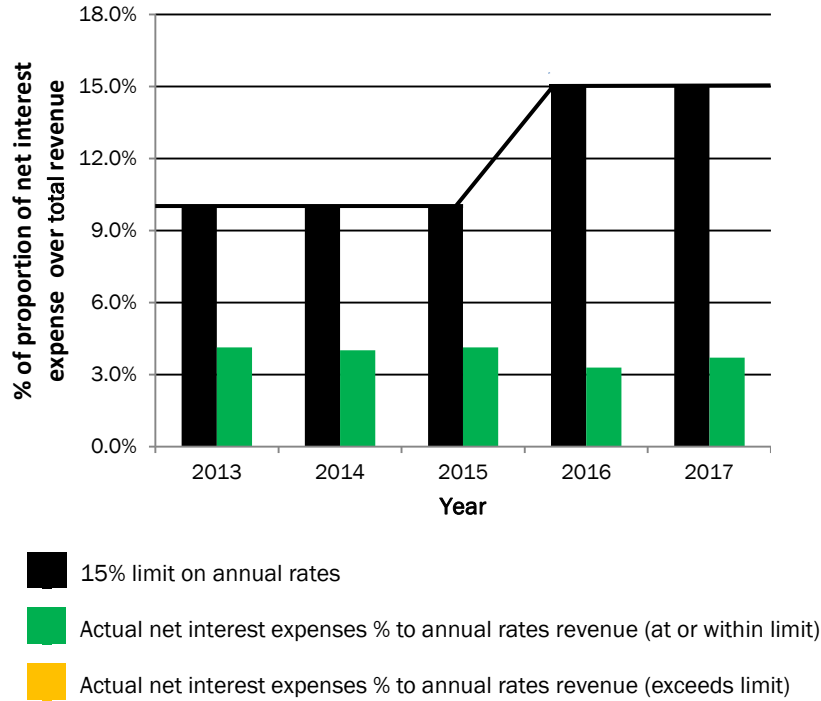
Interest expenses on will not exceed 10% of total revenue



- 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)

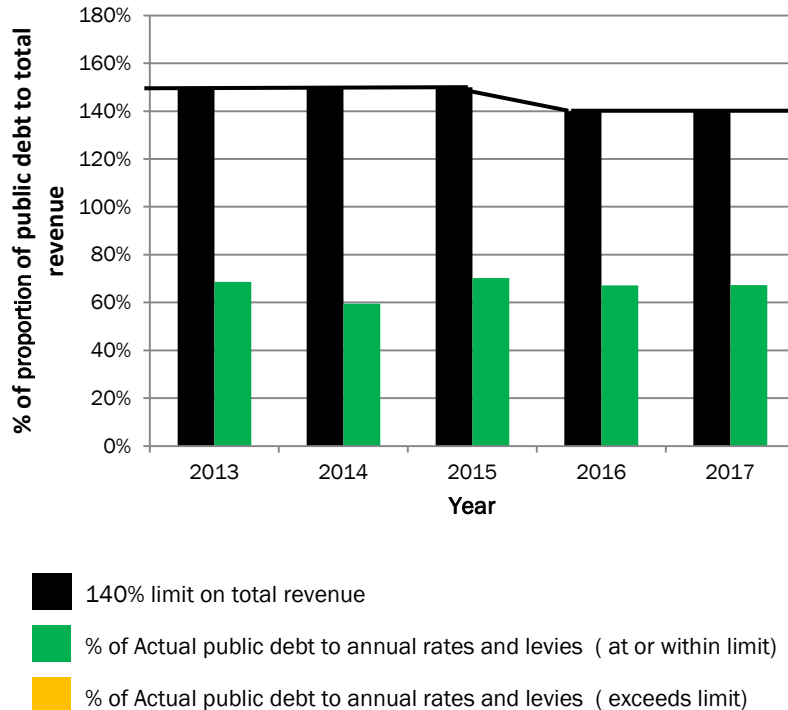
The following graph compares the council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council’s long-term plan. The quantified limit is, interest expense on public debt will not exceed 15% of the annual rates revenue. Previously this limit was 10%. (Prior to 2015 the limit was 10%)

Net interest will not exceed annual rates revenue by 15%.



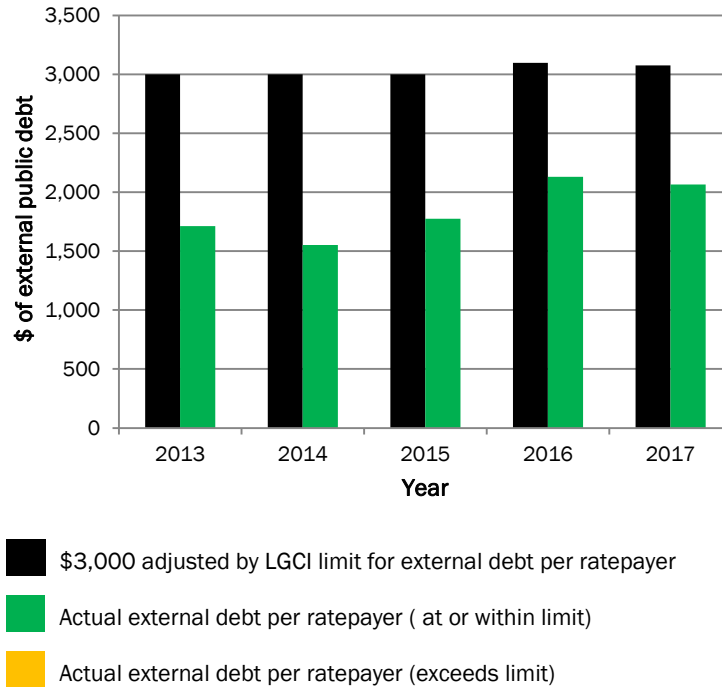
The following graph compares the council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council’s long-term plan. The quantified limit is, net external public debt will not exceed 140% of total revenue. Previously this limit was 150%.

Net external debt will not exceed 140% of total revenue.



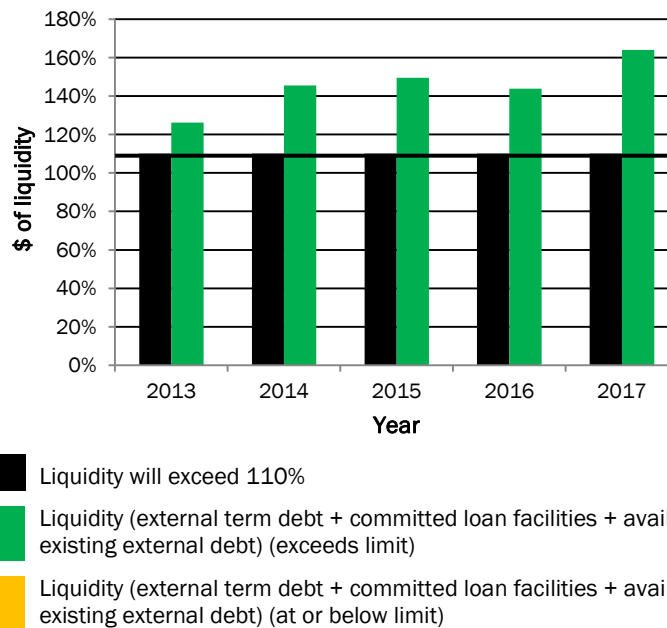
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in this long-term plan. The quantified limit is, external public debt per ratepayer will not exceed \$3,000 adjusted by the LGCI.

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



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

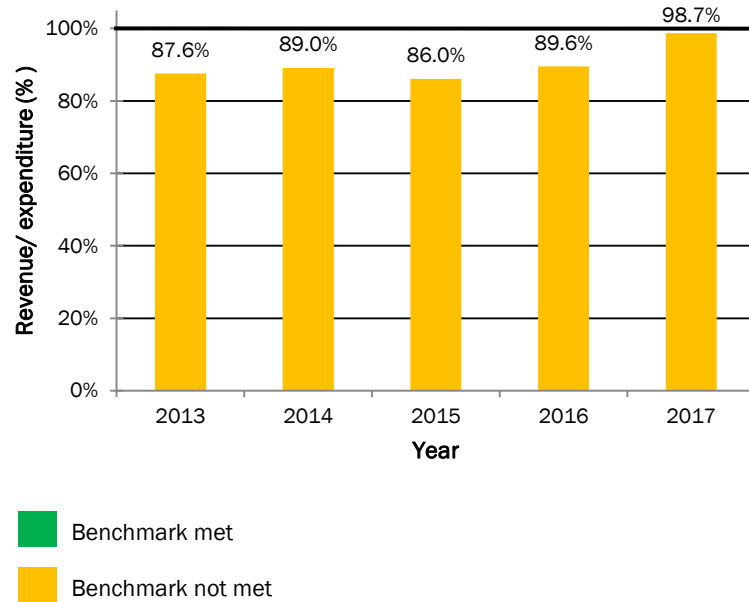
Liquidity (external term debt + committed loan facilities + available liquid investments to existing external debt) will exceed 110%.



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.

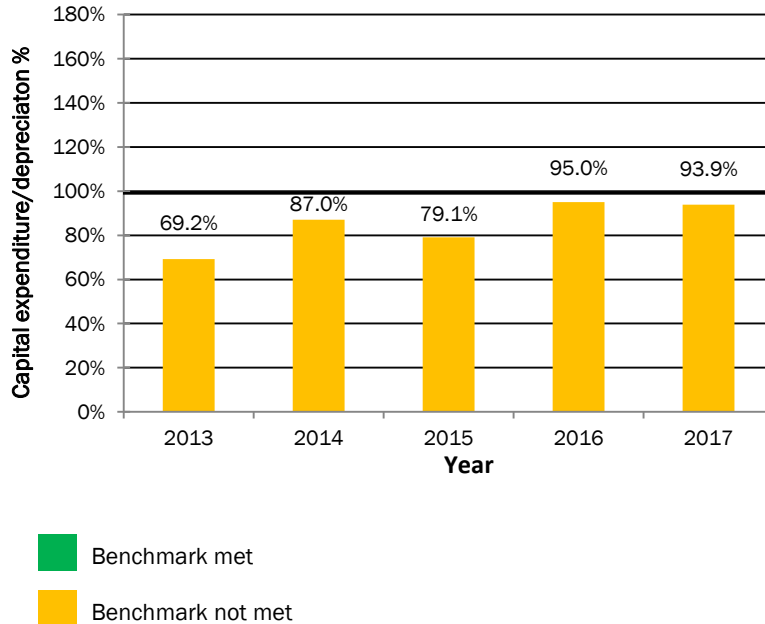


ADDITIONAL INFORMATION OF COMMENT

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.

Essential services benchmark

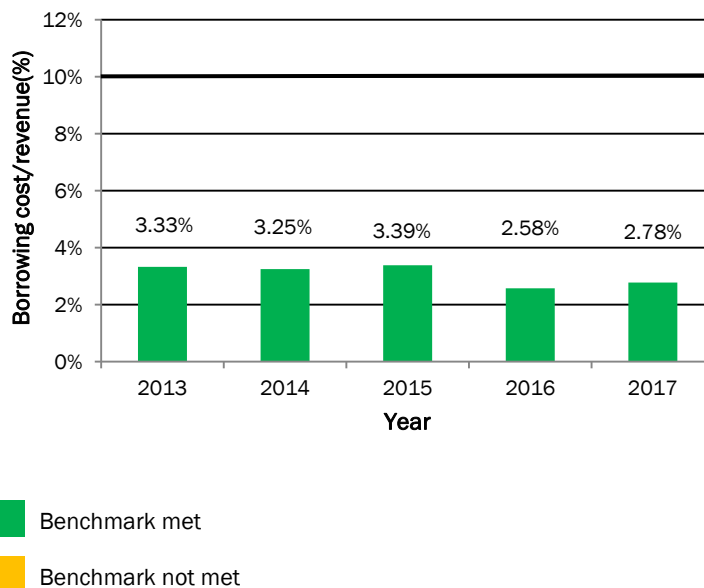
The following graph displays the council’s capital expenditure on network services as a proportion of depreciation on network services. The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



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).

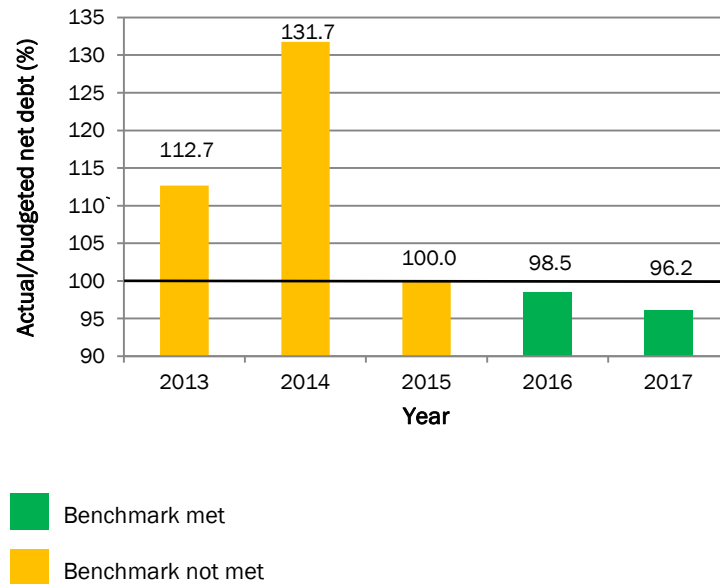
Because Statistics New Zealand projects the council’s population will grow as fast as the national population is projected to grow, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



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).

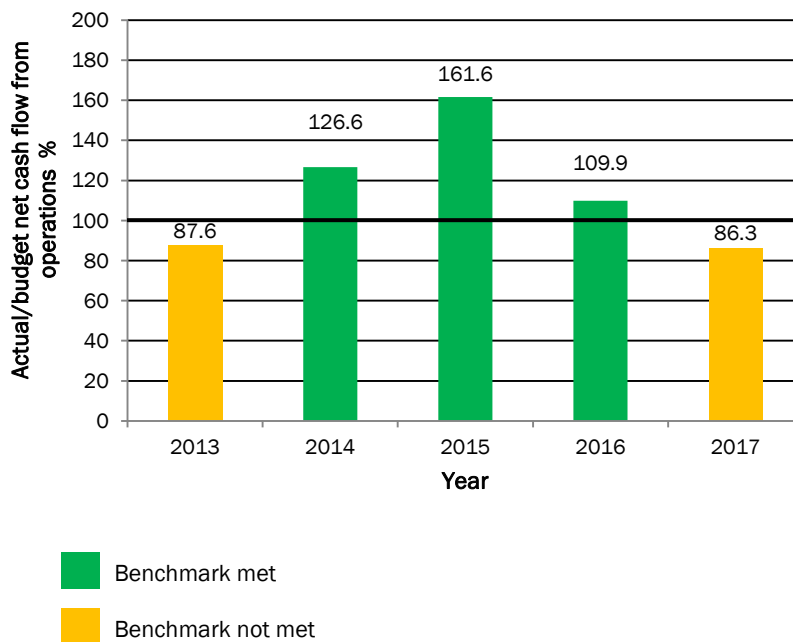
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



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.



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Council financial statistics

Five year financial performance summary

	Actual 2016-17 (\$000)	Actual 2015-16 (\$000)	Actual 2014-15 (\$000)	Actual 2013-14 (\$000)	Actual 2012-13 (\$000)	Budget 2016-17 (\$000)
Rates	36,285	34,394	33,112	31,850	30,352	35,984
Net surplus / (deficit)	470	1,719	(6,920)	(1,919)	(2,850)	3,368
Working capital	106	(5,211)	(22)	1,102	(14,561)	4,664
Borrowings	34,500	32,456	30,549	25,427	24,587	39,716
Total assets	739,374	716,260	714,220	679,074	671,224	706,751

Council financial statistics

	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13	Budget 2016-17
Proportion of rates to total income (%)	69.08%	63.93%	77.92%	72.62%	73.18%	65.4%
Average rates per rateable property	\$2,135	\$2,045	\$1,985	\$1,910	\$1,841	\$2,142
Total interest expense on net public debt (%)	4.9%	4.7%	4.6%	5.2%	6.0%	5.4%
External net public debt to annual rates (%)	95.1%	94.4%	92.3%	78.8%	81.0%	110.4%
External net public debt per rateable property	\$2,030	\$1,930	\$1,831	\$1,524	\$1,491	\$2,364
External net public debt to total equity	5.0%	4.8%	4.5%	3.9%	3.9%	5.6%

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 2017. The Annual Report was adopted for issue by Council on 31 October 2017.

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 International Public Sector Accounting Standards (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 since the previous year.

STANDARDS ISSUED AND NOT YET EFFECTIVE AND NOT EARLY ADOPTED

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

Interest in other entities

In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34 – 38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6 – 8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early application permitted.

The Council plans to apply new standards in preparing the 30 June 2020 financial statements. The Council and group has not yet assessed the effects of these new standards.

Financial instruments

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council and group has not yet assessed the effects of the new standard.

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

This is split into three sections:

Operational property, plant and equipment – which includes land, buildings, improvements, street trees, library books, plant and equipment, and motor vehicles

Restricted property, plant and equipment – which is mainly parks and reserves owned by Council which provide a benefit or service to the community and cannot be disposed of because of legal restrictions.

Aquatic Assets – Land, building, improvements, plant and equipment relating to the H2O pool facility.

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

INFRASTRUCTURE ASSETS

Infrastructure assets are the fixed utility network systems owned by Council and include roading, water, stormwater and wastewater assets. Each asset class includes all items that are required for the network to function.

Infrastructure assets (except land under roads) are measured at fair value less accumulated depreciation and impairment losses. Land under roads is held at cost.

REVALUATION

Those asset classes that are revalued are valued on a valuation cycle as described below. All other asset classes are carried at depreciated historical costs. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

- **Operational Assets**

Land has been revalued as at 30 June 2017 as per the external valuation by Quotable Value (QV) NZ Ltd completed in August 2016.

Buildings, street trees, and statues were revalued as at 30 June 2015 by Ken Tonks ANZIV SPINZ – an independent valuer of Calibre Consulting Ltd.

Plant, furniture and equipment have been revalued as at 30 June 2015 by Peter Ollivier BSC BE (Civil) FIPENZ CPEng, IntPE MICE – and 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**

Roading assets were independently valued as at 30 June 2017 by Peter Ollivier BSC BE (Civil) FIPENZ CPEng, IntPE MICE.

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

Water, stormwater and wastewater assets were valued by city engineers of Wellington Water Ltd. as at 30 June 2017.

- **Hutt Valley Wastewater Scheme**

These assets were valued on the depreciated replacement value basis as at 31 December 2014. The valuation of these assets was carried out 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. These assets are due to be revalued again in December 2017.

- **Land under roads**

Under PBE IPSAS reporting standards Upper Hutt City Council has elected to use the fair value of land under roads as 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 three 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.

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.

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:

Depreciation		
	Years	Rate
STRAIGHT-LINE DEPRECIATION		
Buildings	10 to 100 years	1% to 10%
Buildings fitout and services	10 to 40 years	2.5% to 10%
Computer equipment	3 to 5 years	20% to 33.3%
Furniture and office equipment	5 to 15 years	6.67% to 20%
Library books	2 to 5 years	20% to 50%
Parks and reserves services	10 to 100 years	1% to 10%
Plant and equipment	4 to 50 years	2% to 25%
INFRASTRUCTURE ASSETS		
Roading		
Bridges	20 to 100 years	1% to 5%
Carparks	50 years	2%
Culverts	50 to 80 years	1.25% to 2%
Footpaths / accessways	30 to 60 years	1.67% - 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%

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

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

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.

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 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.

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.

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.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimating retirement and long service leave obligations

The present value of retirement and long service leave obligations depend 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 the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the 90-day call rate from NZ Treasury. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary. A weighted average discount rate of 1.98% (2016: 2.4%) and an inflation factor of 2.2% (2016: 0.4%) were used.

SUPERANNUATION 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.

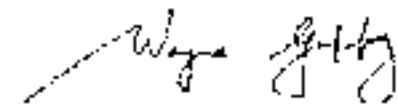
Statement of cash flows

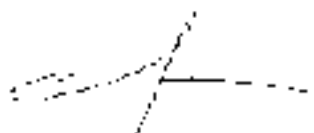
Operating activities include cash received from all income sources of Council and record the cash payments made for the supply of goods and services. Investing activities are those activities relating to the acquisition and disposal of non-current assets. Financing activities comprise the change in equity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

Statement of financial position – as at 30 June 2017

	Notes	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Budget Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
EQUITY						
Accumulated funds	20	228,032	228,856	241,104	228,306	229,127
Restricted reserves	21	9,604	7,540	4,769	9,643	7,579
Asset revaluation reserves	22	455,265	435,478	460,878	455,290	435,503
Total equity		692,901	671,874	706,751	693,239	672,209
ASSETS						
Current assets						
Cash and cash equivalents	7	3,309	2,770	313	3,576	3,039
Other financial assets	8	8,000	5,800	11,533	8,038	5,838
Receivables	10	3,245	3,319	2,313	3,338	3,394
Inventories	11	20	28	0	36	44
Non-current assets held for sale	15	2,650	0	0	2,650	0
Total current assets		17,224	11,917	14,159	17,638	12,315
NON-CURRENT ASSETS						
Other - financial assets						
Derivative financial instruments	9	58	0	0	58	0
Trade and other receivables	10	11	41	0	11	41
Permanent art collection	12C	0	0	0	53	53
Property, plant and equipment	12A,B	92,197	84,967	104,855	92,266	85,022
Aquatic assets	13	9,825	9,968	0	9,825	9,968
Infrastructure assets	14A	619,354	608,777	633,720	619,354	608,777
Intangible assets		0	0	79	0	0
Total non - current assets		722,150	704,343	739,170	722,272	704,451
Total assets		739,374	716,260	753,329	739,910	716,766
LIABILITIES						
Current liabilities						
Payables and deferred revenue	16	9,414	8,509	6,119	9,589	8,658
Derivative financial instruments	9	20	0	0	20	0
Employee entitlements	17	684	663	564	707	685
Borrowings and other financial liabilities	18	7,000	7,956	2,812	7,000	7,956
Total current liabilities		17,118	17,128	9,495	17,316	17,299
Non - current liabilities						
Derivative financial instruments	9	1,541	2,439	0	1,541	2,439
Employee entitlements	17	314	319	179	314	319
Borrowings and other financial liabilities	18	27,500	24,500	36,904	27,500	24,500
Total non - current liabilities		29,355	27,258	37,083	29,355	27,258
Total liabilities		46,473	44,386	46,578	46,671	44,557
NET ASSETS		692,901	671,874	706,751	693,239	672,209

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 2017

	NOTES	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Budget Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
OPERATING REVENUE						
Rates	1	36,285	34,394	35,984	36,285	34,394
Fees and charges	2	10,342	13,504	12,765	10,732	13,797
Development and financial contributions		972	982	737	972	982
Subsidies and grants	3	4,634	4,481	5,258	4,699	4,550
Interest and dividends	4	286	366	306	288	370
Gains		4	75	0	4	75
Total operating revenue		52,523	53,802	55,050	52,980	54,168
OPERATING EXPENDITURE						
Personnel costs		10,332	9,748	10,158	10,808	10,218
Depreciation and amortisation expense	6B	13,438	13,246	13,273	13,450	13,256
Finance costs		1,674	1,535	2,150	1,674	1,535
Bulk drainage levy		2,573	2,521	2,671	2,573	2,521
Bulk water levy		2,920	2,632	2,810	2,920	2,632
Other expenses	6A	21,116	22,401	20,620	21,082	22,239
Total operating expenditure		52,053	52,083	51,682	52,507	52,401
Surplus/(deficit) before and after tax		470	1,719	3,368	473	1,767
Other comprehensive revenue						
Gains/(losses) on infrastructural property assets revaluations	14A	10,315	(579)	12,830	10,315	(554)
Gains/(losses) on operational, restricted property and aquatic assets valuations	12B,13 #	10,242	(2,319)	0	10,242	(2,319)
Total other comprehensive revenue and expense		20,557	(2,898)	12,830	20,557	(2,873)
Total Comprehensive Revenue		21,027	(1,179)	16,198	21,030	(1,106)

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

Explanations of major variances against budget are provided in Note 30.

At 1 August 2016 Maidstone Terrace and Duncraig Street land was classified as an Operational Property and was revalued by Quotable Value for \$1.062 M in the Revaluation Reserve.

Statement of changes in equity for the year ended 30 June 2017

	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Budget Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Equity at the start of the year	671,874	673,053	690,553	672,209	673,315
Total comprehensive revenue and expense for the year	21,027	(1,179)	16,198	21,030	(1,106)
Equity at the end of the year	692,901	671,874	706,751	693,239	672,209

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 2017

NOTES	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Budget Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided from:					
Rates	36,157	34,347	35,984	36,157	34,347
Other receipts	14,272	12,907	16,441	15,422	13,904
Interest received	294	345	306	296	350
Dividends received	0	0	0	0	0
Regional Council rates	9,890	9,090	0	9,890	9,090
	60,613	56,689	52,731	61,765	57,691
Cash was applied to:					
Suppliers and employees	(36,440)	(36,395)	(35,492)	(37,586)	(37,377)
Interest paid	(1,518)	(1,527)	(2,150)	(1,518)	(1,527)
Goods and Services Tax (net)	172	(80)	0	193	(86)
Regional Council rates	(9,805)	(9,048)	0	(9,805)	(9,048)
	(47,591)	(47,050)	(37,642)	(48,716)	(48,038)
Net cash inflow (outflow) from operating activities	23	13,022	9,639	15,089	13,049
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided from:					
Proceeds from sale of property, plant and equipment	37	240	630	37	240
Maturity of investments	0	0	243	1	20
	37	240	873	38	260
Cash was applied to:					
Purchase of investments	(2,200)	(1,300)	0	(2,207)	(1,301)
Purchase of property, plant and equipment	(12,364)	(12,499)	(17,937)	(12,387)	(12,509)
	(14,564)	(13,799)	(17,937)	(14,594)	(13,810)
Net cash inflow (outflow) from investing activities	(14,527)	(13,559)	(17,064)	(14,556)	(13,550)
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was provided from:					
Loan raised	12,846	1,357	4,207	12,846	1,357
Cash was applied to:					
Loan repayments	10,802	(1,253)	(2,298)	10,802	(1,253)
Net cash inflow (outflow) from financing activities	2,044	104	1,909	2,044	104

Net increase (decrease) in Cash, Cash Equivalents and Bank Overdrafts	539	(3,816)	(66)	537	(3,793)
Cash and cash equivalents as at 01 July	2,770	6,586	379	3,039	6,832
Cash and cash equivalents as at 30 June	3,309	2,770	313	3,576	3,039

Composition of cash

Cash and cash equivalents and bank overdrafts	7	309	320	313	576	589
Call account	7	3,000	1,950	0	3,000	1,950
Short term deposits maturing three months or less	7	0	500	0	0	500
		3,309	2,770	313	3,576	3,039

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 three (2016 – 2017) may not agree to closing balance year one (2015 – 2016) 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 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Water systems (including water, wastewater, and stormwater)	811	1,037	811	1,037
Roading	5,143	5,751	5,143	5,751
Property	46	107	46	107
Capital commitments approved and contracted	6,000	6,895	6,000	6,623

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 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Property, plant and equipment				
Not later than one year	245	186	321	232
Later than one year and not later than five years	423	280	428	280
Five years and later	12	40	12	40
Total non-cancellable operating leases	680	506	761	552

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil. (2016 \$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 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Not later than one year	7,531	7,769	7,531	7,769
Later than one year and not later than five years.	3,397	3,585	3,397	3,585
Five years and later.	2,496	0	2,496	0
Total other non-cancellable contracts	13,424	11,354	13,424	11,354
Total non-cancellable commitments	20,104	18,755	20,185	18,801

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 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Not later than one year	271	268	271	268
Later than one year and not later than five years.	858	617	858	617
Five years and later.	2,084	2,217	2,084	2,217
Total non-cancellable operating leases	3,213	3,102	3,213	3,102

No contingent rents have been recognised in the Statement of Comprehensive Revenue and Expenses during the period (nil 2016).

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

Notes to the financial statements – year ended 30 June 2017

Note 1 - Rates

	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
General rates	22,001	20,615	22,001	20,615
Targeted Water fire protection rates	1,325	1,264	1,325	1,264
Targeted Stormwater disposal rates	2,052	1,808	2,052	1,808
Targeted Wastewater pan charges	6,457	6,528	6,457	6,528
Rates penalties	267	231	267	231
Water - targeted rates	4,183	3,948	4,183	3,948
Total non-exchange rates revenue	36,285	34,394	36,285	34,394

Under Local Government Act 2002 Amendment Act 2014 disclosure of rating information	30 June 2017	30 June 2016
Total land valuations of rateable properties for the city	\$3,072,984,200	\$3,072,981,200
Total capital valuation of rateable properties for the city	\$7,095,768,700	\$7,095,942,700
Total number of rateable properties	16,993	16,817

The city properties were last revalued by Quotable Value Limited on the 1st August 2016.

The next revaluation is due in August 2019.

RATES REMISSIONS

Rates revenue is shown net of rate remission.

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

Rate remissions	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Total gross rates revenue	36,418	34,523	36,418	34,523
LESS RATES REMISSION				
Land protected for historical or cultural purposes	0	0	0	0
Land used for sport	105	102	105	102
Rate penalties remissions	28	27	28	27
Remissions Economic Development Policy	0	0	0	0
Total remissions	133	129	133	129
Rates revenue net of remissions	36,285	34,394	36,285	34,394

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.

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 2017 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown above.

Note 2 Fees and charges

Non-exchange fees and charges revenue	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Permit and licence fees	1,396	1,122	1,396	1,122
Vested assets	1,640	7,443	1,640	7,443
Metered water charges	1,240	1,153	1,240	1,153
Property rentals	204	196	204	196
H ² O Xtream and Expressions charges	1,176	1,113	1,566	1,406
Library, parks, and community charges	154	164	154	164
Insurance recovery	916	0	916	0
Other charges	2,305	1,149	2,305	1,149
Total non-exchange fees and charges revenue	9,031	12,340	9,421	12,633
Solid waste	576	543	576	543
Dog charges	356	325	356	325
Cemetery charges	379	296	379	296
Total exchange fees and charges revenue	1,311	1,164	1,311	1,164
Total fees and charges revenue	10,342	13,504	10,732	13,797

Note due to a change in legislative the Development Financial Contributions are now disclosed separately in the Statement of Comprehensive Income and Expense. Previously they were included in other charges as part of fees and charges.

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

	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Roading subsidies (NZTA ¹)	4,366	3,621	4,366	3,621
Petrol tax (crown)	143	139	143	139
Social community project grants	125	302	125	302
Other grants and subsidies	0	419	65	488
Total non-exchange revenue subsidies and grants	4,634	4,481	4,699	4,550

There are no unfilled conditions and other contingencies attached to subsidies and grants recognised.

¹ NZTA New Zealand Transport Agency

² GWRC – Greater Wellington Regional Council

³ NRFA - National Rural Fire Authority

Note 4 – Exchange revenue Interest and dividends

	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Other financial assets	283	363	285	367
Trade receivables - community loans	3	3	3	3
Total interest and dividends	286	366	288	370

Note 5 – Rate and general funding requirement for each activity

	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Forecast Parent 30 Jun 17 (\$000)
Leadership	2,612	2,336	2,700
Land Transport	5,559	4,998	6,137
Water Supply	4,942	5,148	5,473
Wastewater	6,186	6,053	6,411
Stormwater	1,738	1,607	2,013
Solid Waste	(285)	(307)	(341)
Planning and regulatory services			
<i>City Planning</i>	1,456	1,339	1,752
<i>Building and compliance services</i>	881	1,463	830
Community and recreation			
<i>Community Development</i>	701	640	603
<i>Activation</i>	314	308	306
<i>Emergency Management</i>	469	562	658
<i>Parks and Reserves</i>	2,205	2,315	2,234
<i>H²O Xtream</i>	2,179	1,656	1,962
<i>Library</i>	2,993	2,702	2,823
<i>Expressions Arts and Entertainment Centre</i>	1,010	774	849
<i>Property</i>	109	69	143
<i>Akatarawa Cemetery</i>	(29)	(23)	(72)
<i>Support Services</i>	10	54	27
Economic Development	1,483	1,390	1,547
Total rate funding requirement for each activity	34,533	33,084	36,055

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

Note 6A – Other expenses

	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Insurance	382	337	388	341
Disaster Fund Insurance	192	209	192	209
Audit Fees	130	130	141	140
Rental	182	316	182	319
Loss on disposal of assets	1,235	1,546	1,235	1,546
Penalty remission	28	27	28	27
Rates remission – sports clubs and other non-profit bodies as per the Upper Hutt City Council Remission or postponement policies	105	102	105	102
Consultants	824	495	824	495
Printing, photocopying and stationary	140	131	157	146
Telephone rental, mobile and tolls	105	153	108	157
Motor vehicles	237	265	240	269
Electricity/Gas energy (includes street lighting)	799	841	858	904
Rates on UHCC properties	2,017	1,902	2,017	1,902
Land transport general maintenance	4,279	4,184	4,279	4,184
Water reticulation maintenance	879	620	879	620
Sewer maintenance	321	462	321	462
Drain maintenance	436	271	436	271
Other operating expenses	8,825	10,410	8,692	10,145
Total other expenses	21,116	22,401	21,082	22,239

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 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Depreciation by activity				
Leadership	0	0	0	0
Land Transport	4,276	4,223	4,276	4,223
Water supply	1,743	1,744	1,743	1,744
Wastewater	3,532	3,475	3,532	3,475
Stormwater	1,732	1,720	1,732	1,720
Solid waste	0	0	0	0
Planning and Regulatory Services	0	0	0	0
Community Services	0	44	0	44
Facilities	2,154	2,039	2,166	2,049
Economic Development	1	1	1	1
Total depreciation and amortisation expenses	13,438	13,246	13,450	13,256

Note 7 – Cash and cash equivalents

	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Cash on hand	4	4	6	4
Bank balances/ (bank overdrafts)	305	316	570	585
Call account	3,000	1,950	3,000	1,950
Short term deposits maturing three months or less from date of acquisition	0	500	0	500
Total cash and cash equivalents	3,309	2,770	3,576	3,039

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 (2016: \$600,000). The current interest rate on the facility is 11.75% per annum, (2016: 11.65% per annum).

Note 8 – Other financial assets

	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Current Portion				
<i>Loans and receivables</i>				
Short-term deposits with maturities of 4-12 months	8,000	5,800	8,038	5,838
Total current portion	8,000	5,800	8,038	5,838
Non-current portion				
<i>Loans and receivables</i>				
LGFA ¹ borrower notes	504	392	504	392
<i>Fair value through Equity- unlisted shares</i>				
Investment in Wellington Water Ltd. (1337122) registered	80	80	80	80
Investment in NZLG Insurance Corporation Ltd.(13271) registered, trading as Civic Assurance ²	78	75	78	75
Investment in Smartlinx 3 Ltd (1506089) registered	43	43	43	43
Total non-current portion	705	590	705	590

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 2017 the Council has 150 Class A voting only shares in Wellington Water Ltd. These shares carry no nominal value (nil: 2016).

As at 30 June 2017 the Council has 40 Class B shares in Wellington Water Ltd. and the latest sale value was \$2,000 per share (2016, 40 shares @ \$2,000 per share).

As at 30 June 2017 the Council has 51,209 shares in Civic Assurance Ltd. and the latest sale value was \$1.53 per share. (2016, 51,209 shares @ \$1.46 per share).

As at 30 June 2017 the Council has 5,338 shares in Smartlinx3 Ltd and the latest sale value was \$8.00 per share. (2016, 3,750 shares @ \$8.00 per share).

IMPAIRMENT

There were no impairment provisions for other financial assets (nil: 2016).

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.

2017	Short term deposits Parent (\$000)	Short term deposits Group (\$000)	Other Council and Group (\$000)
Short term deposits (with maturities of 3 months or less; average maturity 92 days)	0	0	0
<i>weighted average effective interest rate</i>	0.00%	0.00%	0.00%
Short term deposits (with maturities of 4-12 months; average maturity 116 days)	8,000	8,038	0
<i>weighted average effective interest rate</i>	3.20%	3.20%	0%
LGFA Borrower Notes (maturities range to 15 April 2027)	0	0	504
<i>weighted average effective interest rate</i>	0%	0%	2.35%
Call account	3,000	3,000	0
<i>weighted average effective interest rate</i>	1.75%	1.75%	0%
	11,000	11,038	504

2016	Short term deposits Parent (\$000)	Short term deposits Group (\$000)	Other Council and Group (\$000)
Short term deposits (with maturities of 3 months or less; average maturity 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 to 15 April 2027)	0	0	0
<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%
	8,250	8,288	392

Note 9 – Derivative financial instruments

INTEREST RATE SWAPS – FAIR VALUE

	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Current asset portion	0	0	0	0
Non-current asset portion	58	0	58	0
Current liability portion	(20)	0	(20)	0
Non-current liability portion	(1,541)	(2,439)	(1,541)	(2,439)

INTEREST RATE SWAPS - FAIR VALUE

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

INFORMATION ABOUT INTEREST RATE SWAPS

The notional principal amounts of the interest rate swap contracts for the Council as at 30 June 2017 is \$37.5 M (2016 \$28 M)

The swaps:	Notional principle	Fixed rate	Maturity date
Westpac ¹	\$1,500,000	4.760%	15-Nov-2021
Westpac ²	\$1,000,000	4.200%	15-Dec-2021
Westpac ³	\$1,000,000	4.825%	15-Dec-2020
Westpac ⁴	\$1,000,000	4.740%	16-Dec-2019
Westpac ⁵	\$1,000,000	4.710%	26-Jan-2018
Westpac ⁶	\$1,000,000	4.715%	15-Sep-2024
Westpac ⁷	\$2,000,000	4.790%	15-Jun-2023
Westpac ⁸	\$1,000,000	4.745%	15-Sep-2023
Westpac ⁹	\$1,000,000	3.650%	15-Oct-2025
Westpac ¹⁰	\$2,000,000	2.700%	15-Feb-2019
Westpac ¹¹	\$1,500,000	3.415%	15-Aug-2026
Westpac ¹²	\$1,500,000	3.445%	15-Jun-2026
Westpac ¹³	\$1,000,000	3.505%	15-Jun-2026
Westpac ¹⁴	\$2,000,000	3.275%	15-May-2022
ASB ¹	\$2,000,000	3.540%	24-Dec-2021
ASB ²	\$1,500,000	3.325%	15-Apr-2027
Kiwibank ¹	\$1,000,000	4.753%	15-Aug-2024
Kiwibank ²	\$1,000,000	4.752%	15-Mar-2024

Kiwibank ³	\$1,000,000	4.729%	15-Jul-2020
Kiwibank ⁴	\$2,000,000	4.669%	15-Jul-2019
Kiwibank ⁵	\$2,000,000	4.778%	15-Jun-2022
Kiwibank ⁶	\$1,000,000	3.688%	15-Jan-2020
Kiwibank ⁷	\$1,000,000	3.793%	15-Jan-2025
Kiwibank ⁸	\$1,500,000	2.815%	24-Dec-2018
Kiwibank ⁹	\$1,000,000	2.835%	24-Dec-2018
Kiwibank ¹⁰	\$1,000,000	3.988%	16-Sep-2025
Kiwibank ¹¹	\$1,000,000	3.465%	24-Dec-2020
Kiwibank ¹²	\$2,000,000	3.635%	15-Oct-2025

Note 10 – Receivables

	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Rates receivables	967	831	967	831
Sundry debtors	794	775	870	838
Community loans	30	85	30	85
GST	257	429	270	460
Related party receivables	61	41	0	0
Accrued revenue	887	857	888	859
Prepayments	310	392	374	412
	3,306	3,410	3,399	3,485
Less provision for impairment of receivables	(50)	(50)	(50)	(50)
Total trade and other receivables	3,256	3,360	3,349	3,435
Less non-current portion:				
Community loans	11	41	11	41
Total non-current portion	11	41	11	41
Current portion	3,245	3,319	3,338	3,394
Receivables from non-exchange transactions – this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	3,065	3,135	3,158	3,259
Receivables from exchange transactions – this includes outstanding dog charges, and cemetery and solid waste transactions	191	225	191	226
	3,256	3,360	3,349	3,485

COMMUNITY LOANS

The fair value of community loans is \$30,095 (2016 \$85,438). Fair value has been determined using cash flows discounted at a rate of 2.5% to 7.75% (2016: 2.50% to 7.75%).

The face value of community loans is \$11,894 (2016 \$86,694).

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 and subsequent years 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 2017 and 2016, all overdue receivables, except for rates receivables, have been assessed for impairment and appropriate provisions applied. Upper Hutt City Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The impairment provision has been calculated based on expected losses for Upper Hutt City Council's pool of debtors.

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

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

Provision for impairment of receivables	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
At 1 July	50	50	50	50
Additional provisions made during the year	9	8	9	8
Receivables written off during period	(9)	(8)	(9)	(8)
At 30 June	50	50	50	50

Age of rates receivables	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
The age of rates receivable overdue that have not been impaired are as follows:				
Current 90 days over	831	745	831	745
1 to 2 years old	80	49	80	49
2 to 3 years old	28	26	28	26
greater than 3 years old	28	11	28	11
Carrying amount as at 30 June	967	831	967	831

AGE OF SUNDRY DEBTORS

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

	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Past due 1-30 days	401	628	477	650
Past due 31 -60 days	201	85	201	85
Past due 61 -90 days	37	19	37	19
Past due greater than 90 days	155	84	155	84
Carrying amount as at 30 June	794	816	870	838

Note 11 - Inventories

	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Printing, photocopying and stationery supplies	20	28	36	28

The carrying amount of inventories held for distribution is measured at current replacement cost at 30 June 2017.

The carrying amount of inventories pledged as security for liabilities is \$nil (2016: \$nil).

Note 12A – 2017 Council operational assets, property, plant and equipment

Valuation	Opening Cost/ Valuation CV 1 Jul 16 (\$000)	Accum. Depn. and impairment charge 1 Jul 16 (\$000)	Opening Book Value BV 1 Jul 16 (\$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 CV 30 Jun 17 (\$000)	Closing Accum. Depn AD 30 Jun 17 (\$000)	Closing Book Value BV 30 Jun 17 (\$000)
Land (includes trees)	16,696	0	16,696	32 ¹	(156)	1,875	0	0	0	18,447	0	18,447
Buildings	23,305	(566)	22,739	357	(12)	0	(563)	0	0	23,650	(1,129)	22,521
Furniture and equipment	965	(906)	59	128	(5)	0	(30)	0	101	987	(835)	152
Library books	1,858	(345)	1,513	231	0	0	(404)	0	0	2,089	(749)	1,340
Motor vehicles	488	(404)	84	0	(1)	0	(15)	0	0	487	(419)	68
Plant	9,313	(1,935)	7,378	771 ²	(246)	0	(495)	0	173	9,665	(2,257)	7,408
Work in progress	337	0	337	155	0	0	0	(34)	0	458	0	458
Total operational assets 2017	52,962	(4,156)	48,806	1,674	(420)	1,875	(1,507)	(34)	274	55,783	(5,389)	50,394
	A	B	C	D	E	F	G	H	I	J	K	L

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

Notes: ¹ Additions include vested assets of \$6,000 ² Additions include vested assets of \$65,708.

Plant opening balance amended by \$1,000 BV due to Defibrillator being moved to Note 13 Aquatic Assets.

\$1,457,000 of land has been moved from Land to Note 15 non-current assets held for sale. \$1,425,000 as Land shown as current surplus assets at 30 June 2016 has now been incorporated back under Land.

Work in progress reporting has been amended this year to show the additions and transfers separately. \$34,000 of WIP was transferred out to Operating Expenditure during the year.

Note 12B – 2017 Council restricted assets, restricted property, plant and equipment

	Opening Cost/ Valuation CV 1 Jul 16 (\$000)	Accum. Depn. and impairment charge AD 1 Jul 16 (\$000)	Opening Book Value BV 1 Jul 16 (\$000)	Current Year Additions (\$000)	Current Year Disposals (\$000)	Current Year Revaluation Surplus (\$000)	Current Year Annual Depn. (\$000)	WIP Transferr ed (\$000)	Eliminate on Revaluation / Disposals (\$000)	Closing Cost/ Valuation CV 30 Jun 17 (\$000)	Closing Accum. Depn AD 30 Jun 17 (\$000)	Closing Book Value BV 30 Jun 17 (\$000)
Land	24,948	0	24,948	0	0	7,305	0	0	0	32,253	0	32,253
Buildings	4,595	(93)	4,502	14	0	0	(98)	0	0	4,609	(191)	4,418
Parks and Reserves services	5,294	(191)	5,103	371 ¹	(121)	0	(221)	0	6	5,538	(406)	5,132
Total restricted assets 2017	34,837	(284)	34,553	385	(121)	7,305	(319)	0	6	42,400	(597)	41,803
Total council property, plant and equipment 2017	87,799	(4,440)	83,359	2,059	(541)	9,180	(1,826)	(34)	280	98,183	(5,986)	92,197
	A	B	C	D	E	F	G	H	I	J	K	L

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 \$203,232

\$150,000 of land has been moved from Land to Note 15 non-current assets held for sale.

Note 12C – 2017 Subsidiaries assets, property, plant and equipment

	Opening Cost/ Valuation CV 1 Jul 16 (\$000)	Accum. Depn. and impairment charge AD 1 Jul 16 (\$000)	Opening Book Value BV 1 Jul 16 (\$000)	Current Year Additions (\$000)	Current Year Disposals BV (\$000)	Current Year Revaluation /Return to Equity (\$000)	Current Year Annual Depn. (\$000)	WIP Capitised Transferred (\$000)	Eliminate Depn on Revaluation / Disposals (\$000)	Closing Cost/ Valuation CV 30 Jun 17 (\$000)	Closing Accum. Depn AD 30 Jun 17 (\$000)	Closing Book Value BV 30 Jun 17 (\$000)
	A	B	C	D	E	F	G	H	I	J	K	L
Expressions property, plant, and equipment	108	(53)	55	26	0	0	(12)	0	0	134	(65)	69
Total subsidiary assets 2017	108	(53)	55	26	0	0	(12)	0	0	134	(65)	69
Total group property plant and equipment 2017	87,907	(4,493)	83,414	2,085	(541)	9,180	(1,838)	(34)	280	98,317	(6,051)	92,266

Formulas

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

Note 12A – 2016 Council operational assets, property, plant and equipment

Valuation	Opening Cost/ Valuation CV 1 Jul 15 (\$000)	Accum. Depn. and impairment charge 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 CV 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 ¹	(341)	0	0	0	0	16,728	0	16,728
Buildings	23,071	0	23,071	234 ²	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 ³	(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
Total operational assets 2016	53,475	(3,192)	50,283	2,015	(612)	0	(1,434)	12	467	54,423	(4,159)	50,264
	A	B	C	D	E	F	G	H	I	J	K	L

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:

1. Additions include vested assets of \$375,000 2. Additions include vested assets of \$5,568 3. Additions include vested assets of \$87,400

Movement of \$19,260 opening balance moved from Furniture and Equipment to Plant

Note 12B – 2016 Council restricted assets, restricted property, plant and equipment

	Opening Cost/ Valuation CV 1 Jul 15 (\$000)	Accum. Depr. 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 Depr. (\$000)	WIP Transferred (\$000)	Eliminate on Revaluation / Disposals (\$000)	Closing Cost/ Valuation CV 30 Jun 16 (\$000)	Closing Accum. Depr 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	27,380	0	27,380	37 ¹	0 ⁴	(2,319)	0	0	0	25,098	0	25,098
Buildings	4,533	0	4,533	62 ²	0	0	(93)	0	0	4,595	(93)	4,502
Parks and Reserves services	4,903	0	4,903	460 ³	(69)	0	(191)	0	0	5,294	(191)	5,103
Total restricted assets 2016	36,816	0	36,816	559	(69)	(2,319)	(284)	0	0	34,987	(284)	34,703
Total council property, plant and equipment 2016	90,291	(3,192)	87,099	2,574	(681)	(2,319)	(1,718)	12	467	89,410	(4,443)	84,967

Note: There are no restrictions over the 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

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 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 BV (\$000)	Current Year Revaluation /Return to Equity (\$000)	Current Year Annual Depn. (\$000)	WIP Capitised Transferred (\$000)	Eliminate Depn on Revaluation / Disposals (\$000)	Closing Cost/ Valuation CV 30 Jun 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
Expressions property, plant, and equipment	94	(43)	51	14	0	0	(10)	0	0	108	(53)	55
Total subsidiary assets 2016	94	(43)	51	14	0	0	(10)	0	0	108	(53)	55
Total group property plant and equipment 2016	90,385	(3,235)	87,150	2,588	(681)	(2,319)	(1,728)	12	467	89,518	(4,496)	85,022

Formulas

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

Note 12D – Permanent art collection

	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Pumpkin Cottage Art Collection	0	0	53	53

Note 13 - 2017 Aquatic assets

	Opening Cost/ Valuation CV 1 Jul 16 (\$000)	Accum. Depn. and impairment charge AD 1 Jul 16 (\$000)	Opening Book Value BV 1 Jul 16 (\$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 17 (\$000)	Closing Accum. Depn AD 30 Jun 17 (\$000)	Closing Book Value BV 30 Jun 17 (\$000)
Land	1,381	0	1,381	0	0	19	0	0	0	1,400	0	1,400
Buildings	8,713	(279)	8,434	155	(9)	0	(283)	0	0	8,859	(562)	8,297
Plant	204	(50)	155	21	0	0	(47)	0	0	225	(97)	128
Total aquatic assets 2017	10,298	(329)	9,970	176	(9)	19	(330)	0	0	10,484	(659)	9,825

Note: Plant opening balance amended by \$1,000 BV due to Defibrillator being moved from Note 12A Operational Assets.

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
Total aquatic assets 2016	10,279	0	10,279	17	(2)	0	(326)	0	0	10,294	(326)	9,968

Note 14A – 2017 Council infrastructural assets

	Opening Cost/ Valuation CV 1 Jul 16 (\$000)	Accum. Depn. and impairment charge AD 1 Jul 16 (\$000)	Opening Book Value BV 1 Jul 16 (\$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 17 (\$000)	Closing Accum. Depn AD 30 Jun 17 (\$000)	Closing Book Value BV 30 Jun 17 (\$000)
Land under roads at cost	92,175	0	92,175	155	¹ 0	0	0	0	0	92,330	0	92,330
Roads	196,675	0	196,675	5,584	² (153)	4,329	(4,276)	1,661	4,276	203,820	0	203,820
Stormwater	107,933	0	107,933	410	³ (33)	1,233	(1,726)	0	1,726	107,817	0	107,817
Telemetry	296	0	296	0	0	4	(36)	0	36	264	0	264
Wastewater	82,350	0	82,350	468	⁴ (237)	2,250	(1,848)	0	1,848	82,983	0	82,983
Water	86,275		86,275	322	⁵ (264)	2,499	(1,717)	529	1,717	87,644	0	87,644
Hutt Valley Wastewater Assets (note 14B)	40,236	(1,634)	38,602	321	0	0	(1,678)	0	0	40,557	(3,312)	37,245
Work in progress	4,471	0	4,471	4,970	0	0	0	(2,190)	0	7,251	0	7,251
Total infrastructure assets 2017	610,411	(1,634)	608,777	12,230	(687)	10,315	(11,281)	0	9,603	622,666	(3,312)	619,354

A B C D E F G H I J K L

NOTE: That the closing book value is the most recent estimate of the replacement cost

1. Additions include vested assets of \$155,297 2. Additions include vested assets of \$163,284 3. Additions include vested assets of \$410,057
 4. Additions include vested assets of \$342,456 5. Additions include vested assets of \$293,890
 Work in progress reporting has been amended this year to show the additions and transfers separately.

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 – 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)
Land under roads at cost	88,503	0	88,503	3,672	¹ 0	0	0	0	0	92,175	0	92,175
Roads	194,724	0	194,724	6,452	² (781)	503	(4,223)	0	4,223	196,675	0	196,675
Stormwater	108,797	0	108,797	417	³ (56)	489	(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)	(1,194)	(1,834)	0	1,834	82,350	0	82,350
Water	86,244		86,244	2,097	⁵ (77)	(277)	(1,712)	0	1,712	86,275		86,275
Hutt Valley Wastewater Assets (note 14B)	39,728	0	39,728	508		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
Total infrastructure assets 2016	602,628	0	602,628	17,350	(1,103)	(581)	(11,159)	1,642	9,525	610,411	(1,634)	608,777

A B C D E F G H I J K L

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

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 \$37.246 M (2016 \$38.603M) as recognised as part of Infrastructural assets.

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

Hutt Valley wastewater scheme transactions	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Drainage Levy	2,573	2,521	2,573	2,521
Capital Contributions	321	508	321	508
Trade Waste Income	(75)	(86)	(75)	(86)

Note 15 – Non-current assets held for sale

	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Non-current assets held for sale are:				
Land	2,650	0	2,650	0
Total non-current assets held for sale	2,650	0	2,650	0

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through the sale transaction rather than through continuous use. They are measured at the lower of their carrying amount and fair value less costs to sell.

The Council has identified Council owned land at Maidstone Terraces, and Duncraig Street that have been made available for sale.

The accumulated property revaluation reserve recognised in equity for Maidstone Terraces and Duncraig Street properties at 30 June 2017 is \$1.062M.

Note 16 – Payables and deferred revenue

	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Trade creditors	5,397	5,115	5,512	5,228
Rates in advance	794	787	794	787
Greater Wellington Regional Council Rates	427	343	427	343
Fees in advance	743	764	750	766
Amounts due to related parties	61	10	0	0
Accrued interest payable	273	117	273	117
Payroll liability	261	203	261	203
Other liabilities	535	227	559	227
Deposits and trust accounts	923	943	1,014	987
Payables and deferred revenue	9,414	8,509	9,589	8,658
Payables and deferred revenue from non-exchange transactions	9,330	8,447	9,505	8,633
Payables and deferred revenue from exchange transactions	84	62	84	25
Payables and deferred revenue	9,414	8,509	9,589	8,658

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

Provisions	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Provision for internal process	200	0	200	0
Weathertightness claims	202	160	202	160

Four claims have been lodged with the Weathertight Homes Resolution Service (WHRS) under the Financial Assistance Package (FAP) scheme as at 30 June 2017 (2016, 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

	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Accrued pay	8	(31)	8	(31)
Annual leave	629	647	652	669
Sick leave	47	47	47	47
Retirement and long service leave	314	319	314	319
Total employee benefit liabilities	998	982	1,021	1,004
Current	684	663	707	685
Non-current	314	319	314	319
Total employee entitlements	998	982	1,021	1,004

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 1.98% (2016, 2.40%) and an inflation rate of 2.20% (2016, 0.4%) have been applied.

Note 18 - Borrowings

	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Current				
Secured loans	7,000	7,956	7,000	7,956
Total current borrowings	7,000	7,956	7,000	7,956
Non-current				
Secured loans	27,500	24,500	27,500	24,500
Total non-current borrowings	27,500	24,500	27,500	24,500
Total borrowings	34,500	32,456	34,500	32,456

FIXED-RATE DEBT

Upper Hutt City Council's secured debt of \$3 M (2016, \$7.956 M) is issued at fixed rates of interest.

FLOATING-RATE DEBT

Upper Hutt City Council's secured debt of \$31.5 M (2016, \$24.50 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 (2016, \$600,000). There are no restrictions on the use of this facility.

Council has two Westpac multi option credit line facilities available to it, currently it is nil (2016 \$5,060,420). Facilities available are \$5 million limit expiry on 31 July 2022 and \$5,200,000 limit expiry on 31 Dec 2022.

Council also has with Westpac a business card facility limit \$250,000 (2016 \$250,000).

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 \$67.569 M (2016, \$57.569 M), under its Debenture Trust Deed. This stock has been issued to four banking institutions as security for existing facilities totalling committed funds of \$34.500 M (2016, \$32.456 M) and uncommitted facilities available to the value of \$535,797 (2016, \$nil).

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 2017 was 4.11% (June 2016, 4.55%). The loans are secured by a rate made pursuant to Section 115 of the Local Government Act 2002 upon the rateable property in the City of Upper Hutt.

Maturity analysis and effective interest rates

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

Borrowings	30 Jun 17 Secured Loans Parent and Group	30 Jun 16 Secured Loans Parent and Group
Less than one year	7,000	7,956
<i>weighted average effective interest rate</i>	5.39%	5.02%
Later than one year but not more than five years	19,000	14,000
<i>weighted average effective interest rate</i>	2.68%	2.98%
Later than five years	8,500	10,500
<i>weighted average effective interest rate</i>	2.68%	3.05%
Total borrowings	34,500	32,456

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

Fair value of non-current borrowings	Carrying Amounts		Fair Value	
	30 Jun 17 (\$000)	30 Jun 16 (\$000)	30 Jun 17 (\$000)	30 Jun 16 (\$000)
Non-current				
Secured loans	27,500	24,500	27,500	24,500
Total non-current borrowings	27,500	24,500	27,500	24,500

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 \$37.5 M (2016, \$28 M).

A – FINANCIAL INSTRUMENT CATEGORIES

	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Financial assets				
Fair value through surplus and deficit	58	0	58	0
Derivative financial instrument assets	58	0	58	0
Loans and receivables				
Cash at bank and cash equivalents	3,309	2,770	3,576	3,039
Debtors and other receivables	3,226	3,275	3,319	3,350
Other financial assets				
- term deposits	8,000	5,800	8,038	5,838
- community loans	30	85		85
- LGFA borrow notes	504	392	504	392
Total loans and receivables	15,069	12,322	15,437	14,309
Fair value through other comprehensive revenue and expense				
Other financial assets				
- unlisted shares	201	198	201	198
Total fair value through other comprehensive revenue and expense	201	198	201	198
Financial liabilities				
Fair value through surplus and deficit	1,561	2,439	1,561	2,439
Derivative financial instrument	1,561	2,439	1,561	2,439
Financial liabilities at amortised cost				
Creditors and other payables	9,414	8,509	9,589	8,658
Borrowings				
- secured loans	34,500	32,456	32,456	32,456
Total financial liabilities at amortised cost	43,914	40,965	42,045	41,114

B – FAIR VALUE HIERARCHY DISCLOSURES

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

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

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

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

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

	Total \$000	Valuation Technique		
		Quoted \$000	Observable \$000	Non observable \$000
Council 30 June 2017				
Financial assets				
Derivatives	58	58	0	0
Shares	201	0	201	0
Financial liabilities				
Derivatives	1,561	1,561	0	0
Group 30 June 2017				
Financial assets				
Derivatives	0	0	0	0
Shares	201	0	201	0
Financial liabilities				
Derivatives	1,561	1,561	0	0
Council 30 June 2016				
Financial assets				
Derivatives	0	0	0	0
Shares	198	0	198	0
Financial liabilities				
Derivatives	2,439	2,439	0	0
Group 30 June 2016				
Financial assets				
Derivatives	0	0	0	0
Shares	198	0	198	0
Financial liabilities				
Derivatives	2,439	2,439	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.

C – Maximum exposure to credit risk	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Upper Hutt City Council's maximum credit exposure for each class of financial instrument is as follows:				
Cash at bank and term deposits	11,309	8,570	11,614	8,877
Debtors and other receivables	3,226	3,275	3,319	3,350
Community and related party loans	30	85	30	85
Derivative financial instrument assets	58	0	58	0
Total credit risk	14,623	11,930	15,021	12,312

D – CREDIT QUALITY OF FINANCIAL ASSETS

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

Credit quality of financial assets	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Counterparties with credit ratings				
Cash at bank and term deposits				
AA+ (Standard and Poors)	504	392	504	698
AA (Standard and Poors)	0	0	0	0
AA- (Standard and Poors)	11,305	8,066	11,608	8,067
A+ (Standard and Poors)	0	500	0	500
Total cash at bank and term deposits	11,809	8,958	12,112	9,265
Derivative financial instrument assets:				
A+ (Standard and Poors)	58	0	58	0
Total cash at bank and term deposits	58	0	58	0
Counterparties without credit ratings				
Community and related party loans:				
Existing counterparty with defaults in past	3	13	3	13
Existing counterparty with no defaults in past	27	72	27	72
Total community and related party loans	30	85	30	85

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 (2016 \$600,000). There are no restrictions on the use of this facility.

F – CONTRACTUAL MATURITY ANALYSIS OF FINANCIAL LIABILITIES

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

Contractual maturity analysis of financial liabilities	Carrying amount \$000	Contractual cash flows \$000	Less than 1 Year \$000	1-2 Years \$000	2-5 Years \$000	More than 5 Years \$000
Council 2017						
Creditors and other payables	9,414	9,414	9,414	0	0	0
Secured Loans	34,500	38,489	7,788	9,275	12,266	9,160
Total	43,914	47,903	17,203	9,275	12,266	9,160
Group 2017						
Creditors and other payables	9,589	9,589	9,589	0	0	0
Secured Loans	34,500	38,489	7,788	9,275	12,266	9,160
Total	44,089	48,078	17,377	9,275	12,266	9,160
Council 2016						
Creditors and other payables	8,509	8,509	8,509	0	0	0
Secured Loans	32,456	36,847	8,816	9,198	7,287	11,546
Total	40,965	45,356	17,325	9,198	7,287	11,546
Group 2016						
Creditors and other payables	8,658	8,658	8,658	0	0	0
Secured Loans	32,456	36,847	8,816	9,198	7,287	11,546
Total	41,114	45,505	17,474	9,198	7,287	11,546

G – CONTRACTUAL MATURITY ANALYSIS OF FINANCIAL ASSETS

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

Contractual maturity analysis of financial assets	Carrying amount \$000	Contractual cash flows \$000	Less than 1 Year \$000	1-2 Years \$000	2-5 Years \$000	More than 5 Years \$000
Council 2017						
Cash and cash equivalents	3,309	3,309	3,309	0	0	0
Debtors and other receivables	3,226	3,226	3,226	0	0	0
Other financial assets:						
- term deposits	8,000	8,089	8,089	0	0	0
- community and related party loans	30	35	20	15	0	0
Total	14,565	14,659	14,644	15	0	0
Group 2017						
Cash and cash equivalents	3,576	3,576	3,576	0	0	0
Debtors and other receivables	3,319	3,319	3,319	0	0	0
Other financial assets:						
- term deposits	8,038	8,133	8,133	0	0	0
- community and related party loans	30	35	20	15	0	0
Total	14,963	15,063	15,048	15	0	0
Council 2016						
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
Total	11,930	11,984	11,928	51	5	0
Group 2016						
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
Total	12,312	12,371	12,315	51	5	0

H – SENSITIVITY ANALYSIS

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

Sensitivity Analysis	Note	2017		2016	
		\$000		\$000	
Council Interest rate risk		-100bps	+100bps	-100bps	+100bps
Financial assets					
Cash and cash equivalents	1	-30.0	30.0	-19.5	19.5
Financial liabilities					
Term loans	2	-275	275	-245.0	245.0
Total sensitivity to interest rate risk		-305.0	305.0	-264.5	264.5

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

Cash and cash equivalents include deposits at call totalling \$3.0M (2016, \$1.95 M) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$30,000 (2016, \$19,500).

2. Secured loans

Council has floating rate debt with a principal amount of \$27.5 M (2016, \$24.5 M). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$275,000 (2016, \$245,000).

Sensitivity Analysis	Note	2017		2016	
		\$000		\$000	
Group Interest rate risk		-100bps	+100bps	-100bps	+100bps
Financial assets					
Cash and cash equivalents	1	-30.0	30.0	-19.5	19.5
Financial liabilities					
Term loans	2	-275	275	-245	245
Total sensitivity to interest rate risk		-305.0	305.0	-264.5	264.5

EXPLANATION OF SENSITIVITY ANALYSIS – GROUP**1. Cash and cash equivalents**

Cash and cash equivalents include deposits at call totalling \$3.0 M (2016, \$1.95 M) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$30,000 (2016, \$19,500).

2. Secured loans

Council has floating rate debt with a principal amount of \$27.5M (2016, \$24.5 M). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$275,000 (2016, \$245,000).

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 \$116.311 M. The maximum amount to which they are insured is \$600 M for any one event, including business interruption. (Combined Group limit of five councils)
- 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 \$508.952 M. The maximum amount available to the local authority under those arrangements is \$600 M split 60/40 between Central Government and commercial insurance. (Combined group limit of four councils)
- 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

	30 June 17	30 June 16
The total value of all Council assets covered by insurance contracts	\$625.263 M	\$409.288 M
- above ground assets (excludes land and roads)	\$116.311 M	\$103.631 M
- underground/infrastructure assets	\$508.952 M	\$305.657 M
The maximum collective amount to which insured assets are insured	\$600 M	\$150 M
The total value of all Council assets covered by financial risk sharing arrangements	\$625.263 M	\$500 M
Maximum amount available to Council under financial risk sharing arrangements:	\$660 M	\$60 M
- above ground assets	\$600 M	\$0
- below ground assets	\$60 M	\$0
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 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Opening balance 01 July	228,856	227,136	229,127	227,360
Net Surplus (deficit)	470	1,719	473	1,767
	229,326	228,855	229,600	229,127
Transfer to:				
Restricted reserves	(1,568)	(1,312)	(1,569)	(1,314)
Accounts restricted by law	(2,363)	(1,576)	(2,363)	(1,576)
Accumulated 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
	(3,931)	(2,888)	(3,932)	(2,890)
Transfer from:				
Restricted reserves	656	136	657	137
Accounts restricted by law	1,211	1,540	1,211	1,540
Accumulated reserve transfer	0	0	0	0
Asset revaluation reserve on disposal of property, plant and equipment	770	1,213	770	1,213
	2,637	2,889	2,638	2,890
Closing balance 30 June	228,032	228,856	228,306	229,127

Fair value through other comprehensive income	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Opening balance 01 July	129	129	129	129
Net revaluation gains/losses	0	0	0	0
Closing balance 30 June	129	129	129	129

Note 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.

Restricted reserves	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Reserve funds	3,949	3,037	3,988	3,076
Other accounts restricted by law	5,655	4,503	5,655	4,503
Closing balance 30 June	9,604	7,540	9,643	7,579

A – RESERVE FUNDS

	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Opening balance 01 July	3,037	1,861	3,076	1,899
Transfers from net surplus	1,568	1,312	1,569	1,314
Transfers from accumulated funds	0	0	0	0
	4,605	3,173	4,645	3,213
Transfers to net surplus	0	0	0	0
Transfers to accumulated funds	(656)	(136)	(657)	(137)
Closing balance 30 June	3,949	3,037	3,988	3,076

Contents of reserve funds	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Sierra Way subdivision ⁷	133	130	133	130
Civic amenities fund ²	1	1	1	1
Amenities fund ²	522	433	522	433
Plant renewal ³	675	539	675	539
Reserve fund contribution ⁴	1,805	1,437	1,805	1,437
Council property sales ⁶	48	47	48	47
Cash in lieu parking fund account ⁵	3	2	3	2
Harcourt Park maintenance fund ⁸	2	4	2	4
General reserve fund ¹	9	8	9	8
Blue Mountain roading levy ⁷	60	50	60	50
Akatarawa roading levy ⁷	101	69	101	69
Kaitoke roading levy ⁷	18	19	18	19
Mangaroa roading levy ⁷	242	229	242	229
Katherine Mansfield roading levy ⁷	0	0	0	0
Moonshine Hill Road levy ⁷	5	5	5	5
Alexander Road levy ⁷	10	9	10	9
Library redevelopment fund ⁸	0	0	0	0
Trench resealing levy ¹⁰	12	11	12	11
Kurth Crescent Stormwater levy ¹¹	46	44	46	44
Arts scholarship fund ¹²	0	0	39	39
H ² O Plant renewal reserve ¹³	257	0	257	0
Closing balance 30 Jun	3,949	3,037	3,988	3,076

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.
13. **H²O plant renewal reserve** – funds allocated from rates to replace/upgrade H²O plant and equipment.

Special funds for 2016 - 2017	Balance 1 July 2016 (\$000)	Transfers into fund (\$000)	Transfers out of fund (\$000)	Balance 30 June 2017 (\$000)
Sierra Way subdivision	130	3	0	133
Civic amenities fund	1	0	0	1
Amenities fund	433	89	0	522
Plant renewal reserve	539	189	(53)	675
Reserve fund contribution	1,437	938	(570)	1,805
Council property sales	47	1	0	48
Cash in lieu parking fund account	2	1	0	3
Harcourt Park maintenance fund	4	1	(3)	2
General reserve fund	8	2	(1)	9
Blue Mountain roading levy	50	10	0	60
Akatarawa roading levy	69	37	(5)	101
Kaitoke roading levy	19	0	(1)	18
Mangaroa roading levy	229	16	(3)	242
Katherine Mansfield roading levy	0	20	(20)	0
Moonshine Hill Road levy	5	0	0	5
Alexander Road levy	9	1	0	10
Swamp Road levy	0	0	0	0
Library redevelopment fund	0	0	0	0
Cemetery development	0	0	0	0
Trench resealing levy	11	1	0	12
Kurth Crescent stormwater levy	44	2	0	46
H ² O Plant renewal reserve	0	257	0	257
Total special funds for 30 June Parent	3,037	1,568	(656)	3,949
Arts scholarship fund	39	1	(1)	39
Total special funds for 30 June Group	3,076	1,569	(657)	3,988

Special funds for 2015 - 2016	Balance 1 July 2015 (\$000)	Transfers into fund (\$000)	Transfers out of fund (\$000)	Balance 30 June 2016 (\$000)
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
Total special funds for 30 June Parent	1,861	1,312	(136)	3,037
Arts scholarship fund	38	2	(1)	39
Total special funds for 30 June Group	1,899	1,314	(137)	3,076

B – OTHER ACCOUNTS RESTRICTED BY LAW

	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Opening balance 01 July	4,503	4,467	4,503	4,467
Transfers from net surplus	2,363	1,576	2,363	1,576
Transfers to accumulated funds	(1,211)	(1,540)	(1,211)	(1,540)
Closing balance 30 June	5,655	4,503	5,655	4,503

Contents of other accounts restricted by law	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Dog control account	0	0	0	0
Water rate account	575	803	575	803
Stormwater rate account	106	456	106	456
Wastewater rate account	2,695	3,244	2,695	3,244
Closing balance 30 June	3,376	4,503	3,376	4,503

Other accounts restricted by law for 2016 - 2017	Activities to which the reserve relates to	Balance 1 July 16 (\$000)	Transfers into fund (\$000)	Transfers out of fund (\$000)	Balance 30 June 17 (\$000)
Dog control account	Dogs	0	84	(84)	0
Water rate account	Water	803	793	(228)	1,368
Stormwater rate account	Stormwater	456	664	(350)	770
Wastewater rate account	Wastewater	3,244	822	(549)	3,517
Closing balance 30 June		4,503	2,363	(1,211)	5,655

Other accounts restricted by law for 2015 - 2016	Activities to which the reserve relates to	Balance 1 July 15 (\$000)	Transfers into fund (\$000)	Transfers out of fund (\$000)	Balance 30 June 16 (\$000)
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
Closing balance 30 June		4,467	1,576	(1,540)	4,503

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

	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Opening balance 01 July	435,478	439,589	435,503	439,589
Revaluation gains (losses) #	20,557	(2,898)	20,557	(2,873)
Transfer of revaluation reserve to/from accumulated reserve on disposal of property, plant and equipment	(770)	(1,213)	(770)	(1,213)
Closing balance 30 June	455,265	435,478	455,290	435,503
Consists of :-				
General asset revaluation reserve	29,589	29,799	29,614	29,824
Land and street trees asset revaluation reserve	40,806	30,711	40,806	30,711
Roading asset revaluation reserve	125,690	121,454	125,690	121,454
Stormwater asset revaluation reserve	94,089	92,888	94,089	92,888
Hutt Valley Wastewater Scheme revaluation reserve	26,259	26,259	26,259	26,259
Wastewater asset revaluation reserve	71,990	69,966	71,990	69,966
Water asset revaluation reserve	66,842	64,401	66,842	64,401
Closing balance 30 June	455,265	435,478	455,290	435,503

At 1 August 2016 Maidstone Terrace and Duncraig Street land was classified as an Operational Property and was revalued by Quotable Value for \$1.062 M in the Revaluation Reserve.

Note 23 – Reconciliation of surplus/(deficit) after tax to net cashflow from operating activities

	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Surplus/(deficit) after tax	470	1,719	473	1,767
Add/(less) non-cash items:				
Depreciation	13,438	13,203	13,449	13,213
Donated asset	0	0	0	0
Vested assets	(1,640)	(7,443)	(1,640)	(7,443)
Amortisation of intangible	0	43	0	43
Impairment of receivables	9	8	9	8
Loss (profit) on derivative	(936)	1,496	(936)	1,496
Rates remission	105	102	105	102
Potential weathertightness claims	42	70	42	70
	11,018	7,479	11,029	7,489
Add/(less) items classified as investing or financing activities:				
Impairment of investments	(4)	(26)	(4)	(26)
Loss on disposal of property, plant and equipment	1,235	1,546	1,235	1,546
Profit on disposal of property, plant and equipment	0	(75)	0	(75)
	1,231	1,445	1,231	1,445
Movements in working capital items				
(Increase)/decrease in trade receivable	30	(634)	12	(669)
(Increase)/decrease in inventories	7	(10)	7	(12)
Increase/(decrease) in trade and other payables	250	(167)	280	(167)
Increase/(decrease) in employee benefits	16	(193)	17	(200)
	303	(1,004)	316	(1,048)
Net cash inflow/(outflow) from operating activities	13,022	9,639	13,049	9,653

Note 24 – Contingencies

Contingent liabilities	Actual Parent 30 Jun 17 (\$000)	Actual Parent 30 Jun 16 (\$000)	Actual Group 30 Jun 17 (\$000)	Actual Group 30 Jun 16 (\$000)
Guarantees	0	0	0	0
Other legal unqualified claims	1,120	920	1,120	920
Total contingent liabilities	1,120	920	1,120	920

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 (80%), New Zealand Government (20%), and 14 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 2017, the LGFA had borrowings totalling \$7.945 billion (2016, \$6.445 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 four claims outstanding; all four have proceedings issued on them. (2016, seven claims, seven proceedings).

CONTINGENT LIABILITY CLAIM- CARTER HOLT HARVEY

In April 2013, The Ministry of Education (MOE) initiated High Court Proceeding against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. Subsequently, in December 2016, CHH commenced third party proceedings against 48 councils, including Upper Hutt City Council alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code of Compliance Certificates. The Councils have applied for orders setting aside and striking out CHH's claims against them. The MOE's claim against CHH is for 833

school buildings, 13 claims of which are 7 schools located in Upper Hutt. At present there is insufficient information to conclude on potential liability and claim quantum, if any.

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 2017, there are 36 facilities, having an approximate value of \$6.949 M (2016, 36 facilities - \$7.044 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:

	30 Jun 17 \$	30 Jun 16 \$
Salary	250,521	247,241
Private use of a car	18,940	18,934
Total remuneration, including fringe benefit tax	269,461	266,175
The Chief Executive Officer's actual remuneration was:		
Salary	250,427	245,875
Private use of a car	18,940	18,934
Actual total remuneration, including fringe benefit tax	269,367	264,809

Note 26 – Remuneration of elected members

During the year Upper Hutt City Council paid total costs, including meeting allowances of \$459,271 (\$456,645 at 30 June 2016) to elected members, as follows:

	Actual 30 Jun 17 \$	Actual 30 Jun 16 \$
His Worship the Mayor, Wayne Guppy	109,316	106,650
Deputy Mayor John Gwilliam	43,528	47,702
Cr. Dave Wheeler	34,270	33,665
Cr. Glenn McArthur	38,749	42,197
Cr. Hellen Swales	37,227	36,600
Cr. Blair Griffiths	35,314	30,653
Cr. Paul Lambert	31,263	30,500
Cr. Angela McLeod	31,314	30,704
Cr. Steve Taylor	31,262	30,500
Cr. Ros Connelly (commenced 20 October 2016)	21,884	0

Cr Chris Carson (commenced 20 October 2016)	21,884	0
Cr. Dean Rabbitt (retired 20 October 2016)	11,255	30,500
Cr Mary Amour (retired 20 October 2016)	9,379	36,600
Total remuneration of elected members	456,645	456,271

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.

	Actual 30 Jun 17 \$	Actual 30 Jun 16 \$
Deputy Mayor J. Gwilliam	18	5,002
Cr. D Wheeler	26	115
Cr. G McArthur	18	4,072
Cr. B Griffiths	10	153
Cr. McLeod	26	204
Total resource consents hearing fees	97	9,546

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 (2016, \$nil). During the year Council had the following transactions:

A – with Expressions Arts and Entertainment Trust (Expressions)	Actual 30 Jun 17 (\$000)	Actual 30 Jun 16 (\$000)
i. During the year Council had the following transactions:		
Grants	627	624
Maintenance Management Fee	22	22
Other	5	5
Total with Expressions Arts and Entertainment Trust (Expressions)	653	651

- ii. At year-end 2017, \$56,220 (\$40,552 in 2016) was owed by Expressions to Council; also Council owed \$0 to Expressions (\$9,888 in 2016).
- iii. Expression has entered into a 3 year operating lease with the Upper Hutt City Council for the building that they operate from.
The lease agreement expires on 30 June 2018; however this can be extended by agreement between both parties.
The lease payments incurred by Expressions for the building are \$1 per annum, which is well below market related rates.

B – with Councillors	Actual Parent 30 Jun 17 (\$)	Actual Parent 30 Jun 16 (\$)	Actual Group 30 Jun 17 (\$)	Actual Group 30 Jun 16 (\$)
Nil	0	0	0	0
Total with Councillors Upper Hutt City Council	0	0	0	0
Peter Benner	0	0	6,521	7,170
Upper Hutt Concert Grand Piano Trust (Net)	0	0	3,200	3,200
Total for group	0	0	9,721	10,370

C – Key management personnel compensation	Actual Parent 30 Jun 17 (\$)	Actual Parent 30 Jun 16 (\$)	Actual Group 30 Jun 17 (\$)	Actual Group 30 Jun 16 (\$)
The Mayor and Councillors				
Remuneration	459,674	456,271	459,674	456,271
Full-time equivalent members	11	11	11	11
Senior Management Team, including the Chief Executive				
Remuneration	1,132,550	1,087,069	1,233,004	1,186,125
Full-time equivalent members	6	6	7	7
Total key management personnel compensation	1,592,224	1,543,340	1,692,678	1,642,396
Total full-time equivalent personnel	17	17	18	18

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 2017 was nil (2016, nil). The group was nil (2016, nil).

Expressions paid \$6,521 to a company in which a senior staff member of Expressions is a sole shareholder (2016: \$7,996 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 2017 Upper Hutt City Council made nil severance payments to employees (2016, nil).

For the year ending 30 June 2017 Upper Hutt City Council Group made nil severance payments to employees (2016 one \$5,556).

Note 29 – Summary of employee levels

	30 Jun 17 Employee Numbers	30 Jun 17 Full time Equivalent Employee Numbers
Casual employees	34	5
Part-time employees	45	17
Full-time employees	51	51
Band range \$60,000 or under total remuneration	130	73
Full-time employee band range \$60,001 to \$80,000 total remuneration	37	37
Full-time employee band range \$80,001 to \$100,000 total remuneration	12	12
Full-time employee band range \$100,001 to \$120,000 total remuneration	10	10
Full-time employee band range \$120,001 to \$200,000 total remuneration	7	7
Full-time employee band range \$200,001 to \$280,000 total remuneration	1	1
Total employee numbers	197	140

	30 Jun 16 Employee Numbers	30 Jun 16 Full time Equivalent Employee Numbers
Casual employees	70	7
Part-time employees	63	25
Full-time employees	64	64
Band range \$60,000 or under total remuneration	197	96
Part-time employees	1	1
Full-time employees	29	29
Full-time employee band range \$60,001 to \$80,000 total remuneration	30	30
Full-time employee band range \$80,001 to \$100,000 total remuneration	13	13
Full-time employee band range \$100,001 to \$120,000 total remuneration	6	6
Full-time employee band range \$120,001 to \$160,000 total remuneration	6	6
Full-time employee band range \$160,001 to \$280,000 total remuneration	3	3
Total employee numbers	255	154

Total remuneration includes all financial and non-financial benefits provided to employees.

Where the number of employees in any band is 5 or fewer, the number for that band is combined with the next highest band.

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 2016 – 2017 Annual Plan/2015 – 2025 Long Term Plan are as follows:

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

Operating Revenue was \$2,527,000 below estimate.

The following are the main variances;

- Rate income was up by \$301,000 over that estimated, due to the growth of subdivisions within the city.
- Fees & Charges were below estimate by \$2,423,000 for Council, the main components being:
 - Metered water charges are up by \$220,000 due to higher usage.
 - Other income is down \$3,743,000 due to a hold up in the development and sale of Maidstone Terraces housing.
 - Library income was down \$113,000, due to lower demand, free internet usage and technology changes.
 - Vested asset income was down by \$652,000 due to market conditions of increased subdivisions.
- Development and financial contributions were up by \$253,000, mainly covering increased subdivisions to market conditions.
- Subsidies and Grants were down by an estimate of \$624,000. The following are the main variances:
 - Roading subsidies – the NZTA subsidy for the bridge carryover was less \$142,000.
 - Other grants budgeted for \$596,000 was not received.
- Operating Expenditure was \$371,000 above estimate. The following are the main variances:
 - Depreciation was \$165,000 higher than budget. This reflects the impact of asset revaluations and depreciation of the Wastewater project.
 - \$605,000 loss on disposal mainly reflects the write down of park assets.
 - Following a large increase in the number of building consents being received, further staff were employed in the Building Team resulting in personnel costs increasing by \$174,000.
- Finance costs for interest expenses were lower than budget by \$476,000 for the following reasons.

- Lower interest rate percentages during the year against budget expectations
- Not all projects have been completed, thus new loan funding has not been drawn down to incur interest costs.
- Bulk drainage levy down by \$986,000. Expenditure by joint project is lower than expected.
- Bulk water levy is up by \$110,000. Allocation of bulk costs is higher due to higher usage.
- Other costs were above budget by \$496,000.

STATEMENT OF FINANCIAL POSITION

Asset revaluation reserves have increased by \$32.777 M due to the revaluation of Infrastructural assets.

Public debt at balance date was \$34.5 M. This compares with an estimate of \$39.716 M; the difference is due to carryover of \$5.216 M worth of loan funded projects approved by Council.

CAPITAL EXPENDITURE

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

STATEMENT OF CHANGES IN EQUITY

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

Note 31 – Discontinued activities

2017 nil (2016, 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 (2016: no events).

Note 33 – Explanation of difference between financial statements and the Long Term Plan (LTP)

Reclassification adjustments:

- a. For the Council and Group, targeted rates for Water supply of \$4.183 M have been reclassified from rates to exchange revenue. LTP \$4.168 M.
- b. For the Council and Group, Solid Waste charges of \$576,000 have been reclassified within the fees and charges note. LTP \$533,000.
- 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)

The Council's Equal Employment Opportunity Policy is intended to foster a culture within Council where the values of merit and fairness underpin all decisions relating to employment. The focus of this policy is to value diversity within the workplace and to create a work environment where all employees are given the opportunity to develop to their full potential.

Council is committed to recognising and valuing different skills, talents and perspectives of employees. There is on-going commitment to identify/eliminate discrimination barriers that cause or perpetuate inequality in employment.

The Council has appropriate processes to meet the seven key elements of 'the Good Employer' as prescribed by the Human Rights Commission which are:

- Leadership, accountability and culture
- Recruitment, selection and induction
- Employee development, promotion and exit
- Flexibility and work design
- Remuneration, recognition and conditions
- Harassment and bullying prevention
- Safe and healthy environment

We have consistent recruiting and selection procedures which are followed to ensure fairness and equal opportunity. Training and development opportunities are considered for all employees as part of development plans on an annual basis which provide an equitable approach to developing all employees. We have policies that cover flexible working arrangements that assist employees balance work with the rest of their commitments. Where an individual may feel personally disadvantaged there are established grievance procedures available and Employees also have access to an employee assistance programme.

Performance against Year 2 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 17 (\$000)	LTP Forecast 30 Jun 17 (\$000)	Actual 30 Jun 16 (\$000)	LTP Forecast 30 Jun 16 (\$000)
Key targets				
Total income	52,523	48,734	53,802	50,942
Total expenditure	52,053	51,072	52,083	50,292
Operating surplus / (deficit)	470	(2,338)	1,719	650
Total equity / net assets	692,901	665,086	671,874	664,609
Public debt	34,500	41,281	32,456	39,222
Capital expenditure	14,980	14,015	19,941	21,607
Specific activities (net funding)				
Leadership	2,612	2,473	2,336	2,433
Land Transport	5,559	5,804	4,998	5,225
Water Supply	4,942	5,477	5,148	5,183
Wastewater	6,186	6,610	6,053	6,503
Stormwater	1,738	2,103	1,607	1,777
Solid waste	(285)	(276)	(307)	(274)
Planning and regulatory services				
<i>City Planning</i>	1,456	1,635	1,339	1,713
<i>Building and compliance services</i>	881	821	1,463	835
Community and recreation				
<i>Community Development</i>	701	654	640	636
<i>Activation</i>	314	294	308	283
<i>Emergency Management</i>	469	653	562	641
<i>Parks and Reserves</i>	2,205	2,527	2,315	2,474
<i>H²O Xtream</i>	2,179	1,852	1,656	1,597
<i>Library</i>	2,993	2,697	2,702	2,659
<i>Expressions Arts and Entertainment Centre</i>	1,010	874	774	912
<i>Property</i>	109	150	69	181
<i>Akatarawa Cemetery</i>	(29)	9	(23)	7
<i>Support services</i>	10	50	54	42
Economic Development	1,483	1,428	1,390	1,287

Actual versus Long Term Plan (LTP)

Explanations for major variations from the Council 2016 – 2017 Annual Plan/2015 – 2025 Long Term Plan Year 2 are as follows:

Statement of Comprehensive Revenue and Expense

Operating Revenue was \$3,789,000 above estimate. The following are the main variances:

- Rate income was up by \$273,000 over estimate due to growth of subdivisions within the city.
- Fees and Charges were above estimate by \$2,193,000 for Council. The main components being:
 - permit and license fees up by \$74,000 reflecting current market conditions
 - metered water charges up by \$195,000 due to higher usage and increase in charges
 - insurance recovery for the Bridge Road bridge \$749,000 and H₂O Xstream roof \$148,000.
- other income was up \$1,658,000 due to:
 - Greater Wellington Regional Council for the Pinehaven Steam Project Recovery \$136,000
 - \$936,000 due to movements from derivatives.
- Vested asset income was down by \$652,000 due to market conditions of increased subdivisions.
- Development and financial contributions were up by \$256,000 primarily covering increased subdivisions to market conditions.
- Subsidies and Grants were up by an estimate of \$1,086,000 due to an increase in roading subsidies for the Bridge Road bridge replacement.

Operating Expenditure was \$981,000 above estimate. The following are the main variances:

- Personnel costs increased by \$551,000 above LTP. This was due an increase in staff employed in City Planning, Policy and Reporting, Marketing, City Promotion, H₂O Xstream, and Library and the necessity of extra building inspectors following a large increase in building activity in Upper Hutt this year.

Finance costs for interest expenses were lower than budget by \$526,000 for two reasons.

- Lower interest rate percentages during the year against budget expectations.
- Not all projects have been completed, thus new loan funding has not been drawn down to incur interest costs.

Bulk drainage levy down by \$139,000. Expenditure by joint project is lower than expected.

Other costs were above budget by \$1,104,000 and they mainly comprised of:

- Insurance up by \$112,000.
- Loss on disposal \$598,000 reflects the write-down of a number of assets.

- Electricity up by \$220,000 due to higher usage and price increases.
- Land transport general maintenance was up \$151,000.
- Water reticulation cost up by \$227,000.

Statement of Financial Position

Asset revaluation reserves have increased by \$29.962 M due to the revaluation of Infrastructural assets.

Public debt at balance date was \$34.5 M. This compares with estimate of \$41.281 M; the difference is due to carryover of \$5.772 M of loan funded projects approved by Council and changes to some phasing of the LTP capital projects eg cycleways.

Capital Expenditure

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

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%	71%	7			0% - 10%	29%
Land Transport	50% - 70%	49%	7			30% - 50%	51%
Water Supply				80%	74%	20%	26%
Wastewater				90% - 100%	93%	0% - 10%	7%
Stormwater				90% - 100%	89%	0% - 10%	11%
Solid waste						100%	100%
Planning and Regulatory Services							
City Planning	65% - 90%	57%	9			10% - 35%	43%
Building and Compliance Services							
Dog Control	0%	32%	4			100%	68%
Building Control	0% - 30%	33%	5			70% - 100%	67%
Environmental Health	75% - 90%	80%				10% - 25%	20%
Parking Enforcement	0% - 15%	0%				85% or more	100%
Liquor Licensing	0% - 20%	26%	8			80% - 100%	74%
Community and recreation							
Community Development	Up to 100%	87%				Up to 100%	13%
Activation	Up to 80%	27%				20% - 85%	73%
Emergency Management	85% - 100%	67%	6			0% - 15%	33%
Parks and Reserves	90% - 100%	71%	10			0% - 10%	29%
H2O Xtream	40% - 65%	60%				35% - 60%	40%
Library	85% - 95%	94%				5% - 15%	6%
Expressions	Up to 100%	97%				Up to 100%	3%
Property	0%	33%				100%	67%
Akatarawa Cemetery	Balance	0%				Up to 100%	100%
Economic Development	95% - 100%	98%				0% - 5%	2%

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. Lower cost now required for Rural Fire

7. One-off income source

8. Actual Fees and Charges higher than budget

9. Higher Reserve Fund Contribution received

10. Vested Assets this year improved the overall Fees and Charges

Upper Hutt City Council

OUR MAYOR AND COUNCILLORS



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Upper Hutt City Council

OUR CORPORATE MANAGEMENT TEAM



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Democratic services
Executive support



Mike Ryan

COMMUNITY SERVICES

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



Ian Johnson

CORPORATE SERVICES

Information systems
Customer services
Administration
Legal services
Insurances
Finance



Steve Taylor

BUSINESS DEVELOPMENT SERVICES

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



Lachlan Wallach

ASSET MANAGEMENT AND OPERATIONS

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



Richard Harbord

PLANNING AND REGULATORY SERVICES

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

Independent Auditor's Report

To the readers of Upper Hutt City Council's annual report for the year ended 30 June 2017

The Auditor-General is the auditor of Upper Hutt City Council (the City Council) and its subsidiary (the Group). The Auditor-General has appointed me, Mari-Anne Williamson, using the staff and resources of Audit New Zealand, to report on the information in the City Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the City Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the City Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 31 October 2017. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 120 to 198:
 - present fairly, in all material respects:
 - the City Council and Group's financial position as at 30 June 2017;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards;
- the funding impact statement on page 99, 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's annual plan;
- the report on Council performance on pages 31 to 97:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2017, 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; and
- the statement about capital expenditure for each group of activities on pages 100 to 108, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 100 to 108, 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's Long-term plan.

Report on the disclosure requirements

We report that the City Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 109 to 116, which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council and Group's audited information and, where applicable, the City Council's long-term plan and annual plans.

Basis for opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

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 enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there

is an intention to amalgamate or cease all of the functions of the City Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the City Council's long-term plan and annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the report on Council performance, as a reasonable basis for assessing the levels of service achieved and reported by the City Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the City Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the City Council and the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 3 to 30, 117 to 119 and 199 to 206, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the City Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit and our report on the disclosure requirements, we have no relationship with or interests in the City Council or its subsidiary.



Mari-Anne Williamson
 Audit New Zealand
 On behalf of the Auditor-General
 Wellington, New Zealand



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