

UPPER HUTT CITY

Annual Report 2017 – 2018

1 JULY 2017 – 30 JUNE 2018



Contents

Annual Report Summary

Foreword—from His Worship the Mayor and the Chief Executive	3
Our Vision	4
About the Annual Report	5
A snapshot of the year	6
Non financial performance (summary)	17
Development of the Long Term Plan 2018 – 2028	20
One year of investment	22
Statement of compliance and responsibility	23

Report of Council performance by activity

Leadership	24
Land transport	30
Water supply	37
Wastewater	41
Stormwater	45
Solid waste	49
Planning and regulatory services	54
Community services	60
Economic development	73

Level of service and performance measures 80

Funding impact statements 101

Schedule 5 Annual report disclosure statement 114

Financials	122
Council financial statistics	124
Financial statements	128
Quality assurance statement	198
Performance against Year 3 of the Long Term Plan 2015 – 2025	199
Funding policy statement	202
Our Mayor and councillors	203
Our Executive Leadership Team	204
Independent audit report	205



Foreword

FROM HIS WORSHIP THE MAYOR AND THE CHIEF EXECUTIVE

Welcome to Upper Hutt City Council's Annual Report for 2017 – 2018. It's been an eventful year in our journey as a city, adopting another Long Term Plan and continuing toward our Life. **Leisure. Live it!** vision. This financial year has positioned us well to begin our new Long Term Plan projects and increase our momentum toward our vision outcomes.

The completion of work around Upper Hutt Station and Princes Street has certainly achieved the desired outcomes. Commuters are now greeted with an open view and welcoming social space—and businesses in the area are flourishing and expanding.

In addition to the completed works around Upper Hutt Station, we partnered with Greater Wellington Regional Council to have murals installed through the underpass from Station Crescent to Park Street. This is just one more of the mural projects completed through our ongoing painted environment programme, making the space brighter, safer, and more enjoyable to use. This painted environment programme has been extremely successful in building civic pride and ownership in areas around the city and reducing the occurrence of graffiti. As a region, we launched the Wellington Regional Graffiti Prevention Strategy in December 2017, bringing 14 agencies and councils together to ensure we have a proactive and collaborative approach to minimise graffiti around the entire region.

Business investment in our city is continuing to grow. 28 new businesses started in Upper Hutt during the financial year. We partnered with PopUp Business School Aotearoa in March to help new entrepreneurs get started. Dzine Signs and LEDA expanded and moved into Alexander Business Park—continuing to validate the area as a robust and viable location for industrial activity. Retail spending in Upper Hutt is demonstrating year-on-year increases with the May – June period up 5.8% from the same time last year.

A significant issue for Council this year has been the closure of the Central Library building in February. Remedial works to bring this building up to an acceptable standard continue to progress toward completion in December. Despite the disruptions and cost, Council's prudent financial management has left us in a strong financial position even after remedial works are taken into account. We are extremely proud of the way our library staff have been able to creatively re-engineer how some programmes were offered and minimise disruption to service.




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 articulate five strategic priority areas. They are focused on goals and aspirations to provide direction for 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 that Council carried out in 2017 – 2018 are identified under each of the strategic priority areas in this report.

About the Annual Report

Each year Upper Hutt City Council produces an Annual Report. The purpose of the Annual Report is to compare actual performance against the planned activities and performance, as set out in the in the Long Term Plan and Annual Plan. It is a document that outlines Council's achievements and accountability to the community for decisions made throughout the year.

This summary document provides a snapshot of the performance of Upper Hutt City Council for the period 1 July 2017 to 30 June 2018.



A snapshot of the year



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.



Hazardous waste collection

The annual hazardous waste collection took place on 28 October 2017, a hot and busy day at the Council depot. 234 vehicles dropped off hazardous waste including: oil, petrol, batteries, chemicals, DDT, lightbulbs and gas cylinders for recycling and safe disposal.



Be the Change—Sustainability in our Community

'Be the Change—Sustainability in our Community' was a pilot programme for year 7 and 8 students. This Sustainability Strategy education project was delivered in partnership with Maidstone Intermediate School, Upper Hutt Forest & Bird, Activation, Ōrongomai Marae and other community groups. The project emphasised the power of working together for positive change for people and our environment, and encouraged students to have the confidence and skills to take action for sustainability in their own lives and in their community. Students learnt about the limited carrying capacity of our planet, the impacts of consumption, and some ways we can take action to make a difference. Activities included a visit to Ōrongomai Marae and the maara kai, planting with Forest & Bird, making reusable cloth bags, and concluded with a visit to the rainforest at Kaitoke Regional Park.



World Water Day Forum

Upper Hutt City Council held a forum on United Nations World Water Day in March this year, to promote discussion and action for protecting Te Awa Kairangi (Hutt River). Presentations from councils and community based organisations demonstrated how they are taking action to protect the river and highlighted opportunities for people to get involved with local projects.



March Madness – community volunteers for zero waste events

In February community volunteers attended training with the Para Kore programme facilitator at Orongomai Marae to learn about zero waste events. Volunteers from Upper Hutt College and Orongomai Marae then took what they learned back to the community and used their new skills at the March Madness fair.



Choose to Reuse campaign

Council's reusable bag campaign was very well received by our community and retailers, sparking interest from other councils and community groups around the country. The project was an action under Council's Sustainability Strategy, and Waste Management and Minimisation Plan (WMMP). The project aimed to raise awareness of the long-term environmental impact of plastics on our environment and to support the WMMP goals of reducing waste to landfill.



Mangaroa River Restoration Project

The streamside planting programme in the Mangaroa Valley is now in its fifth year and has contributed to 10,000 native trees being planted on private land. The scheme contributes to improved water quality, and increased awareness of the impact of land-use on water quality. Participating landowners have been very supportive of this initiative. One landowner said, "It's about being a decent human being and doing the right thing for present and future generations."





COMMUNITY

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

We're Upper Hutt. We're family.

Upper Hutt City Library

In early February 2018 an engineer's report identified parts of the Upper Hutt Central Library structure as being earthquake prone. Council took the precautionary measure of closing the library immediately.

Council and community alike were extremely proud of the adaptable team at the library during this time. The library team worked tirelessly to ensure minimal disruption by creating alternative means to deliver services to customers during the closure. On 26 April 2018 the Pop-Up Library opened on Level 1 of the CBD Towers containing a part of all of the Library's significant collections.

Youth Employment Programme: Keeping it REAL

A new youth employment programme was developed in April this year and is being delivered by the Community Development team.

The Keeping it R.E.A.L programme (Realistic Employment Aspirations Locally) is an eight week collaborative project with Work and Income and a number of local stakeholders, including businesses and community groups.

A member of the Community Development team has been working with groups of young people between the ages of 18 and 24. Of the initial intake, six young people now have employment, two have moved into study, three are currently on work experience/volunteering in the community, one is enrolling in a nursing degree, and one young person has been awarded a scholarship to attend Outward Bound (and following this, will move into employment).



Free child safety car seat check

Upper Hutt City Council worked to help families and whānau ensure their children were travelling safely by providing a free car seat check. Anecdotal findings suggest that up to 80% of child car seats are not installed correctly and safely. Qualified restraint technicians from the national charity Cheeks in Seats checked car seats were suitable and installed correctly.

Hutt Science

Hutt Science is an exciting initiative that aims to inspire young people and make them enthusiastic about science and technology, while contributing to educational outcomes and promoting careers in science. Council worked in collaboration with Upper Hutt principals to deliver the programme to all primary and intermediate schools in Upper Hutt in 2018. Young people found out about the science of bubbles and made their own (safe!) explosions along with many other exciting science experiments.



Reporting, preventing and removing graffiti vandalism

Council's Community Development Team developed and published a new resource for those affected by graffiti vandalism.

The publication, 'Reporting, preventing, and removing graffiti vandalism' aims to support the eradication and prevention of graffiti vandalism throughout the city, and increase knowledge and awareness of when and how to report crime.



Activation

The Activation team had another full year encouraging our residents to get more active more often with a wide range of exciting programmes and events for all ages. Standout events included:

- The 11-week *Parks & Places* summer programme attended by 3,300 people
- Buggy Walks
- ALIVE and GOLD (*Growing Old Living Dangerously*) programmes
- The annual Month of Wheels (formerly Breakaway)





UPPER HUTT CITY COUNCIL'S ACTIVATION TEAM







CITY CENTRE

Our city centre is alive, attractive and vibrant.

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



Supporting retailers

Council's dedicated Retail and Business Liaison Officer, Sarah Garnham, works in partnership with Upper Hutt retailers and city centre businesses to encourage growth, sustainability, and resilience. Council conducts a survey of retailers and businesses each year to gauge satisfaction with the support and services provided. Feedback again highlighted how integral it is to have Sarah acting as a conduit between Council and the retail and business community, and representing the interests of the city centre across Council decisions. Satisfaction with the support and service remained over 90% for 2017 – 2018.



Supporting new or relocating businesses

Council is committed to supporting the establishment of businesses new to Upper Hutt while also, through the Economic Development Stimulus Policy, enabling the refurbishment of empty buildings to a level where businesses needing to relocate can move to. Cameron Harrison Butchery and Delicatessen, Salute Hair and Day Spa, Avison's Living and Leisure, Created, and Print Big are examples of some of the new businesses and recent relocations that Upper Hutt City Council supported in 2017 – 2018.

City centre upgrade

Our community is delighted with the new-look area between the Upper Hutt Station and Princes Street. The exciting upgrade, along with the relocation of two of our popular statues, has succeeded in the redirection of foot traffic into Main Street, while giving the surrounding area a modern open feel, bringing a new vibe to the city.

Delays to the project created some hurdles for local businesses, Council and contractors. However the upgrade, the redevelopment of several retail premises, and leasing of vacant spaces, has resulted in a more attractive proposition for new retailers to come and set up businesses. The many cafés in the city centre provide a very *European Al Fresco* feel with the outdoor tables and umbrellas.



ECONOMY

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

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



Engaging with developers, businesses, and landowners

Council is focused on building an understanding across the region that Upper Hutt is 'open for business,' and is working hard to attract and retain investment in projects which benefit the people and economy of the city. In 2017 – 2018, our stimulus policy provided incentives to a broad spectrum of businesses, including specialty retail, commercial services, industrial manufacturing, and export. Development grants totalling \$250,000 have encouraged these diverse businesses to invest over \$5.2 million in capital development, directly benefiting Upper Hutt through job creation and economic growth.



Brewtown

In late March 2018, Council hosted 150 delegates from around the world at Brewtown, the site previously used by Dunlop. All were involved in the brewing industry and were in Wellington for a global conference. The delegates chose to experience Upper Hutt craft beer on the day prior to their departure.



Growth has continued at Brewtown with the number of award-winning craft breweries growing each year. It is certainly becoming a destination for lovers of craft beer and food. Council has maintained its support of this initiative, by providing a range of grants to help establish a strong craft-brewing industry in Upper Hutt. Since 2015, more than 70 full-time jobs have been created through this precinct development.



Tourism

Upper Hutt City Council has developed the Hutt Valley Tourism Action Plan 2018 – 2021 in collaboration with Hutt City Council. The plan provides a framework for a collaborative approach to tourism across Hutt City and Upper Hutt City. It identifies ways in which our two councils can work together, and with other partners, to manage the Hutt Valley as a unified destination.



PopUp Business School

HELPING BUDDING ENTREPRENEURS ACHIEVE EARLY SUCCESS

In March 2018, Upper Hutt City Council partnered with the business community to bring the PopUp Business School Aotearoa to the city as part of its economic and social development initiatives.

Over ten days, the PopUp Business School delivered twenty workshops designed to equip participants with the tools they need to start their own business. Topics included building a website for free, the quickest way to find a customer, and how to start a business with little money.

The PopUp Business School has given our community an opportunity to gain some key business skills that they might not otherwise be able to access. The programme was described by candidates as “life-changing.”



Council-supported regional events

Council supported a number of regional events for the period 2017 – 2018, awarding more than \$30,000 in grants to community groups, local event organisers, and major event organisers. Grants were awarded for a range of events, such as the Just So Festival, Spring Festival, Karapoti Classic, and Round 1 of the NZ Xtreme Motorsports Series at Max Motors Wellington Speedway. Funded events attracted over 60,000 people, including locals, regional visitors, and national visitors to Upper Hutt.



INFRASTRUCTURE

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

We're Upper Hutt. We're connected.



Overview of water supply, wastewater, and stormwater (3 waters) activities

RESILIENCE UPDATE FROM WELLINGTON WATER

Wellington Water, a council-controlled organisation, is jointly owned by Upper Hutt, Hutt, Porirua, and Wellington city councils and Greater Wellington Regional Council. Wellington Water's role is to manage drinking water, stormwater, and wastewater services in the Wellington region with a focus on promoting water conservation and sustainability.

Following the Christchurch and Kaikoura earthquakes, Wellington Water has developed three key approaches to resilience:

- 1. Your home:** 20 litres of stored water, per day, for up to 7 days. The concept is to encourage people to think about their water storage, and to get prepared.
- 2. Your community:** The region has been divided into 17 isolated 'islands'. Wellington Water are establishing at least 22 water stations across the 'islands'. Of the 22 water stations, 12 are now either under construction or have been constructed. More than 300 water collection points will be regularly supplied from water stations and existing reservoirs.
- 3. Our region:** Wellington Water has developed a long-term programme of projects to improve the resilience of network infrastructure and the service they provide.

Investment for three waters includes the maintenance and renewal of existing assets that provide essential services, with new initiatives that support urban growth, resilience, public health and environmental quality.

Road safety improvements

LED UPGRADE OF STREETLIGHTS AND PEDESTRIAN CROSSINGS

The Upper Hutt LED street light upgrade programme reached completion ahead of time, with Mayor Wayne Guppy installing one of the final LED fittings on 28 June 2018. The LED lights provide brighter and more natural light, which improves visibility, safety, and security. They also use up to 65% less power and will cost up to 70% less to maintain.



ROADWORKS

Improvements were made to a number of roads and bridges through the year:



- Karapoti Road storm damage: Following heavy rain on 26 September 2017, part of Karapoti Road was significantly damaged. The road was closed to the public. However residents were allowed through, initially on foot only. A retaining wall was constructed, and the road was resealed allowing public access again in time for the Christmas holiday period.
- Akatarawa Road storm damage: Following heavy rain on 22 February 2018, a slip occurred that required a retaining wall to be constructed. This has improved the resilience of the road, and provided a section where there are now two lanes.
- Blue Mountains Road retaining wall: Work has been completed to improve the safety of a section of the road where an accident occurred last year.
- Council has constructed a new footpath linking Akatarawa Road to Sunnyview Drive, and replaced the existing path across private property through the Brown Owl shopping centre.
- City centre upgrade: Following pipe renewals between Main Street and Wakefield Street, the kerb and channel at the edge of the road were replaced, footpaths repaved, and the road resurfaced.
- A section of Fergusson Drive, south of the city centre, was resurfaced.



Non-financial performance

Here we summarise our non-financial performance results, as described in the Long Term Plan 2015 – 2025. Overall results for the 2017 – 2018 financial year have remained fairly consistent with the previous financial year. 74% (46 of the 62) measures have been achieved. Full details of all performance measures can be viewed in the *Level of service objectives and performance measures* section within the full Annual Report 2017 – 2018.

LAND TRANSPORT

Satisfaction with street lighting, and cleanliness of the city’s streets (as measured by the Community Survey) were not achieved. However, both results were within the margin of error ($\pm 4.9\%$).

The road maintenance target (area of sealed local road network that is resurfaced) was not achieved. Roads with high traffic volumes such as Fergusson Drive, are more expensive to maintain. Therefore the total quantity of resurfacing was adjusted to match available budget.

In 2016 – 2017 there were 11 crashes involving serious injury or fatalities. In 2017– 2018 we saw a significant reduction, with 4 crashes involving serious injury or fatalities.

WATER SUPPLY, WASTEWATER, AND STORMWATER

Two fault response time targets were not met for water supply due to a significant increase in water network bursts and leaks over the extended summer. This was a region-wide issue that compromised initial response times to all jobs. All wastewater and stormwater targets were achieved in 2017 – 2018.

PLANNING AND REGULATORY SERVICES

Whilst the LIMs target was not achieved, we had a 6% improvement on the previous year.

The parking enforcement satisfaction target was not achieved. Council’s objective continues to be to promote and enforce the efficient use of parking spaces in the city centre.

COMMUNITY AND RECREATION

The unplanned library closure impacted on the visitor numbers for 2017 – 2018, with a total of 215,021 visits to library facilities. This is approximately 55,000 less than the previous year.

ECONOMIC DEVELOPMENT

The retailer satisfaction target was not achieved in 2017 – 2018 with 77% satisfaction. This is primarily attributed to retail vacancies. Council is working to improve this through the Economic Development Stimulus Policy.

ACTIVITY	2017 – 2018		2016 – 2017	
	ACHIEVED	NOT ACHIEVED	ACHIEVED	NOT ACHIEVED
Leadership	2	0	2	0
Land transport	4	3	4	3
Water supply	6	4	9	1
Wastewater	8	0	8	0
Stormwater	8	0	8	0
Solid waste	2	0	1 ¹	0
Planning and regulatory services	6	4	4	6
Community and recreation	9	4	9	4
Economic development	1	1	1	1
TOTAL	46	16	46	15

NOTE

1. The information for one of the Solid waste measures was incomplete and unable to be reported in 2016 – 2017.

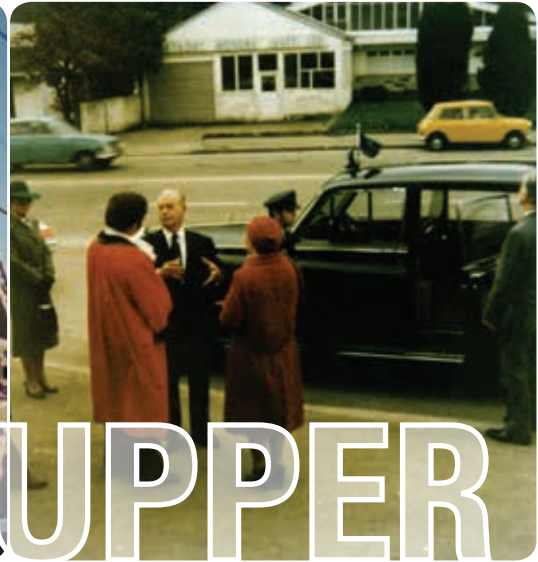
1ST LIBRARY (PRE-1956)



2ND LIBRARY (1956)



3RD LIBRARY (1970s)

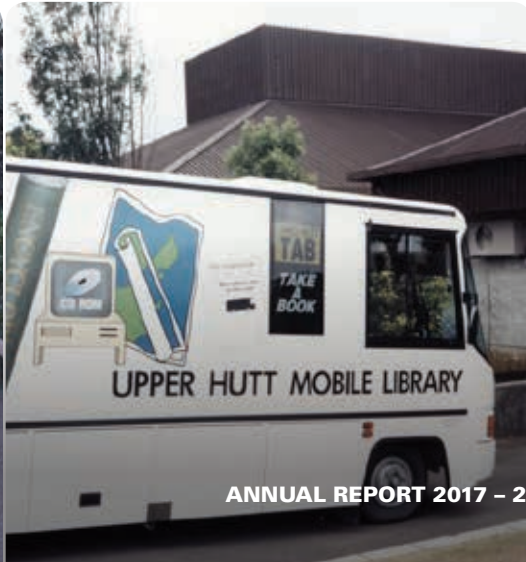


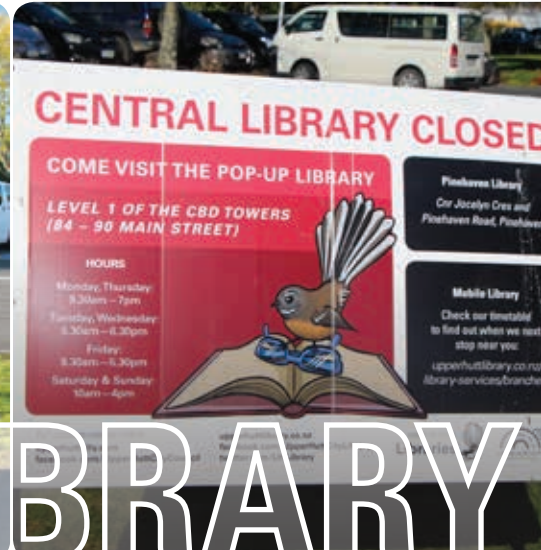
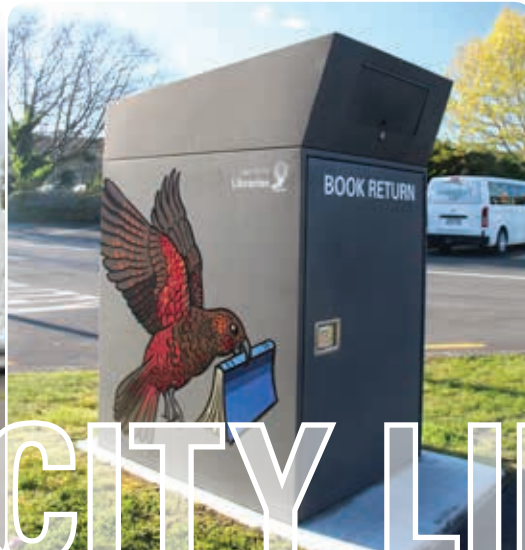
HISTORY OF UPPER

4TH LIBRARY (1977)



4TH LIBRARY EXTENDED (2010)





HUTT CITY LIBRARY



Development of the Long Term Plan 2018 – 2028



Every three years we prepare a Long Term Plan (LTP) in consultation with the community. The LTP sets out the projects, activities, and services that we'll invest in and deliver over the next ten years. The development of the Long Term Plan 2018 – 2028 was a huge focus for all of council across the 2017 – 2018 period.

CONSULTATION

The Consultation Document (CD) was the primary source of information for consultation with the community on Council's Long Term Plan 2018 – 2028. The CD had a focus on the major matters facing the community and the key issues and projects related to the Long Term Plan that Council was consulting on.



Public consultation took place from 23 March to 27 April 2018. Consultation details were provided via all of Council's regular communications channels and in the CD. The CD was distributed to all households with the Upper Hutt Leader on 28 March 2018, as well as it being available online and in hard copy at Council locations.

Consultation activities included stakeholder workshops, informal stalls at community events and other popular locations.



- 7 informal engagement stalls (Mangaroa School Fair, March Madness Fair, New World Silverstream (2), Summerset at the Course, The Mall, and Activation scooter competition at Maidstone Max).
- 3 sessions engaging with rail commuters at Upper Hutt, Trentham, and Silverstream stations.
- 2 stakeholder workshops at Expressions Whirinaki.
- 1 youth workshop with Spearhead Leaders and other invited youth representatives.
- 1 'Talk to the Mayor' session at Expressions Whirinaki.

We received a record 377 submissions during consultation which highlighted an increasing number of residents having their say about the future of Upper Hutt.

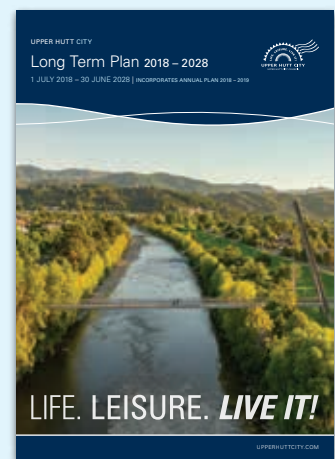
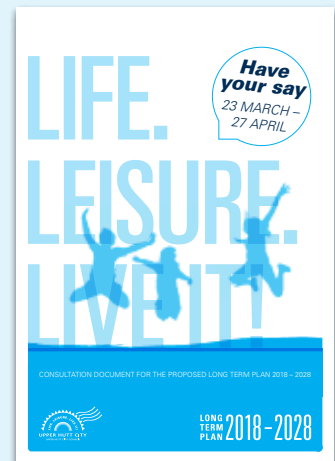
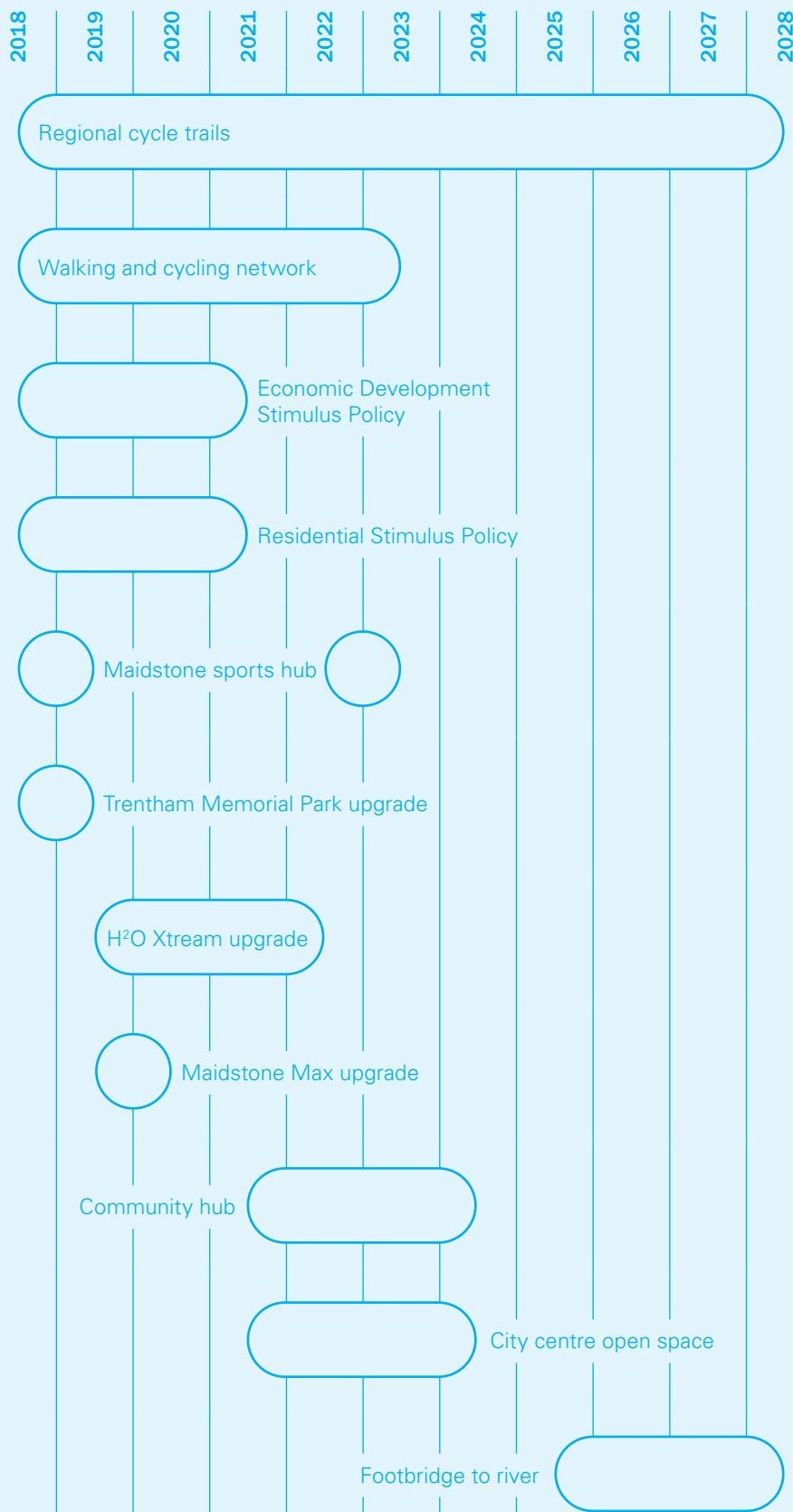


OVERALL DIRECTION

Community engagement during consultation was very positive and constructive, with 82% of those who submitted either strongly supporting, or supporting our proposed direction in the next ten years as set out in the Long Term Plan.

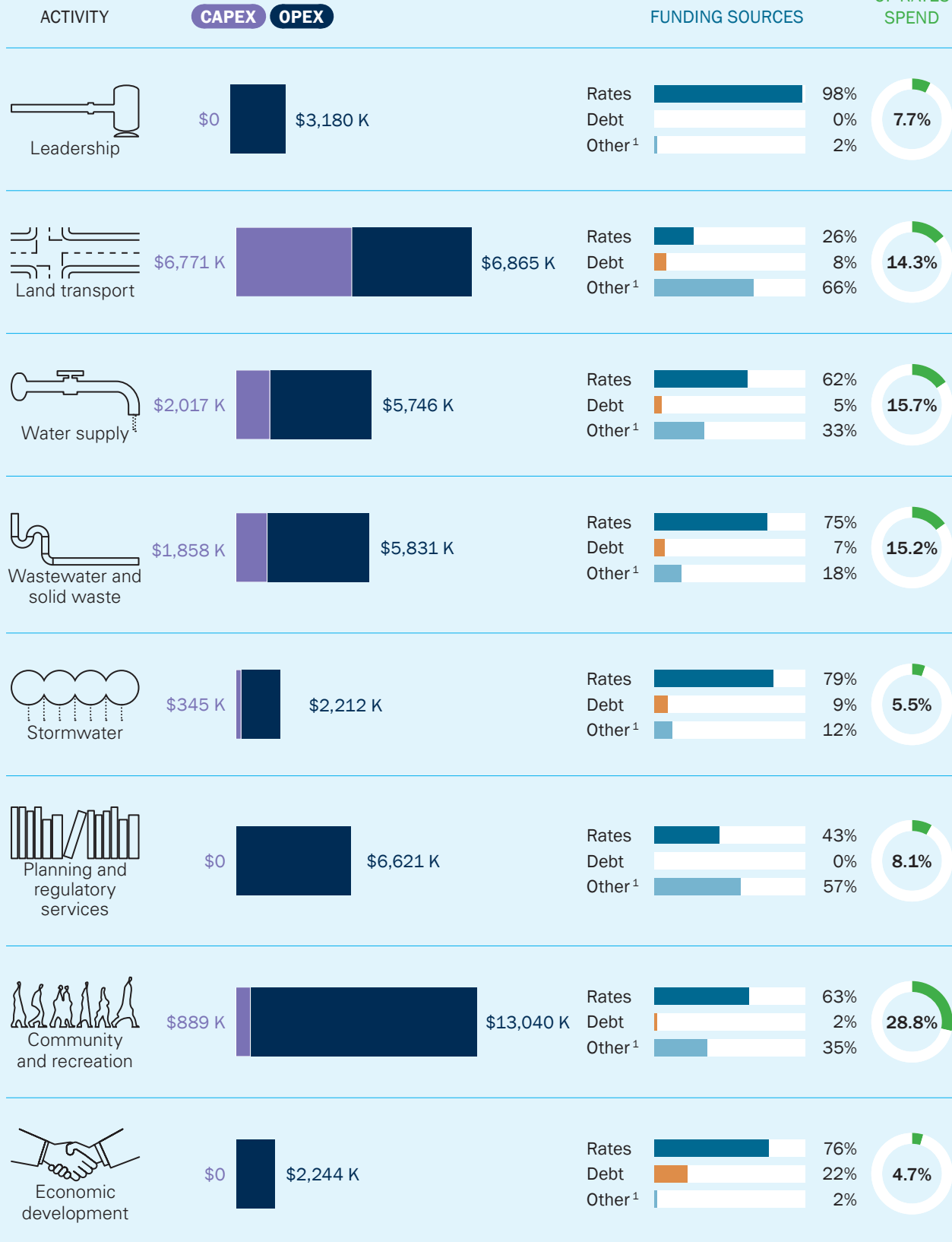
NEW PROJECTS THAT RECEIVED THE GO-AHEAD FROM THE COMMUNITY

Council looked for specific community feedback on 13 optional projects that would help realise the city vision of Life. Leisure. *Live it!* The feedback showed great support and the following 11 projects were adopted and are included in the Long Term Plan:



One year of investment

PORTION OF RATES SPEND



1. Includes fees and charges, subsidies and grants, development and financial contributions, and funding from other agencies (NZTA, GWRC, etc).
2. Excludes sustainability initiatives funded under other activities such as *Community and recreation* (Council property).
3. Operating expenditure excludes depreciation and includes loan repayments and transfer of funds.

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 2018 fairly reflect the financial position and operations of Upper Hutt City Council (as at 31 October 2018).



W N Guppy
MAYOR

C B Upton
CHIEF EXECUTIVE

J Fink
CHIEF FINANCIAL OFFICER



The Gas Hub

Get a FREE connection to na

Leadership

Leadership

This activity contributes to our community outcomes through the following strategic priority areas:



Environment



Community



City centre



Economy



Infrastructure

What we do

The Leadership activity covers the role and functions of the Mayor and elected members of Council, who are responsible for community leadership and setting the policy direction for the Upper Hutt City Council. Examples of activities undertaken to fulfil this role include long and short term planning, monitoring and performance reporting.

This includes:

- Democracy and governance
- Community engagement and consultation
- Long Term Plan and Annual Plan
- Council policies and strategies
- Performance reporting
- Liaison and advocacy

What we did in 2017 – 2018

Development of the Long Term Plan (LTP) 2018–2028

A key focus for the Mayor, Councillors and Council Officers over the 2017 – 2018 period was the development of the Long Term Plan 2018–2028, which was adopted on 27 June 2018.

The LTP sets out Council's direction for the next decade. The projects, activities and services that Council commit to are guided by our vision: **Life. Leisure. Live it!**

Public consultation focused on the major matters facing the community and the key issues and projects related to the next decade. Our consultation document was distributed to all households with the Upper Hutt Leader on 28 March 2018, as well as it being available online and in hard copy at Council locations.

Public engagement activities included stakeholder workshops, informal stalls at community events and other popular locations.



Local Government Excellence Programme

In March 2018 Upper Hutt City Council took part in the Local Government Excellence Programme and received a BB rating in its CouncilMARK™ report, highlighting a good standard of performance. CouncilMARK reports are designed to give councils and communities an informed and independent view on how they are carrying out their role as councils, including where they are excelling along with areas for improvement.

The report from the March 2018 assessment highlighted that “The Mayor, Councillors, Chief Executive and the Executive Leadership Team have an established vision for the city, and display a strong commitment to serve both residents and the business community, and their respective interests.”

Council views the grading and supporting comments in the report as a very useful tool for further discussions with the community about future decision making and resource allocation.

His Worship the Mayor out in the community

The Mayor had a very full schedule during the course of the year. He attended 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 and was a key spokesperson during LTP engagement activities.

The Mayor continued his regular monthly ‘hot seat’ at the library. The hot seat provides an informal setting for anyone to speak with the Mayor. The time and date of when these occur can be found on the library website under the section ‘Library programmes’.

Citizenship ceremonies

Three citizenship ceremonies were held at Expressions Whirinaki Arts and Entertainment Centre in July 2017, October 2017 and February 2018. This year, Upper Hutt has been enriched by residents from 33 different countries gaining New Zealand citizenship. A total of 261 people became New Zealand citizens. This included people from Australia, Brazil, Cambodia, Canada, Colombia, Fiji, Germany, Ghana, Greece, Hungary, India, Indonesia, Israel, Laos, Malaysia, Norway, Philippines, Poland, Peru, Russia, Samoa, Singapore, South Africa, Sri Lanka, Taiwan, Thailand, Tonga, United Kingdom, United States of America, Vietnam and Zimbabwe.

Contributions to decision making processes by Māori

Council acknowledges the unique status of Māori and aims to engage with the wider Māori community to ensure their views are appropriately represented in the decision-making process. Council is committed to providing relevant information to inform Māori contribution and improve their access to Council's engagement and decision-making processes. Council is building relationships with local organisations representing Māori, iwi and mana whenua.

Council has a close relationship with Ōrongomai Marae which provides opportunities for Māori to contribute to the decision-making of Council and to contribute to the spirit and values of Council. Council is represented on the Board of Trustees, by His Worship the Mayor. Ōrongomai is a community marae and as such does not represent tangata whenua for Upper Hutt.

For this reason, Council also consults with Te Runanganui o Taranaki Whanui ki Te Upoko o Te Ika a Maui, Te Rūnanga O Toa Rangatira and other mandated representatives of mana whenua regarding issues relating to land, water or air.

Wellington Region Climate Change Working Group

The 2017 – 2018 period saw the establishment of the Wellington Regional Climate Change Working Group. The Working Group was set up to enable a regional response to climate change issues. The group includes members of all the councils in the region, and three representatives from Ara Tahi. Ara Tahi is a leadership forum of Greater Wellington Regional Council and its six mana whenua partners.

Sustainability Strategy

Work has begun on the review of the Sustainability Strategy 2012 –2022.

The following key projects were delivered in the 2017 – 2018 period to help implement Council's Sustainability Strategy:

- The monthly sustainable community column in the Upper Hutt Leader highlighted behaviour change actions that people can take to reduce their environmental footprint.
- The *Choose to Reuse* cloth bag campaign raised awareness of the long-term environmental impact of plastics in our environment and support goals to reduce waste to landfill.
- 50 free home energy assessments were provided by the Sustainability Trust to support eco-design and climate change resilience in the community.
- The *Be the Change* pilot programme piloted with Maidstone Intermediate. The children learnt about sustainability and took part in community projects to increase awareness, and change behaviour.

- Mangaroa School students and families supported the *Mangaroa River Restoration Project* by taking part in a planting day at a local property with Forest and Bird. In addition, Plateau School students took part in water-testing and other stream-care activities with the *Whitebait Connection* programme.
- A *World Water Day* forum was held at Expressions to promote discussion and action for protecting Te Awa Kairangi.
- *Wellington Restoration Day* was held in Upper Hutt to provide support, training and networking for the region's conservation volunteer community.

Open Space Strategy

Council adopted the Open Space Strategy in February 2018. The Open Space Strategy will help Council manage, plan and develop parks, reserves and open space for the current and future needs of our community.

Policy and Bylaws

In December 2017, after extensive consultation with the community, Council adopted an Easter Sunday Trading Policy that enables all shops in Upper Hutt to choose whether or not to trade on Easter Sunday.

The Public Places and Trading in Public Places bylaws were reviewed during the 2017 – 2018 period. The Trading in Public Places bylaw was revoked because rules for trading were included in the reviewed Public Places bylaw.

The Control of Advertising Signs Bylaw was reviewed and consultation on a renamed Temporary Signs Bylaw commenced in June 2018.

What else happened in 2017 – 2018

This section details the projects that were completed in the 2017 – 2018 year. This includes projects scheduled for 2017 – 2018 in the Long Term Plan (LTP) 2015–2015, the Annual Plan 2017 – 2018, or other projects that had been rescheduled to occur in 2017 – 2018.

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2018
Sustainability Strategy ¹	88	90	See key projects referred to under Sustainability Strategy.
Regional Amenities Fund	106	106	All councils in the Wellington region 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	194	196	

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

Approved carryover projects from previous years budgets

Projects	Budget (\$ 000)	Actual (\$ 000)	Funded by
Sustainability Strategy	31	31	Rates
Total	31	31	

What it cost

	Actual 30 June 2018 (\$ 000)	Actual 30 June 2017 (\$ 000)	Budget 30 June 2018 (\$ 000)
OPERATING STATEMENT			
General rates	2,777	2,612	2,639
Operating revenue	60	1,076	44
TOTAL OPERATING REVENUE	2,837	3,688	2,683
Operating costs	3,180	2,760	2,695
Interest	0	0	0
Depreciation	0	0	0
TOTAL OPERATING COSTS	3,180	2,760	2,695
OPERATING SURPLUS/ (DEFICIT)	(343)	928	(12)
CAPITAL AND RESERVES FUNDING STATEMENT			
Capital expenditure	0	0	0
Loans repayments	0	0	0
Operating (surplus)/ deficit	343	(928)	12
Transfer to funds	0	0	0
TOTAL FUNDING REQUIRED	343	(928)	12
FUNDED BY			
Funding from non-cash expenses	343	(928)	12
Loans raised	0	0	0
Transfer from funds	0	0	0
Accumulated funds	0	0	0
TRANSFER FROM FUNDS APPLIED	343	(928)	12



Land transport

Land Transport

This activity contributes to our community outcomes through the following strategic priority areas:



Environment



Community



City Centre



Economy



Infrastructure

What we do

This activity is responsible for a well-maintained roading network that ensures residents and visitors to Upper Hutt can move freely, efficiently and safely throughout the city.

Our local transport network is an extremely valuable community asset, having a total replacement value of \$618 million (including Land). Maintaining this asset requires significant and ongoing expenditure.

We also undertake future planning and advocacy, working with regional partners and government agencies on current and future transport matters that impact our city.

This includes:

- 243 km of roads
- 48 road bridges and 6 pedestrian/cycle bridges
- Cycleways, footpaths and pedestrian crossings
- Public carparks and street furniture in the city centre
- Signs, road markings, street lights and traffic signals
- Road improvements, renewals and maintenance
- Street cleaning and vegetation control
- Road safety initiatives

What we did in 2017 – 2018

Pedestrian link between the railway station and Main Street

As part of the city centre revitalisation, Princes Street and the open space in front of the railway station were redeveloped to improve the pedestrian link between the trains and Main Street.

Upper Hutt city centre pipe renewals and roading upgrade enters next stage

The water and roading work in Upper Hutt's Main Street and Wakefield Street entered its next stage in September 2017. Following the completion of the water and wastewater pipe renewals undertaken by

Wellington Water, a roading upgrade was completed which involved replacing the kerb and channel at the edge of the road, repaving footpaths, and finally resurfacing the road in both Wakefield and Main Streets.

Sealing/widening of the Hutt River Trail cycle/walkway

Work to upgrade the section of the Hutt River Trail cycleway/walkway between Totara Park Bridge and Harcourt Park was completed, with work continuing on the section between Harcourt Park and Birchville. As well as forming part of the Remutaka Rail Trail great ride and the urban cycleway commuter network, the upgrade will open up this section of the river trail to a wider range of local recreational users.

Community engagement

On 27 September 2017 council officers met with Blue Mountains Residents' Association. The meeting provided an opportunity to explain Council's current maintenance and road upgrade programmes, and for residents to express their views about road maintenance, safety and speed limits.

Fergusson Drive resurfacing

During April and May 2018, Fergusson Drive, south of the city centre, was resurfaced. In order to handle the high traffic volumes the new surface was constructed with a speciality seal design using 150mm of deep lift asphalt.

Road safety promotion 2017 – 2028

Council engaged with over 40 different community groups, government agencies and other local authorities throughout 2017 – 2018 as well as delivering and supporting 20 road safety education programmes.

There were a wide variety of road safety programmes and initiatives delivered to address local and nationwide areas of concern. These programmes covered alcohol, young drivers, road and roadsides, driving to the conditions, speed, cycling, pedestrians, older road users and child restraints.

We were proud to receive a Corrections Community Work Partnership award for the collaborative work with Corrections, Fire and Emergency NZ, and NZ Police on the Alcohol Impairment Education Programme (AIEP) targeting recidivist drink drivers,

A 'Share the Road' campaign, which ran from November to mid-January, was designed to remind all road users that safe use of the road is a shared responsibility.



What else happened in 2017 – 2018

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2018
Asset management – to replace existing assets			
Street drainage	355	278	Completed as per the Asset Plans
Resealing	1,158	1,177	Completed as per the Asset Plans
Street lighting upgrade	52	0	This upgrade was completed ahead of time with additional funding provided by NZTA to accelerate the programme
Minor safety	205	604	Two large retaining walls were required as a result of storm damage. All other work was completed as per asset plans.
Footpaths	576	310	Some work has been delayed while awaiting a change to NZTA ¹ funding policy scheduled for the next financial year
Carparks and bus shelters	19	13	Completed as per the Asset Plans
Litter bin replacement	5	4	Completed as per the Asset Plans
Structures component replacement	30	0	Completed as per the Asset Plans
Traffic services renewals	392	189	Completed as per the Asset Plans
Miscellaneous work	27	29	Completed as per the Asset Plans
Capital works – to improve level of service			
Eastern Hutt rail drainage improvements	220	21	Work delayed until next financial year.
Enhance cycle and walkway -rail corridor	1,567	232	The preliminary design was completed and provided to KiwiRail. Work is on hold until KiwiRail is able to dual track the railway line.
Enhance cycle and walkway - subway under State Highway 2	674	0	This project has not gone ahead because NZTA has proposed this as a state highway project.
Accelerated LED street lighting upgrade (subsidised/rate funds) *	1,891*	1,774	Budget and actual additional funding provided by NZTA allowed the project to be completed within 3 years. All Upper Hutt streetlights have now been upgraded.

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2018
Sealing/widening Hutt River Trail cycle/walkway (UCF ² 100%)	162	209	The widening and sealing of the Hutt River Trail to provide an all-weather commuter path for pedestrians and cyclists continued throughout 2017 – 2018 period. The section between Totara Park Bridge and Harcourt Park was sealed using asphalt which included an additive made from used car tyres to provide greater strength. The section from Harcourt Park to Birchville also continued. The first stage was sealed and the earthworks for the second stage were carried out. This will be completed in the 2018–2019 financial year.
Sealing/widening Hutt River Trail cycle/walkway (UHCC 49% loans)	737	0	This is essentially the same project as the one above but the project has been split to show the two different sources of funding.
Rural roads upgrades	315	17	Work to widen and seal a section of Whitemans Valley Road was completed.
Total Land Transport works programme	8,385	4,857	

¹ NZTA = New Zealand Transport Agency

² UCF = Urban Cycling Fund

*The Annual Plan 2017 – 2018 budget was originally \$67,000. This was increased due to funding changes.

Approved carryover projects from previous year's budget

Projects	Budget (\$ 000)	Actual (\$ 000)	Funded by
City centre development	601	587	Loans
Pedestrian link between railway and city centre	1,012	991	Loans
Low Cost Low Risk minor improvement	410	398	NZTA/Loans
Total	2,023	1,976	

Further projects carried over (delayed due to external factors)

City gateway signage	\$252,266
Ashford Lane – city development incentive	\$1,300,000
Beechwood Lane footbridge replacement	\$99,280
Fergusson/Ward/Whakatiki intersection	\$61,476
Cycleway - rail corridor	\$3,594,253
Cycleway - St Pats	\$293,013
Cycleway – subway under SH2	\$51,230
Eastern Hutt/Fergusson Drive access to County Lane	\$51,230
Hutt River Trail	\$478,856
Shared pathways	\$198,310

What it cost

	Actual 30 June 2018 (\$ 000)	Actual 30 June 2017 (\$ 000)	Budget 30 June 2018 (\$ 000)
OPERATING STATEMENT			
General rates	5,161	5,559	5,975
Operating revenue	13,073	5,927	6,862
TOTAL OPERATING REVENUE	18,234	11,486	12,837
Operating costs	5,471	4,514	4,570
Interest	501	524	700
Depreciation	4,440	4,276	4,386
TOTAL OPERATING COSTS	10,412	9,314	9,656
OPERATING SURPLUS/ (DEFICIT)	7,822	2,172	3,181
CAPITAL AND RESERVES FUNDING STATEMENT			
Capital expenditure	6,771	7,305	6,561
Loans repayments	846	759	1,255
Operating (surplus)/ deficit	(7,822)	(2,172)	(3,181)
Transfer to funds	48	44	233
TOTAL FUNDING REQUIRED	(157)	5,936	4,868
FUNDED BY			
Funding from non-cash expenses	(2,139)	4,139	2,806
Loans raised	1,646	1,627	1,653
Transfer from funds	79	170	409
Accumulated funds	257		
Transfer from funds applied	0	0	0
OPERATING STATEMENT	(157)	5,936	4,868



Water supply

Water supply

This activity contributes to our community outcomes through the following strategic priority areas:



Environment



Community



Economy



Infrastructure

What we do

Provision of our water supply and management of the network is contracted to Wellington Water Ltd.

This activity provides a high-quality, reliable and resilient water supply service that ensures the health and safety of the community, and supports economic growth and development.

Our water supply assets have a total replacement value of \$159 million.

Bulk water is purchased from Greater Wellington Regional Council (GWRC) and stored in Council's reservoirs prior to distribution to households and businesses in the supply area.

This includes:

- 16 reservoirs
- 9 pump stations (including the Seddon Street bore)
- 285 km of water mains
- 12,517 service connections, 1,600 hydrants and 3,592 valves
- Water conservation
- Detection and mitigation of leaks and structural failure

What we did in 2017 – 2018

Plateau Road reservoir seismic strengthening

Work began in May 2018 on a seismic upgrade of the reservoir located on Plateau Road. This means that the reservoir will perform to seismic performance Class A rating, reducing the risk of damage to the structure or loss of water supply to local residents in the event of an earthquake. It is expected the project will be completed by the end of August 2018.

Water demand management

In addition to year-round watering restrictions, a sprinkler and irrigation system ban was imposed from 30 November 2017 to 9 February 2018. This was in response to dry summer weather which had increased the risk of supply shortfall. This risk was significantly reduced following completion of the Waterloo Treatment Plant water quality upgrades in December 2017 and rainfall in January 2018, which ensured the Macaskill Lakes were refilled to normal levels.

Drinking water campaign

Wellington Water Ltd. developed a drinking water campaign at the end of June 2018. A lot of our infrastructure is out of sight, out of mind. This campaign was designed to bring the network 'above ground' and educate people on the impacts of their actions. We want people to understand the importance of conserving water and protecting our catchments, even during the winter months. Our *Love Every Drop* campaign (winter edition) highlighted where water comes from and told a story about the water network, as well as explaining how people can look after our water.



What else happened in 2017 – 2018

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2018
Asset management – to replace existing assets			
Pipeline renewal	983	623	Main Street, Wakefield Street and Tapestry Grove water main renewals completed. Forward design for the Barton Road water main renewal and reactive replacements.
Reservoir upgrade	504	464	Plateau reservoir seismic strengthening and auto shut valve substantially complete. Riverstone pump station seismic upgrade completed and forward design for the Timberlea pump station renewal.
Miscellaneous works	214	173	Maymorn pump station renewals. Blenheim Street bulk water meter installation.
Capital works – to improve the level of service			
Bridges seismic strengthening	52	41	Pipe bridge seismic strengthening work completed.
Pressure management	84	103	Percy Kinsman Drive bulk water meter installation.
Community infrastructure resilience	0	603	Surface water sources (alternative water supplies to isolated communities/customers). Procurement of bladders and tap stands for emergency water distribution
Total Water Supply works programme	1,837	2,007	

What it cost

	Actual 30 June 2018 (\$ 000)	Actual 30 June 2017 (\$ 000)	Budget 30 June 2018 (\$ 000)
OPERATING STATEMENT			
Rates	5,668	4,942	5,593
Operating revenue	2,927	1,706	1,652
TOTAL OPERATING REVENUE	8,595	6,648	7,245
Operating costs	5,615	5,785	5,996
Interest	41	41	53
Depreciation	1,792	1,743	1,802
TOTAL OPERATING COSTS	7,448	7,569	7,851
OPERATING SURPLUS/ (DEFICIT)	1,147	(921)	(606)
CAPITAL AND RESERVES FUNDING STATEMENT			
Capital expenditure	2,017	1,068	1,837
Loans repayments	86	82	86
Operating (surplus)/ deficit	(1,147)	921	606
Transfer to funds	3	3	3
Total funding required	959	2,074	2,532
FUNDED BY			
Funding from non-cash expenses	426	1,736	1,844
Loans raised	469	110	504
Transfer from funds	64	228	184
Accumulated funds	0	0	0
TRANSFER FROM FUNDS APPLIED	959	2,074	2,532



Wastewater

Wastewater

This activity contributes to our community outcomes through the following strategic priority areas:



Environment



Community



Economy



Infrastructure

What we do

This activity, contracted to Wellington Water Ltd, provides a secure, efficient and resilient wastewater service that protects the health of the community and our waterways from the harmful effects of wastewater, and supports economic growth and development.

These assets have a total replacement value of \$163 million.

This includes:

- 218 km of sewer mains
- 14 pump stations
- 4,747 wastewater manholes
- One overflow chamber
- One pipe bridge

What we did in 2017 – 2018

Ward Street wastewater renewal

Work has been completed on the Ward Street wastewater pipeline renewal project. This included successfully constructing new pipes under the Kiwi Rail corridor which was a significant achievement for this project. This work was important because the existing pipework was getting to the end of its life, and the renewal will help to improve the resilience of infrastructure in Upper Hutt while also reducing pollution. The wastewater renewal will also increase capacity for future developments in the area.



Main Street, Wakefield Street and Logan Street



Ageing water and wastewater pipes were renewed in conjunction with street upgrades along the main thoroughfare. Investigations had revealed that these pipes were in poor condition and posed the risk of further blockages and failures, which could affect the people, businesses and environment in the area. The project went very well, despite the challenges of working in a busy location with multiple underground utilities.

What else happened in 2017 – 2018

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2018
Asset management – to replace existing assets			
Pipeline renewal upgrade	1,760	1,257	Ward Street pipeline renewal completed. Main Street pipe renewal (in conjunction with water main renewal) completed. Forward designs and reactive renewals as required.
Miscellaneous works	56	21	Bridge Rd (65) pump station mechanical and electrical upgrade completed.
Capital works – to improve the level of service			
Wastewater project capital ¹	544	491	See footnote below
Total Wastewater works programme	2,360	1,769	

¹ 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 year's budget

Projects	Budget (\$000)	Actual (\$000)	Funded by
Wastewater project capital	89	89	loans
Total	89	89	

What it cost

	Actual 30 June 2018 (\$ 000)	Actual 30 June 2017 (\$ 000)	Budget 30 June 2018 (\$ 000)
OPERATING STATEMENT			
Rates	5,766	6,186	6,835
Operating revenue	308	569	771
TOTAL OPERATING REVENUE	6,074	6,755	7,606
Operating costs	4,437	4,637	5,075
Interest	596	721	710
Depreciation	3,540	3,532	3,539
TOTAL OPERATING COSTS	8,573	8,890	9,324
OPERATING SURPLUS/ (DEFICIT)	(2,499)	(2,135)	(1,718)
CAPITAL AND RESERVES FUNDING STATEMENT			
Capital expenditure	1,858	2,022	2,360
Loans repayments	441	178	191
Operating (surplus)/ deficit	2,499	2,135	1,718
Transfer to funds	0	0	0
TOTAL FUNDING REQUIRED	4,798	4,335	4,269
FUNDED BY			
Funding from non-cash expenses	3,843	3,453	3,405
Loans raised	544	332	544
Loans to be raised	0	0	0
Transfer from funds	411	550	320
Accumulated funds	0	0	0
TRANSFER FROM FUNDS APPLIED	4,798	4,335	4,269



Stormwater

Stormwater

This activity contributes to our community outcomes through the following strategic priority areas:



Environment



Community



Economy



Infrastructure

What we do

This activity, contracted to Wellington Water Ltd, includes the provision of a stormwater service which efficiently manages and controls flows. Effective stormwater management protects the public and property from the effects of flooding, and minimises the impact of runoff on the environment.

The city's stormwater assets have a total replacement value of \$181 million.

The network comprises a combination of reticulated pipes, pumps, soak pits, open drains, secondary overland flowpaths, ponding areas (often on roadways) and detention systems; prior to entering major watercourses such as the Hutt River.

This includes:

- 151 km of stormwater mains
- 6 pump stations
- 3,229 stormwater manholes
- two detention dams
- 11.5 km of open drains.

What we did in 2017 – 2018

Pinehaven Stream improvements



Planning for the Pinehaven Stream Improvements project has progressed well, with consenting and detailed design scheduled for the 2018–2019 financial year.

This project aims to widen and deepen the stream to allow greater capacity, and to improve key flooding areas around Blue Mountains Road, Sunbrae Drive, Whitemans Road, Pinehaven Road, Birch Grove, Pinehaven Reserve, and Chichester Drive. This is a multi-year project being carried out in conjunction with the Greater Wellington Regional Council.

Stormwater education campaign 'Where does it go?'

During the 2017 – 2018 period, Wellington Water Ltd. developed a Stormwater-education campaign. Much of our infrastructure is out of sight, out of mind. This campaign was designed to bring the network 'above ground' and educate people about the impacts of their actions. The 'Where does it go?' stormwater campaign works to help people make the connection between their actions, our networks (infrastructure), and the impact their actions have on the environment.



What else happened in 2017 – 2018

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2018
Asset management – to replace existing assets			
Pipeline renewal	656	56	There were no physical works for planned renewals for 2017 – 2018. Wellington Water have extended their delivery planning horizon to three years, to allow better visibility of issues, and to ensure better achievement of outcomes.
Telemetry upgrade	20	19	Software upgraded and replacement radios and monitoring units purchased.
Capital works – to improve the level of service			
Pinehaven Stream capacity upgrade (joint project with Greater Wellington Regional Council (GWRC))	217	98	This is a multi year project with construction currently planned for 2019 – 2020 to 2021 – 2022. Work is progressing on consenting, design, and engagement with affected landowners.
Total Stormwater works programme	893	173	

Approved carryover projects from previous years budgets

Projects	Budget (\$000)	Actual (\$000)	Funded by
Pinehaven Stream	172	172	Loans
Total	172	172	

What it cost

	Actual 30 June 2018 (\$ 000)	Actual 30 June 2017 (\$ 000)	Budget 30 June 2018 (\$ 000)
OPERATING STATEMENT			
Rates	1,995	1,738	2,692
Operating revenue	349	583	620
TOTAL OPERATING REVENUE	2,344	2,321	3,312
Operating costs	2,139	1,806	2,199
Interest	36	32	38
Depreciation	1,754	1,732	1,820
TOTAL OPERATING COSTS	3,929	3,570	4,057
OPERATING SURPLUS/ (DEFICIT)	(1,585)	(1,249)	(745)
CAPITAL AND RESERVES FUNDING STATEMENT			
Capital expenditure	345	521	893
Loans repayments	37	9	37
Operating (surplus)/ deficit	1,585	1,249	745
Transfer to funds	0	0	0
TOTAL FUNDING REQUIRED	1,967	1,779	1,675
FUNDED BY			
Funding from non-cash expenses	1,790	1,365	1,458
Loans raised	217	64	217
Transfer from funds	(40)	350	0
Accumulated funds	0	0	0
TRANSFER FROM FUNDS APPLIED	1,967	1,779	1,675



Solid waste

Solid waste

This activity contributes to our community outcomes through the following strategic priority areas:



Environment



Community



City Centre



Economy



Infrastructure

What we do

This activity provides the management of the city's solid waste.

A range of refuse and recycling services are available to households and city centre businesses. Silverstream Landfill (within Hutt City) is the primary disposal site used by the community and by waste contractors operating in the city.

The activity also identifies actions through the Wellington Region Waste Management and Minimisation Plan 2017 – 2023.

This includes:

- Recycling drop-off facility
- Rubbish bag collection
- Waste minimisation education and projects

What we did in 2017 – 2018

Wellington Region Waste Management and Minimisation Plan 2017 – 2023 (WMMP)

The regional WMMP was adopted by Council in August 2017 and sets a vision of "Waste Free, Together". The primary target of the plan is a reduction in the total quantity of waste sent to Class 1 landfills from 600kg per person per annum, to 400kg per person by 2026.

The primary target is supported by a number of other regional targets for different sources and types of waste. There are regional and local actions in the plan that each council has committed to.

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

Waste minimisation

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 during the 2017 – 2018 period included the following:

- Hazardous waste collection day
- Following on from the reusable bag campaign, Boomerang Bags started a new branch in Upper Hutt,
- Support for the SeatSmart child car seat recycling programme
- Waste and recycling collection at major events (e.g. March Madness, Waitangi Day at Ōrongomai Marae)
- Support for Zero-Waste at events organised by community groups and businesses in Upper Hutt
- Zero Waste and Community Environment funding awarded for six community projects
- Para Kore (Zero Waste) volunteer training at Ōrongomai Marae

Waste education

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

Projects delivered in 2017 – 2018 include engaging communities and helping 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 2017 – 2018:

- *Love Food Hate Waste* campaign
- Funding of the Enviroschools programme. Upper Hutt has seven registered Enviroschools and seven registered early childhood education centres. St Joseph's school became an Enviroschool this year. Trentham Early Childhood Centre received a 'Green' award, and Pinehaven School initiated a project to protect the stream near the school.
- Waste-free parenting workshops run by Kate Meads
- 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
- A waste audit completed at Heretaunga College helped the school develop an action-plan to reduce waste and save money on waste collection.

Recycling drop-off point

The operation of the Maidstone Park Recycling drop-off point continued to be well used by the public over the past 12 months. The tonnage of kerbside recycling has increased over the past year and the number of active kerbside recycling customers has also increased. The total tonnage collected for the year was 361 tonnes.

What else happened in 2017 – 2018

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2018
Project			
Waste Management and Minimisation Plan – Wellington regional projects	4	4	Investigations have begun for developing a regionally consistent bylaw, implementing the National Waste Data Framework, developing a regional resource recovery network and reducing construction and demolition waste.
Waste Management and Minimisation Plan – Upper Hutt projects	49	31	A summary of key projects are described under 'Waste Minimisation'.
Review of Waste Management and Minimisation Plan	5	5	Following adoption of the WMMP in August 2017 there was further ongoing WMMP implementation work i.e. Regional Bylaw
Capital works to improve the level of service			
Recycling drop-off point	21	0	Carried over, will be required 2018 - 2019
Total Solid Waste works programme	79	40	

What it cost

	Actual 30 June 2018 (\$ 000)	Actual 30 June 2017 (\$ 000)	Budget 30 June 2018 (\$ 000)
OPERATING STATEMENT			
General rates	(258)	(285)	(118)
Operating revenue	614	580	489
TOTAL OPERATING REVENUE	356	295	371
Operating costs	356	233	351
Interest	0	0	0
Depreciation	1	0	0
TOTAL OPERATING COSTS	357	233	351
OPERATING SURPLUS/ (DEFICIT)	(1)	62	20
CAPITAL AND RESERVES FUNDING STATEMENT			
Capital expenditure	0	63	21
Loans repayments	0	0	0
Operating (surplus)/ deficit	1	(62)	(20)
Transfer to funds	0	0	0
TOTAL FUNDING REQUIRED	1	1	1
FUNDED BY			
Funding from non-cash expenses	1	1	1
Loans raised	0	0	0
Transfer from funds	0	0	0
TRANSFER FROM FUNDS APPLIED	1	1	1



Planning and regulatory services

Planning and regulatory services

This activity contributes to our community outcomes through the following strategic priority areas:



What we do

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

Council has a statutory obligation to be involved in these activities to ensure public safety, health and wellbeing, and much of the work undertaken is specified by national legislation or regulations.

This includes:

- City planning, resource consents and monitoring
- Building control, consents and inspections
- Environmental health
- Liquor licensing
- Animal control
- Parking enforcement

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 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.

What we did in 2017 – 2018

City planning

PLAN CHANGES

The City Planning team has made progress on a number of plan changes in 2017 - 2018 as part of its rolling review cycle. In particular, Plan Change 42, which relates to flood plain management in Pinehaven and Mangaroa, advanced through public hearings and final Council decision during the period.

In addition, plan changes relating to the introductory chapters of the plan and the management of temporary events were developed, consulted on, and implemented.

A plan change on Signs was developed and progressed through to public consultation, and initial research was undertaken on biodiversity and landscape issues which will inform future plan changes.

PLANNING FOR FUTURE GROWTH

Following the adoption of the Land Use Strategy in 2016, which plans for future growth in the city out to 2043, the District Plan work programme is the principal means of implementation of the Strategy.

Council is considered a Medium Growth Council for the purposes of the National Policy Statement for Urban Development Capacity (NPS-UDC). Considerable work was undertaken during the 2017 – 2018 period to implement the monitoring requirements for the NPS-UDC, and to begin preparations and research for the first three-yearly report on residential and business land capacity (which is due at the end of 2018). This information will provide a clear picture of future land requirements and inform reviews of the Land Use Strategy and the District Plan as they occur.

RESOURCE CONSENTS

A total of 207 resource consents were granted over the reporting period. Notable consents included additional stages at Wallaceville, where approximately 250 residential lots have now been consented. The extent of infill development remains consistent with previous years.

BUILDING CONTROL

Building consents

As a result of a significant increase in development activity, 683 building consents were issued in the reporting period, including 227 new dwellings. As a comparison, 174 new dwellings were consented in the preceding year. The number of consented new dwellings has risen by 60 percent over the last two preceding years.

Staff increases

In response to a considerable increase in building activity over the last two years, an additional Building Consent Processing Officer and a Building Inspections Officer have been recruited to meet demand.

International Accreditation New Zealand (IANZ)

Following a successful accreditation assessment process, the Council remains an IANZ accredited building consent authority. The purpose of the building consent authority accreditation scheme is to set out the minimum policies, procedures and systems that a building consent authority must have and consistently and effectively implement, to perform its building control functions. During the audit the auditors commented on the teamwork and commitment to quality demonstrated by the Building Control Services team.

Ōrongomai Marae DIY TV broadcast

In late 2017 the Building Control Services team assisted the Ōrongomai Marae by providing timely advice and building consent for a building project to feature in television broadcast Marae DIY.

COMPLIANCE SERVICES

Animal Management

The team was involved in a programme with the SPCA and Hutt City Council *called Snip and Chip*. The aim of this programme was to offer heavily subsidised and affordable de-sexing and microchipping to dog and cat owners.

Parking Enforcement

A joint initiative with CCS mobility and Access Aware was set up to enable members of the public to report abuse of disability parking spaces throughout the city via an app called AccessAware.

Environmental Health

All food premises that were not transitioned to Food Control plans under the recent Food Act have been notified and are now in the process of transitioning.

Land Information Memoranda (LIM)

Between 1 July 2017 and 30 June 2018 officers processed 399 LIM applications, a slight decrease from the previous year. The uptake of electronic application and delivery of LIMS has been successful with most LIMS now lodged and issued in this form.

What else happened in 2017 – 2018

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2018
Scheme review – Reprioritisation of the District Plan	284	282	<ul style="list-style-type: none"> PC 42 on flood risk management completed through to Council decision. Introductory and temporary events chapters reviewed, consulted on, and implemented. Signs plan change developed and consulted on. Research commenced on landscapes and biodiversity issues. Initial research and modelling undertaken for National Policy Statement – Urban Development Capacity reporting.
Total City Planning works programme	284	282	

Approved carryover projects from previous year's budget

Projects	Budget (\$000)	Actual (\$000)	Funded by
District Plan Scheme	52	52	Rates
Habitat Improvements	13	13	Rates
Rural Strategy	127	135	Rates
GoGet	26	21	Rates
Consultant fees - Building	16	16	Rates
Food Act Transition	11	3	Rates
Total	245	240	

What it cost

Amalgamations:	Actual	Actual	Budget
• Building and compliance services	30 June 2018	30 June 2017	30 June 2018
• Planning	(\$ 000)	(\$ 000)	(\$ 000)
OPERATING STATEMENT			
Rates	2,914	2,337	2,293
Operating revenue	3,812	2,913	3,369
TOTAL OPERATING REVENUE	6,726	5,250	5,662
Operating costs	5,040	4,325	4,545
Interest	11	16	15
Depreciation	0	0	0
TOTAL OPERATING COSTS	5,051	4,341	4,560
OPERATING SURPLUS/ (DEFICIT)	1,675	909	1,102
CAPITAL AND RESERVES FUNDING STATEMENT			
Capital expenditure	0	0	0
Loans repayments	84	83	84
Operating (surplus)/ deficit	(1,675)	(909)	(1,102)
Transfer to funds	1,486	893	1,250
TOTAL FUNDING REQUIRED	(105)	67	232
FUNDED BY			
Funding from non -cash items	(118)	59	15
Loans raised	13	8	0
Transfer from funds	0	0	0
Accumulated funds	0	0	217
TRANSFER FROM FUNDS APPLIED	(105)	67	232



Community and recreation

Community and recreation

This activity contributes to our community outcomes through the following strategic priority areas:



Environment



Community



City Centre



Economy



Infrastructure

What we do

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

This includes:

- 577 hectares of parks and reserves
- Akatarawa Cemetery
- Community development
- Central, Pinehaven and Mobile Libraries
- Expressions Whirinaki Arts and Entertainment Centre
- Recreation services including H²O Xtream and Activation.
- Emergency management

Community development

The Community Development team is committed to working with the community to support community participation, connectedness, resilience, health, and community safety.

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

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

H²O Xtream

Providing swimming pools as community facilities is a core role of Council to help ensure community wellbeing. H²O Xtream is our premier aquatic facility comprising of a wave pool, rapid-river ride, a separate lane pool, three hydroslides, pool toys and activities, a 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 community and visitors to our city.

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.

Activation

Healthy and active lifestyles play a critical role in individual and community wellbeing. The Activation team supports the improvement of 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, schools 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 Bike the Trail, Youth in Park events, Buggy Walks, Parks and Places and other community initiatives and workshops.

Emergency Management

Emergency management provides two vital roles: it builds resilient communities; and it establishes and maintains the structures, systems and teams that will enable our community to respond and recover from disasters.

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

What we did in 2017 – 2018

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. The programme is co-designed by young people, for young people and is 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 Spearhead Leaders group met with Upper Hutt City's Mayor, Councillors and key Council staff to discuss opportunities for increasing youth engagement and youth voice during consultation of the long term plan.

YOUTH EMPLOYMENT PROGRAMME: Keeping it R.E.A.L

A 12 month Youth Employment programme began in April 2018. The Keeping it R.E.A.L (Realistic Employment Aspirations Locally) programme is a collaborative project with Work and Income and local stakeholders, including businesses and community groups. The aim of the programme is to move young people (aged between 18 and 24) into employment or further education. Young people participated in several co-design sessions where they identified what would be useful for them and the programme reflects this.

2018 YOUTH WELLBEING HACKATHON

Hackathon is an intensive process where three projects are progressed over a weekend and is open to anyone in the community who wishes to participate and wants to make a difference for local youth. Council, in partnership with Upper Hutt Community Youth Trust, VIBE and Community Action Youth and Drugs (CAYAD) delivered the third annual Upper Hutt Hackathon, dedicated to supporting local youth wellbeing projects. Three youth wellbeing projects were chosen from a pool of projects submitted by the local community.

WELLINGTON INTERNATIONAL AIRPORT COMMUNITY AWARDS (2017)

Forty four 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 them and honour their contribution to the community. Upper Hutt's Supreme winner on the night was

NtrailZ. The NtrailZ group has been developing a range of world class bike trails in the Tunnel Gully area north of Upper Hutt. This work is still continuing.

COMMUNITY WORKSHOPS

Throughout the 2017 – 2018 period, Community groups were regularly consulted about their requirements for support and training. A series of workshops were held to build their capacity and capability. This year four workshops were held, Connecting with Schools (advice on how to attract young people into local groups), Crowdfunding 101, Effective Marketing for community groups and Attracting Volunteers.

UPPER HUTT CITY YOUNG ACHIEVERS AWARDS

The 12th Upper Hutt City Young Achievers Awards took place on 6 June 2018. 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.

UPPER HUTT STATION SUBWAY MURAL

The Upper Hutt Railway Station pedestrian access way and subway mural project was completed this year.

Hutt Valley artist, Chimp designed and installed the mural which celebrated Upper Hutt's city vision—'Life. Leisure. Live it!' and showcased the city's natural beauty. The mural mimics the look and feel of an open air art gallery and provides an attractive gateway to the Upper Hutt city centre and regional commuter network.

The mural project was a collaborative project between Greater Wellington Regional Council and Upper Hutt City Council.

Parks and reserves

SCOUT HALL AT DUNN'S RESERVE

The abandoned Scout hall situated at Dunns Reserve was demolished at Council's expense after the building was deemed a seismic risk and was no longer being used for its intended purpose. The area has been reinstated as open space.

BUSH TRACKS

The bush tracks at Dunns Reserve, Bengie Park and Maidstone Park have been upgraded and a feasibility study has been completed for the establishment of a shared pathway bridge over the Whakatiki River planned for 2018–2019.

BARTON CRICKET OVAL AT TRENTHAM MEMORIAL PARK

The Waikari clay used to construct the Barton Cricket Oval at Trentham Memorial Park has been replaced with Patumahoe clay as the Waikari clay proved to be unsuitable in the Upper Hutt climate.

WIDENING AND SEALING OF THE NATIONAL CYCLEWAY/HUTT RIVER TRAIL

Widening and sealing of the National Cycleway and Hutt River trail began with the section from Harcourt Park to Akatarawa Road completed. The Bridge Road link track has been reformed and widened which provides for a better linkage along the true right hand side of the Hutt River to Bridge Road.

OTHER WORK IN OUR PARKS DURING 2017 – 2018

- Timberlea Park and the Upper Plateau Reserve playgrounds were upgraded with new play items and timber edging.
- A new Petanque terrain was provided in Maidstone Park to accommodate an increasing demand from the local Petanque Club based at the Park.
- All lightbulbs in the floodlights at Maidstone Max Park were replaced.
- The vehicle barrier at Silverstream Reserve was removed to improve accessibility and enhance the look of the popular neighbourhood park.
- The Upper Hutt Dog Training School was relocated from Maidstone Park to Moehau Park.
- New seats were put in at Akatarawa Cemetery.
- An upgrade of the toilets at Trentham Memorial Park was completed.

Central, Pinehaven and Mobile Libraries

LIBRARY CLOSURE

The Upper Hutt Central Library building was closed on Wednesday, 7 February after being formally identified as earthquake prone. The immediate focus was to identify solutions that would allow continuation and delivery of temporary services for customers until more sustainable and long term options could be put in place. Communication was critical to keep staff and customers informed of the current updates.

The Mobile Library was quickly activated, parked behind the Central Library, and opened to the public Monday to Friday with reduced times. Pinehaven Library also extended their opening hours to provide increased services to the public of which many customers took advantage of.

POP UP LIBRARY



After considering a number of locations, a Pop-Up Library opened to the public on Thursday 26 April, 2018 in the CBD Tower, only 11 weeks after the original closure. This showed tremendous commitment and a mammoth effort by our library staff. The Pop-Up Library holds around thirty percent of the Upper Hutt Central Library collection, with customers being able to request books that can be delivered to the Pop-Up Library, Pinehaven Library and Mobile Library.

LIBRARY PROGRAMMES

Not wanting to disappoint the many people who attend the very popular library programmes, the library staff worked determinedly to find alternative venues for programmes. A new timetable was developed and most programmes were up-and-running by early March, mostly at the HAPAI club.

BEYOND THE PAGE CHILDREN AND YOUTH LITERARY FESTIVAL

Upper Hutt City Library initiated the *Beyond the Page* initiative. The team proposed the idea to all libraries in the region and took a lead role in managing the project group, promoting the festival, and ultimately working in collaboration with Expressions Whirinaki, Hutt City and Wellington City Libraries.

The aim of the festival was to connect with young people of all ages across the region by offering opportunities for engagement with the wider community, creating a local space for innovation, and encouraging exploration of their own stories. Over 100 events were held at 25 locations across the region, with a total of 6925 attendees.



H²O Xtream

H²O Xtream continued to offer a range of programmes including Toddler Time sessions, hydrorobics, flippaball league for primary and intermediate schools, women only swim nights, Wavebreakers Swim School and a holiday programme.

FEASIBILITY STUDY

In 2017 Council undertook a needs analysis and review of options for H²O Xtream. A key objective of this study was to identify potential long term opportunities to improve aquatic facilities, programmes, and services to better meet the needs of the Upper Hutt Community.

The H²O Xtream upgrade project has been included within Council's Long Term Plan 2018 – 2028. Council will consult with the community to develop what an upgraded facility should include. The feasibility study will help inform this planning process.

FAMILIES – XTREAM TODDLER TIME

This very popular programme continued in 2017 – 2018 and is designed to provide infants and young children a relaxed, fun atmosphere to explore the principles of water familiarisation with the expert guidance of instructors

YOUTH – AQUA BEATZ

Aqua Beatz, delivered once a term, is designed to encourage youth to have fun at the pool on a Friday night. March 2018 saw the highest attendance on record with 375 youngsters attending.

SWIM CHALLENGE

In September 2017 a swimming competition called SWIMtemper was launched to provide motivation and a competitive challenge to customers. The aim was to complete the 26 km distance of the Cook Strait, or 1040 laps. This challenge was popular and helped us continue to improve our customer satisfaction and improve the community atmosphere.

Expressions Whirinaki

EXHIBITIONS AT EXPRESSIONS WHIRINAKI

Visitors to Expressions Whirinaki experienced a wide range of exhibitions and events ranging from the history of rugby, to the history of Japanese crafts, stories from Hairy McLary from Donaldson Diary to stories of GNS photographer Lloyd Homer.

The highlight of the year was the international blockbuster exhibition Secrets of Mona Lisa which drew in 20,000 visitors. Another highlight was Balls, Bullets and Boots, an exhibition exploring the legacy of World War I as viewed through the eyes of NZ Rugby Players.

Three exhibitions, focussed on children, provided interactive experiences. Mirror Magic featured hands-on reflection based activities; The Lynley Dodd Story celebrated the characters of Hairy McLary and Scarface Claw among others and Bloom encouraged children to build magnificent 3D installations.

Several exhibitions featured local artists from Upper Hutt and the region. This included Four on the Floor; featuring four female artists, From the Inside; featuring work from artists within Remutaka Prison, and the Wellington Region Arts Review which was open to all artists in the Wellington area. The boutique Pumpkin Cottage Collection, (owned by the people of Upper Hutt) was shown in its entirety.

Centre's Learning Programme Specialist also worked with over 2000 school students delivering a curriculum-linked programme and the team presented 17 public programmes. Expressions Whirinaki touring exhibitions reached over 248,897 people around New Zealand.

PERFORMANCES AND EVENTS AT EXPRESSIONS WHIRINAKI

The Centre's performing arts programme ranged from children's shows to award-winning drama, comedy and dance. Two performing arts events to note were The New Zealand Army Band and Orchestra Wellington both presented as part of Classical Expressions. 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 King of the Blues Midge Marsden, and The Modern Maori Quartet brought new audiences to the Centre, as did a new relationship fostered with the French Film Festival

Highlights in the theatre over 2017 – 2018 were the National Barista Competitions, a two week season of the Upper Hutt Musical Theatre's presentation of the musical Blood Brothers, and the Wellington District Brass Band Competition.

The Centre also hosted a full spectrum of events in the Professionals Recreation Hall, ranging from the Wellington Regional Business Awards and the Te Omanga Hospice Vintners Lunch (both seated and catered events to over 400 people) to the annual Wellington Region Poultry show, the National War Games Convention, the National Antique Bottle show and the Rotary Book Fair.

THE EXTENSION OF EXPRESSIONS WHIRINAKI

The Trust is fundraising to extend the Centre and to date \$1,340,000 has been raised. This extension will include a commercial kitchen, a multi-use creative workshop space, a compliant collection store to house the Pumpkin Cottage Collection and artworks in transit, and a heritage focused gallery.

Activation

PARKS & PLACES

Parks and Places is a popular 11 week summer programme that encompasses a variety of events and active sessions for the Upper Hutt community. Across 2017 – 2018, activities were promoted through Facebook, print, newspaper, radio and Instagram. Funding from The Gas Hub enabled the Activation Team to deliver a high quality Parks & Places programme which saw over 3,300 people engage in active recreation over the 11 week period.

BIKE RECYCLE PROJECT

Continuing on from 2016 – 2017, unwanted and donated bikes were restored and refurbished by Department of Corrections inmates. Following a safety check by the Cycle Centre the bikes were distributed to members of the community who wouldn't normally have access to a bike. Heretaunga Rotary contributed with funds that were used for the purchase of helmets.

The project received a runner-up award in the Wellington Airport Community Awards 2017.

PLAY.SPORT

Recognising the importance of play to the community, the Activation Team incorporated play into their events during the 2018 Parks & Places.

As part of the Play.Sport programme Activation has produced a Play Pod which utilises 'loose parts' in play, providing objects such as boxes, ropes, cable reels, tyres and pipes as play opportunities. Activation has seen total engagement with students and huge benefits for young people. Play.Sport has been introduced to some schools in Upper Hutt.



Emergency Management - Civil Defence

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

What else happened in 2017 – 2018

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2018
Asset management to replace existing assets			
PR Toilets	53	23	Project completed under budget
PR Shower and changing room upgrades	31	10	Project completed under budget
PR Amenities replacement	145	119	One project was withdrawn
PR New roading seal	13	13	Achieved
PR Renewal roading resealing	18	14	Achieved
PR Play equipment	145	39	\$105,370 carried over due to uncertainty of the future of Speargrass Reserve
PR Walkway asset replacement / refurbishment	60	55	Achieved
LB Equipment replacements	59	59	Achieved
LB Barton Oval clay replacement	30	32	Achieved
Capital works – to improve the level of service			
PR Maidstone Max developments	1	1	Achieved
PR Parks building upgrade	7	0	Work was deferred at Whakatiki Park pavilion
PR Walkway signage	3	2	Achieved
PR National cycleway - widening the Hutt River Trail	48	0	The work was carried over. Further public consultation is required
PR Sculpture Trail	26	0	Not achieved, funds carried over
PR City environmental improvement	79	0	Not achieved. Funds were not required as the Princess Street development achieved the required outcomes.
PR City walking and cycling network	26	11	Achieved under budget
PR Cruickshank Rail Tunnel cycleway	10	9	Achieved. Design and alignment of the trail investigated.
PR New pathways and walkways	12	6	Achieved
PR Maidstone Park Sports Hub stage 3	1,520	0	During the development of the LTP 2018 – 2028 it was decided this project would be deferred until 2022 – 2023
PR Multi-use pathway	64	1	Carried over
LB Library resources	230	214	\$15,600 under budget due to disruption of library closure

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2018
LB APNK - Public Internet	9	2	\$6,563 under budget due to disruption of Library closure impacting on service levels
EX Expressions Whirinaki Arts and Entertainment Centre building	1,050	167	Preliminary and concept design achieved. Remaining funding carried over
PP CCTV security cameras (All city cameras)	14	13	Achieved
PP Depot extraordinary (AMP) renewals capex	11	3	Work has been deferred due to: <ul style="list-style-type: none"> uncertainty with Rural Fire possible establishment of an EOC possible expansion of the recycling station.
PP Property	635	12	No strategic property was purchased
SS Minor equipment	2	3	Achieved
Projects			
CS Youth strategy	13	31	Noted under 'What we did in 2017 - 2018'
CS Safe and healthy cities	22	21	Noted under 'What we did in 2017 - 2018'
AC Activation	330	343	Noted under 'What we did in 2017 - 2018'
PR Large trees in reserves	10	10	Achieved
PR Native forest management programme	3	2	Achieved
PR Monitoring native bush	4	4	Achieved
PR Netball courts resealing - Heretaunga	100	0	Funds carried over due to a delay in Heretaunga School obtaining the required funding
LB Leases - Library IT Equipment (Radio-Frequency Identification)	22	21	\$1,215 under budget due to cash flow timing
Total Community and Recreation works programme	4,805	1,240	

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

* UCF = Urban Cycleway Fund

Approved carryover projects from previous year's budget

Projects	Budget (\$ 000)	Actual (\$ 000)	Funded by
Toilet replacement	93	0	Special funds
Maidstone Park Sports Development – Stage 3	1,520	0	Special funds and sale of property
Consultant fees – Community Services	10	10	Rates
Consultant fees – Asset Management	65	65	Rates
Sharepoint implementation	57	47	Loans
Consultant fees - Finance	21	3	Rates
Total	1,766	125	

What it cost—Community and recreation

Amalgamations:	• Activation	Actual	Actual	Budget
• Community services	• Emergency management	30 June 2018	30 June 2017	30 June 2018
• Library	• Support services	(\$ 000)	(\$ 000)	(\$ 000)
• Parks and reserves	• Property			
• H ² O Xtream	• Cemetery			
• Expressions				
OPERATING STATEMENT				
Rates		10,406	9,961	9,964
Operating revenue		5,397	3,187	5,288
TOTAL OPERATING REVENUE		15,803	13,148	15,252
Operating costs		11,867	11,468	11,095
Interest		247	305	381
Depreciation		2,249	2,154	1,793
TOTAL OPERATING COSTS		14,363	13,927	13,269
OPERATING SURPLUS/ (DEFICIT)		1,440	(779)	1,983
CAPITAL AND RESERVES FUNDING STATEMENT				
Capital expenditure		889	1,845	4,270
Loans repayments		367	365	1,414
Operating (surplus)/ deficit		(1,440)	779	(1,983)
Transfer to funds		539	427	2,743
Transfer to non-rate funds		20	75	0
TOTAL FUNDING REQUIRED		375	3,491	6,444
FUNDED BY				
Funding from non-cash items		(196)	2,414	1,745
Non-rate funded		0	0	0
Loans raised		286	565	2,381
Loans to be raised		0	0	0
Transfer from funds		285	512	2,318
Accumulated funds		0	0	0
TRANSFER FROM FUNDS APPLIED		375	3,491	6,444



ECONOMY

**LIFE.
LEISURE.
LIVE IT!**

**UPPER
HUTT**

SILVERSTREAM
TRENTHAM
WALLACEVILLE

← P →

Economic development

Economic development

This activity contributes to our community outcomes through the following strategic priority areas:



Community



City Centre



Economy

What we do

This activity delivers initiatives that foster economic growth and promotion of the city, its events and attractions. The economic development function focuses on targeting and attracting new businesses and employers, providing business support and liaison services to encourage future development.

It also covers implementation of our Marketing Strategy. This sets the direction for marketing Upper Hutt's brand and assets and the promotion of the city, including to the visitor industry.

This includes:

- Economic Development Stimulus Policy
- City centre management and promotion
- Business support, partnerships and liaison
- City marketing and promotions
- City events

What we did in 2017 – 2018

Economic Development Stimulus Policy

Council's Economic Development Stimulus policy, now in its fourth year, has again contributed to the attraction and expansion of several new businesses in Upper Hutt during the last 12 months.

Upper Hutt City Council is focussed on building an understanding across the region that Upper Hutt is 'open for business', and is working hard to attract and retain investment in projects which benefit the people and economy of the city.

In 2017 – 2018 the Council's stimulus policy provided incentives to a broad spectrum of businesses, ranging from specialty retail, to commercial services, to industrial manufacturing and export. Development grants totalling \$250,000 have encouraged these diverse businesses to invest over \$5.2M dollars in capital development, directly benefiting Upper Hutt through job creation and economic growth.

The policy has been promoted through various industry-related publications and through Council's presence at a number of trade stands such as the Wellington Business Expo and the Annual Brewers Guild conference in 2017. The stimulus incentive scheme was fully subscribed in 2017 – 2018.

Craft brewing centre

Upper Hutt continues to reap the benefit of the fast growing craft beer manufacturing industry in and around the South Pacific Industrial Park. This growing cluster of craft breweries is fast becoming a popular tourist destination, while also creating significant employment opportunities. More than 50 jobs have been created within this precinct to June 2018, with further development underway. In March 2018 Upper Hutt City Council profiled the craft brewery hub to a delegation of more than 100 international visitors involved in the brewing industry. The visitors experienced the beverages and food from two of the craft breweries.

Alexander Road Industrial Park

During the last 12 months there has been significant activity in and around the available industrial/commercial land in the Alexander Road Industrial Park, resulting in new and expanding business in this area. The new premises and location have been a major factor in securing new contracts and expanding markets for arriving businesses.

Throughout the year several existing properties in the industrial park have been sold to business owners and developers. Two notable Upper Hutt businesses, Dzine Signs and Leda Plastics, have recently relocated to the Alexander Business Park. A number of new properties have also been developed and leased to local Upper Hutt businesses to expand and increase their capacity. A large 16000sqm piece of land has also recently sold in this area for development.

Supporting retailers in Upper Hutt

Business support for the central retail community this year has focused on promotion, one-to-one support, and training opportunities. Council promoted Upper Hutt retailers through the production of four retail videos, the creation of a retail guide *Discover Upper Hutt*, advertising in *Capital* and *Vibrant Hutt* magazines and social media.

Support offered to new businesses over the 2017 – 2018 period included:

- training opportunities
- connection to the business community
- direction to support services and groups
- promotion
- the loan of items from the props library.

PopUp business school

In March 2018, Upper Hutt City Council facilitated the PopUp Business School Aotearoa programme at the New Zealand Campus for Innovation and Sport (NZCIS). Grants and sponsorship from local businesses enabled the PopUp Business School to deliver its programme free of charge. The school, run by Tony Henderson- Newport was for members of the community who had business ideas but were struggling to know where to start or how to bring their ideas to fruition.

As part of the school, attendees were required to present their products to the local community through a trade show at Expressions Whirinaki. The show was very successful with one participant selling out of her product.

The PopUp Business School was described by some as “life-changing.” A community of alumni from the school in Upper Hutt has now been formed.

Toward a vibrant city centre

Any city’s central business district will always be a dynamic, evolving space. Our investment throughout 2017 – 2018 has seen long term commitment from new and existing businesses and landowners to work together with Council to ensure a vibrant city centre.

SUPPORTING THE ESTABLISHMENT OF NEW BUSINESSES TO UPPER HUTT

As part of our commitment to the Upper Hutt city centre, the economic development programme supported the establishment of businesses new to Upper Hutt. As a result, high profile businesses, Salute Salon and Cameron Harrison Delicatessen Butcher opened their doors in the city in 2017 – 2018.

REFURBISHMENT OF EMPTY BUILDINGS

In 2017 – 2018 Council’s economic support enabled the refurbishment of empty buildings, such as the old Dick Smith premises, to a level where thriving local businesses such as Created and Print Big were able to relocate into upgraded premises, to better service their market. Avison’s Living and Leisure is another example of an Upper Hutt business able to maintain a high level of service through its relocation, building on its quality brand with support from our economic incentive programme.

Marketing and communications

BUILDING LOCAL PRIDE

The *Our Neighbourhood, My Upper Hutt* campaign focused on building local pride through sharing the experiences and activities available in our city through social media. Our activities across social media have reached over 90,000 people—600% more than the same period the year before.

A highlight was the launch of the “Lovable, Liveable Upper Hutt” video. The video, styled as a parody tourism video, was promoted to Wellington region residents, reaching more than 120,000 people, and was viewed more than 55,000 times. The video, featuring two dogs, was complemented by a series of street flags echoing the sentiment of the video; have fun in Upper Hutt, chill out in Upper Hutt, go wild in Upper Hutt, and hang out in Upper Hutt.

EVENTS

Our events have an enormous impact on our city, 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.

Over the 2017 – 2018 period 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. We’re proud to deliver these events with support from our local community, including the Upper Hutt Leader and Professionals Real Estate.

DESTINATION SUCCESS

Upper Hutt has seen remarkable growth in our visitor economy across 2017 – 2018 as reported in the Annual Monthly Regional Tourism Estimates (MRTEs) from the Ministry of Business, Innovation, and Employment.

For Upper Hutt, our total tourism spend this year is up 10% to a total of \$51.65m. We can assume some contributing factors include the success of Monterey Cinemas, changing transport contracts in the Wellington region, pressures on the accommodation sector through the development of the New Zealand Campus of Innovation and Sport, and the Asia Pacific Amateur Golf Championship held at Royal Wellington in October 2017.

We have continued to profile our city regionally and nationally through destination marketing advertisements in the Official Wellington Visitor Guide, and in AA Tourism publications, ensuring our city offering is in the right places to attract visitation to Upper Hutt.

What else happened in 2017 – 2018

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2018
Vacant property programme	5	4	A number of landlords have tenanted vacant properties after engaging with the programme. It is suitable for smaller scale frontage projects.
Upper Hutt Marketing Strategy	109	56	Our marketing activities have reached over one million people in our region and beyond through print, digital, and radio promotions. Several major projects have been completed this year, including delivery of the Hutt Valley Tourism Action Plan 2018 – 2020, and preparatory work for a refreshed brand, design, and enhanced user experience for all of Council's websites, due for delivery in the next financial year.
Business and residents opportunity prospectus	2	2	New businesses have been profiled through the year and Upper Hutt business success stories have been highlighted in print and online.
Opportunities profile	20	20	Upper Hutt has featured in regional and national publications, with representation at trade and industry conferences promoting the opportunities and benefits of doing business with and from Upper Hutt.
City centre management	20	17	Council has worked on the promotion of the city centre via digital and print media. This was executed both online, in cinema, magazines and the production of the Discover Upper Hutt guide. Support has been given to new businesses including raising awareness of the economic development stimulus policy to encourage revitalisation of empty shops and expansion of existing business. Continual learning and business resilience has been supported by the running of a Pop Up Business School and business workshops

Projects	Budget (\$ 000)	Actual (\$ 000)	Achievements at 30 June 2018
Regional marketing initiatives	10	10	Investment has been made into a new destination website for the Hutt Valley, due for delivery in the next financial year. The new site will position the Hutt Valley as a prime destination for short breaks and regional visitation, supporting our tourism operators, our retailers, and our food and service industry.
The Great Ride Cycleway	5	5	Council has worked collaboratively across the region to develop Hutt Valley specific cycling content, profiling the region, its attractions, and our signature trail, the Remutaka Cycle Trail.
Economic development stimulus package	250	253	This programme has been successful in attracting new business to Upper Hutt as well as retaining expanding business within our city. Initiatives over the last 12 months have led to retail invigoration, establishment of service businesses new to Upper Hutt and expansion in the manufacturing sector.
Total Economic Development works programme	421	367	




Approved carryover projects from previous year's budget

Projects	Budget (\$ 000)	Actual (\$ 000)	Funded by
Economic Business Stimulus Policy	259	239	Loans
Upper Hutt Marketing Strategy	59	59	Rates
	318	298	

What it cost

	Actual 30 June 2018 (\$ 000)	Actual 30 June 2017 (\$ 000)	Budget 30 June 2018 (\$ 000)
OPERATING STATEMENT			
General rates	1,687	1,483	1,665
Operating revenue	42	32	22
TOTAL OPERATING REVENUE	1,729	1,515	1,687
Operating costs	1,959	1,573	1,641
Interest	35	35	51
Depreciation	1	1	0
TOTAL OPERATING COSTS	1,995	1,609	1,692
OPERATING SURPLUS/ (DEFICIT)	(266)	(94)	(5)
CAPITAL AND RESERVES FUNDING STATEMENT			
Capital expenditure	0	0	0
Loans repayments	250	200	250
Operating (surplus)/ deficit	266	94	5
Transfer to funds	0	0	0
TOTAL FUNDING REQUIRED	516	294	255
FUNDED BY			
Funding from non-cash expenses	24	6	5
Loans raised	492	288	250
Transfer from funds	0	0	0
Accumulated funds	0	0	0
TRANSFER FROM FUNDS APPLIED	516	294	255

Level of service objectives and performance measures

Leadership					
LEVEL OF SERVICE OBJECTIVES	PERFORMANCE MEASURES	TARGET	2017-18 RESULT	RATIONALE IF 2017-18 RESULT NOT ACHIEVED	2016-17 RESULT
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.	Council is meeting a high proportion of its performance measures	80%	 74.2% - Not achieved		73.8% Not achieved
	1. Community satisfaction with the ease of accessing Council information ¹	80%	 85% - Achieved		82% Achieved
	2. Community satisfaction with the ease of navigating and using the Council website ¹	80%	 82% - Achieved		80% Achieved
¹ Annual Community Survey					

Land transport					
LEVEL OF SERVICE OBJECTIVES	PERFORMANCE MEASURES	TARGET	2017-18 RESULTS	RATIONALE IF 2017-18 RESULT NOT ACHIEVED	2016-17 RESULTS
<p>Objectives ensure Council will provide a safe roading network.</p> <p>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.</p>	3. Community satisfaction with the street lighting throughout the city ¹	90%	● 87% Not achieved (Note: the margin of error for the Community survey is ±4.9%)	Surveying was carried out throughout the year. During that time \$1.7M was spent upgrading streetlights to LED, but the full impact was not achieved until the work was completed in June 2018.	84% Not achieved
	4. Community satisfaction with the cleanliness of the city's streets ¹	90%	● 89% Not achieved Note: the margin of error for the Community survey is ±4.9%)	A number of factors not directly related to street cleaning operations can influence satisfaction e.g. high leaf-fall from trees in autumn and rubbish collection bags damaged by animals. Regular performance monitoring shows that street cleanliness is being maintained to a good standard, and that reported faults are being responded to promptly.	90% Achieved
	5. 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	-1	● 4 crashes (change -7) Achieved	Note: preliminary result. NZTA process crashes based on police crash reports. Processing time can vary. Figure to be updated if additional crashes are added.	11 Not achieved
	6. Road conditions ³ - The average quality of ride on a sealed local road network, measured by †smooth travel exposure	84%	● 85.1% Achieved		86% Achieved
	7. Road maintenance ³ - The area of the sealed local road network that is	110,000m ²	● 70,765m ² Not achieved	The focus continues to be on resurfacing Fergusson Drive, as	79,107.30 m ² Not achieved

Land transport					
LEVEL OF SERVICE OBJECTIVES	PERFORMANCE MEASURES	TARGET	2017-18 RESULTS	RATIONALE IF 2017-18 RESULT NOT ACHIEVED	2016-17 RESULTS
	resurfaced			<p>this road carries approximately 40% of traffic on local roads in Upper Hutt.</p> <p>The high traffic volumes require a treatment with a higher than average cost. As a result it was necessary to adjust the quantity of work carried out to match the available budget.</p> <p>The average annual work programmed in the Asset Management Plan remains consistent with the average seal life being achieved.</p>	
	8. 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).	94%	● 97% Achieved		98% Achieved
	9. 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	≥90% of requests are initially responded to within 3 days	● 96% Achieved		96% Achieved
<p>¹ Annual Community Survey</p>					

Land transport

LEVEL OF SERVICE OBJECTIVES	PERFORMANCE MEASURES	TARGET	2017-18 RESULTS	RATIONALE IF 2017-18 RESULT NOT ACHIEVED	2016-17 RESULTS
<p>² NZTA crash statistics</p> <p>³ In-house monitoring using data received from the Road Asset Maintenance Management condition survey</p> <p>[†]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.</p>					

Water supply					
LEVEL OF SERVICE OBJECTIVES	PERFORMANCE MEASURES	TARGET	2017-18 RESULT	RATIONALE IF 2017-18 RESULT NOT ACHIEVED	2016-17 RESULT
Objectives ensure Council will maintain a high quality water supply with minimal interruptions	10. 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	100% Protozoal compliance	● 100% Achieved		Achieved
		100% Bacteria compliance	● 100% Achieved		Achieved
	12. Maintenance of the reticulation network ² The percentage of real water loss from the local authority's networked reticulation system	<17%	● 17.3% Not achieved	Total consumption has increased while there has been a slight drop in the estimated residential consumption over the last year. This has resulted in more of the total consumption being estimated as water losses.	12.7% Achieved
	13. 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:	Attendance to urgent call-outs - 60 minutes	● 20 minutes Achieved		35 minutes Achieved
		Resolution of urgent call-outs - 4 hours	● 4.9 hours Not achieved	There was a significant increase in the number of water network bursts and leaks above normal levels over the extended summer period 2017 –2018. This was evident across the region and has meant that the initial response to lower priority (non-urgent) jobs has been slower, as more urgent jobs (e.g.; bursts) have taken precedence. The time taken to resolve urgent jobs	2.57 hours Achieved
		Attendance for non-urgent call-outs - 36 hours	● 49 hours Not achieved		29.0 hours Achieved


Water supply					
LEVEL OF SERVICE OBJECTIVES	PERFORMANCE MEASURES	TARGET	2017-18 RESULT	RATIONALE IF 2017-18 RESULT NOT ACHIEVED	2016-17 RESULT
				has also been affected. The number of reported leaks is dropping and contractors are continuing work to clear the back log of non-urgent jobs.	
		Resolution of non-urgent call-outs – 15 days	● 3.8 days Achieved		2 days Achieved
	<p>17. Customer satisfaction ²</p> <p>The total number of complaints received about any of the following (expressed per 1000 connections):</p> <ul style="list-style-type: none"> a. Drinking water clarity b. Drinking water taste c. Drinking water odour d. Drinking water pressure or flow e. Continuity of supply 	Number of complaints 140 (per 1000 connections)	● 5.0 complaints (per 1000 connections) Achieved		7.11 complaints Achieved
	<p>18. Demand management ²</p> <p>The average consumption of drinking water per day per resident</p>	335 litres/person/day	● 361 litres/person/day Not achieved	An extended summer resulted in higher than normal water consumption in quarters 2 and 3 across the region, as outdoor and peak usage increased. An increase in water main bursts also meant that less urgent leaks were not able to be responded to as quickly as desired, thereby increasing consumption through losses to a degree. Watering restrictions and	345 litres/person/day Not achieved

Water supply					
LEVEL OF SERVICE OBJECTIVES	PERFORMANCE MEASURES	TARGET	2017-18 RESULT	RATIONALE IF 2017-18 RESULT NOT ACHIEVED	2016-17 RESULT
				summer demand strategies were implemented and work is continuing to find and fix network leaks throughout Upper Hutt.	
	19. Interruptions to the water supply ³	The number of unplanned supply cuts per 1000 connections <4	● 1.8 per 1000 connections Achieved		1.13 Achieved
<p>¹ Ministry of Health Drinking Water Standards for New Zealand (Revised 2008)</p> <p>² Wellington Water in-house records</p> <p>³ Wellington Water monitoring of maintenance contract</p>					

Wastewater					
LEVEL OF SERVICE OBJECTIVES	PERFORMANCE MEASURES	TARGET	2017-18 RESULT	RATIONALE IF 2017-18 RESULT NOT ACHIEVED	2016-17 RESULT
Objectives ensure our sewerage and the treatment and disposal of sewage will continue to be well maintained, safe and allow for growth.	20. 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.	Zero dry weather sewerage overflows	● Zero Achieved		Zero Achieved
	21. Discharge compliance ¹ Breaches of resource consents for discharge from its sewerage system, measured by the number of;				

Wastewater					
LEVEL OF SERVICE OBJECTIVES	PERFORMANCE MEASURES	TARGET	2017-18 RESULT	RATIONALE IF 2017-18 RESULT NOT ACHIEVED	2016-17 RESULT
	a. abatement notices for discharges from wastewater system (section 322 of RMA 1991)	Zero breaches	● Zero Achieved		Zero Achieved
	b. infringement notices for discharges from wastewater system (issued under 343C of RMA 1991)	Zero breaches	● Zero Achieved		Zero Achieved
	c. enforcement orders for discharges from wastewater system, and	Zero breaches	● Zero Achieved		Zero Achieved
	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	● Zero Achieved		Zero Achieved
	25. 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:				
	a. attendance time: from the time that notification is received to the time that service personnel reach the site, and	60 min	● 31 minutes Achieved		37 minutes Achieved
	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	● 2 hr 33 minutes Achieved		2 hr 42 minutes Achieved

Wastewater

LEVEL OF SERVICE OBJECTIVES	PERFORMANCE MEASURES	TARGET	2017-18 RESULT	RATIONALE IF 2017-18 RESULT NOT ACHIEVED	2016-17 RESULT
	<p>27. Customer satisfaction ¹</p> <p>The total number of complaints received about any of the following:</p> <ul style="list-style-type: none"> • sewage odour • sewerage system faults • sewerage system blocked, and • Council's response to the sewerage system issues <p>Expressed per 1000 connections to the TA's sewerage system</p>	Total number of complaints ≤ 30	 10.62 complaints Achieved		16.17 complaints Achieved
<p>¹ Wellington Water monitoring</p> <p>*New targets for mandatory measures have been based on previous year's measurements of a similar nature</p>					



Stormwater					
LEVEL OF SERVICE OBJECTIVES	PERFORMANCE MEASURES	TARGET	2017-18 RESULT	RATIONALE IF 2017-18 RESULT NOT ACHIEVED	2016-17 RESULT
Objectives ensure Council will preserve public safety and health and minimise the risk of damage to public and private property through effective stormwater management.	28. System adequacy ¹				
	a. The number of flooding events that occur in the district	Trend yet to be determined (Wellington Water Ltd. Statement of intent target = zero)	● Zero Achieved		Zero Achieved
	b. For each flooding event , the number of habitable floors affected. (Expressed per 1000 properties connected to the stormwater system)	Trend yet to be determined (Wellington Water Ltd. Statement of intent target = zero)	● Zero Achieved		Zero Achieved
	30. Discharge compliance ¹				
	Compliance with the Council's resource consents for discharge from its stormwater system, measured by the number of:				
	a. abatement notices	Zero notices	● Zero Achieved		Zero Achieved
	b. infringement notices	Zero infringements	● Zero Achieved		Zero Achieved
c. enforcement orders	Zero enforcement orders	● Zero Achieved		Zero Achieved	
d. convictions received by Council in relation those resource consents.	Zero convictions	● Zero Achieved		Zero Achieved	

Stormwater

LEVEL OF SERVICE OBJECTIVES	PERFORMANCE MEASURES	TARGET	2017-18 RESULT	RATIONALE IF 2017-18 RESULT NOT ACHIEVED	2016-17 RESULT
	34. Response times ¹				
	a. Number of complaints per 1000 stormwater connections	50 complaints (per 1000 connections)	● 5.66 complaints Achieved		6.36 complaints Achieved
	b. Median response time to attend a flooding event, measured from the time that Council received notification to the time that service personnel reach the site.	60 minutes	● 36 minutes Achieved		40 minutes Achieved

¹ Wellington Water monitoring

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

Solid waste					
LEVEL OF SERVICE OBJECTIVES	PERFORMANCE MEASURES	TARGET	2017-18 RESULT	RATIONALE IF 2017-18 RESULT NOT ACHIEVED	2016-17 RESULT
Objectives ensure Council will encourage waste minimisation through reduction, re-use, recycling and treatment.	36. Promote the reduction of waste collected and sent to the local landfill ¹	Achieve an annual reduction in the waste collected from the Council refuse bags collections	 Achieved There was a 39 tonne reduction in refuse collected from the Council refuse bags.		Achieved
	37. Promote recycling within Upper Hutt with the goal of increasing the participation rate of households ¹	Promote recycling with the goal of increasing the participating households who recycle on a regular basis	 Achieved Based on figures supplied by Waste Management, there was an increase in the tonnage of kerbside recycling and also an increase in the number of active kerbside recycling customers.		Unable to report data
¹ In-house reporting using contractor's data					

Planning and regulatory services - City planning

LEVEL OF SERVICE OBJECTIVES	PERFORMANCE MEASURES	TARGET	2017-18 RESULT	RATIONALE IF 2017-18 RESULT NOT ACHIEVED	2016-17 RESULT
Consents will be processed efficiently and within statutory timeframes.	38. Process resource consents within the statutory timeframes ²	100% of resource consents will be processed within the statutory timeframes	● 100% Achieved		100% Achieved
	39. Community satisfaction with Council's current resource management practices ¹	75% of respondents are satisfied or very satisfied with the resource management service	● 59% Not achieved	Note: only 12% of residents questioned (46 out of the total sample of 400) had dealt with Council in relation to resource management.	53% Not achieved
¹ Annual Community Survey					

Planning and regulatory services - Regulatory services

LEVEL OF SERVICE OBJECTIVES	PERFORMANCE MEASURES	TARGET	2017-18 RESULT	RATIONALE IF 2017-18 RESULT NOT ACHIEVED	2016-17 RESULT
Consents and licenses will be processed efficiently, accurately, and within statutory timeframes, and service provision meets all relevant statutory requirements.	40. Community satisfaction with Council's building and compliance services provided ³	92% satisfaction with the building consenting service ³	● 97% Achieved		85.5% Not achieved
		85% satisfaction with the control of dog nuisances in the city ¹	● 90% Achieved		82% Not achieved
		90% satisfaction with the enforcement of parking requirements within the city centre ¹	● 83% Not achieved	Active enforcement of parking generates a degree of negative reaction from recipients of infringements. In undertaking this activity the objective continues to be to promote the efficient use of parking spaces in the CBD.	85% Not achieved
	43. Process building consents within the statutory timeframes ²	100% of building consents will be processed within statutory timeframes	● 99.5% Not achieved	Of the 683 building consents issued, 3 were not processed on time. These applications were lodged during the period when the team was actively recruiting for extra staff to account for extra activity in the building sector. While the target of 100% has not been achieved, the result is an improvement on the previous year. Processing has been at 100% for all applications lodged after successful recruitment.	95.42% Not achieved
	44. Process LIMs within the statutory	100% of LIMs will be	● 94%	Of the 399 LIMs issued, 22 were	88%

Planning and regulatory services - Regulatory services					
LEVEL OF SERVICE OBJECTIVES	PERFORMANCE MEASURES	TARGET	2017-18 RESULT	RATIONALE IF 2017-18 RESULT NOT ACHIEVED	2016-17 RESULT
	timeframes ²	processed within statutory timeframes	Not achieved	not processed on time. These applications were largely lodged during periods where a peak number of applications were received, exceeding staff capacity to process on time. While the target of 100% has not been achieved, the result is an improvement on the previous year.	Not achieved
	45. Timeliness of food and hairdresser premises inspections ²	Complete annual inspection of 100% of premises requiring health inspection for the future year by 30 June	● 100% of food and hairdresser premises inspected Achieved	Food premises have now transitioned onto Food Control Plans of which some no longer have annual inspections so this is no longer applicable. The target has been changed for the future.	All premises inspected Achieved
	46. Timeliness of response to complaints of excessive noise ²	Complaints of excessive noise – respond within one hour to 90% of excessive noise reports being confirmed	● 100% Achieved		All complaints attended within one hour Achieved
	47. Timeliness of initial response to reported dog attacks ²	100% of reported dog attacks will receive an initial response within two hours of the complaint being received	● 100% Achieved		100% Achieved

Planning and regulatory services - Regulatory services





LEVEL OF SERVICE OBJECTIVES	PERFORMANCE MEASURES	TARGET	2017-18 RESULT	RATIONALE IF 2017-18 RESULT NOT ACHIEVED	2016-17 RESULT
<ol style="list-style-type: none"> 1. Annual Community Survey 2. In-house monitoring 3. Building Consents Survey 					

Community services - Community					
LEVEL OF SERVICE OBJECTIVES	PERFORMANCE MEASURES	TARGET	2017-18 RESULT	RATIONALE IF 2017-18 RESULT NOT ACHIEVED	2016-17 RESULT
Providing services to support an informed, connected and resilient community.	48. Satisfaction with the level of community group engagement by the Community Development team ²	90% satisfaction	● 94% Achieved		98% Achieved
	49. Community satisfaction with the level of customer service provided by library staff ¹	95% of respondents are satisfied or very satisfied	● 93% Not achieved (Note: the margin of error in the Community Survey is ±4.9%)	Impact of Library layout changes affected the second quarter results lowering overall result	97% Achieved
	50. Visits to library facilities in the 12 months to 30 June ³	Minimum of 350,000 visitors	● 215,021 Not achieved	Impact of library closure impacted on visitor numbers	269,990 visitors Not achieved
	51. Level of digital engagement with the library in the 12 months to 30 June ³	Minimum of 700,000 digital* connections made	● 1,411,633 Achieved		1,158,334 digital connections made Achieved
	52. Satisfaction with the quality of library programmes delivered ³	95% of respondents are satisfied or very satisfied	● 100% Achieved		100% Achieved
	53. Our community is increasingly prepared for a civil defence emergency ¹	80% of households are prepared for a civil defence emergency	● 83% of residents are prepared		79% Not achieved
¹ Annual Community Survey ² Annual Community Development Group Survey ³ In-house monitoring		*Digital connections refers to the use of technology by customers: <ul style="list-style-type: none"> Engaged users on social media Website visits: Page views. Recollect: Page views. 			

Community services - Community



LEVEL OF SERVICE OBJECTIVES	PERFORMANCE MEASURES	TARGET	2017-18 RESULT	RATIONALE IF 2017-18 RESULT NOT ACHIEVED	2016-17 RESULT
				<ul style="list-style-type: none"> • 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.	

Community services - Recreation

LEVEL OF SERVICE OBJECTIVES	PERFORMANCE MEASURES	TARGET	2017-18 RESULT	RATIONALE IF 2017-18 RESULT NOT ACHIEVED	2016-17 RESULT
Our facilities and leisure opportunities attract visitors and residents, while our parks and rich native surrounds enrich our quality of life.	54. Community satisfaction with the range of high quality aquatic leisure opportunities provided, for people of all ages and abilities, by H2O Xtream ¹	95% of respondents are satisfied or very satisfied	 94% Not achieved (Note: the margin of error for the Community survey is ±4.9%)	This result is close to the target of 95% and an improvement on both the 2016 – 2017 (92%) and 2015 – 2016 (91%) results	92% Not achieved
	55. H2O Xtream will meet or exceed all required compliance standards for swimming pool operation ²	PoolSafe Accreditation	 Achieved		Achieved
	56. H2O Xtream annual attendance figures ³	At least 230,000 people visit over the year	 201,801	Attendance figures for H2O Xtream have been around 200,000 customers annually since the method used to count attendance has been revised	207,573 Not achieved
	57. Community satisfaction with the range and quality of events and exhibitions provided at Expressions Arts and Entertainment Centre ¹	90% of respondents are satisfied or very satisfied	 97.1% Achieved		94% Achieved

Community services - Recreation					
LEVEL OF SERVICE OBJECTIVES	PERFORMANCE MEASURES	TARGET	2017-18 RESULT	RATIONALE IF 2017-18 RESULT NOT ACHIEVED	2016-17 RESULT
	58. Number of visitors to the Expressions Whirinaki Arts and Entertainment Centre ⁴	95,000 visitors per annum	● 141,769 Achieved		147,442 Achieved
	59. Community satisfaction with the level of provision of open space, amenities, and gardens ¹	95% of respondents are satisfied or very satisfied	● 96% Achieved		95% Achieved
	60. 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	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).	● Achieved 96.5% of programme participants rated the initiatives as being satisfactory or better in meeting their needs. Total amount of responses: 297. From this, 262 participants were from Bike the Trail, with 35 participants from Activation events over the last year. Key Activation programmes included: Play Pod in the Park, Kev the Kiwi, Buggy Walks, GOLD, YiP, Top School, Bike the Trail, Floorball, Family Water Day, Paws in the Park,		95.6% Achieved

Community services - Recreation					
LEVEL OF SERVICE OBJECTIVES	PERFORMANCE MEASURES	TARGET	2017-18 RESULT	RATIONALE IF 2017-18 RESULT NOT ACHIEVED	2016-17 RESULT
			Mud Day and Play Week.		
¹ Annual Community Survey ² Pool Safe Assessment ³ In-house computer software system (pool)			⁴ In-house Expressions monitoring ⁵ In-house Activation monitoring		

Economic development					
LEVEL OF SERVICE OBJECTIVES	PERFORMANCE MEASURES	TARGET	2017-18 RESULT	RATIONALE IF 2017-18 RESULT NOT ACHIEVED	2016-17 RESULT
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.	61. Engaged business: satisfaction with the level of Council support in relation to economic development ¹	75% of respondents are satisfied or very satisfied	 93% Achieved		90% Achieved
	62. City centre retailers' satisfaction with the level of support provided to build vibrancy in our city centre ²	85% of respondents are satisfied or very satisfied	 77% 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.	78% Not achieved
¹ Business survey ² City centre retailers' survey					

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

Funding impact statements	101
Funding impact statement for groups of activities	101
All activities	102
Prior year correction	103
Leadership	105
Land transport	106
Water supply	107
Wastewater	108
Stormwater.....	109
Solid waste.....	110
Planning and regulatory services.....	111
Community and recreation services	112
Economic Development.....	113
Schedule 5 Annual report disclosure statement	114
Annual report disclosure statement for year ending 30 June 2018	114
What is the purpose of this statement?	114
Rates affordability benchmark.....	114
Rates (income) affordability	114
Rates (increases) affordability	115
Debt affordability benchmark	116
Balanced budget benchmark.....	119
Essential services benchmark	119
Debt servicing benchmark	120
Debt control benchmark.....	120
Operations control benchmark	121

All activities

Upper Hutt City Council: Funding Impact Statement for 30 June 2018 For whole of Council	Year 2 Annual Plan 2016-17 (\$ 000)	Year 2 Annual Report 2016-17 (\$ 000)	Year 3 Annual Plan 2017-18 (\$ 000)	Year 3 Actual 2017-18 (\$ 000)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	21,913	22,134	22,635	22,575
Targeted rates	13,897	14,018	15,120	15,236
Subsidies and grants for operating purposes	1,857	572	1,872	663
Fees and charges	5,838	7,511	7,157	7,031
Interest and dividends from investments	306	286	344	346
Local authority fuel tax, fines, infringement fees, and other receipts	1,172	398	1,094	442
Total operating funding (A)	44,983	44,919	48,222	46,293
Applications of operating funding				
Payments to staff and suppliers	35,455	35,572	37,098	37,560
Finance costs	2,150	1,675	1,959	1,468
Other operating funding applications	170	0	33	0
Total applications of operating funding (B)	37,775	37,247	39,090	39,028
Surplus (deficit) of operating funding (A-B)	7,208	7,672	9,132	7,265
Sources of capital funding				
Subsidies and grants for capital expenditure	3,171	3,919	3,457	4,361
Development and financial contributions	337	972	233	1,535
Increase(decrease) in debt	1,963	2,044	2,391	2,000
Gross proceeds from sale of assets	0	37	2,200	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding (C)	5,471	6,972	8,281	7,896
Applications of capital funding				
Capital expenditure				
- to meet additional demand	724	120	1,737	317
- to improve the level of service	10,415	6,429	7,196	5,715
- to replace existing assets	6,899	6,242	7,009	5,847
Increase (decrease) in reserves	(5,665)	939	1,127	2,637
Increase (decrease) of capital investments	306	914	344	645
Total applications of capital funding (D)	12,679	14,644	17,413	15,161
Surplus (deficit) of capital funding (C-D)	(7,208)	(7,672)	(9,132)	(7,265)
Funding balance ((A-B)+(C-D))	0	0	0	0

Prior year correction

During the 2017 – 2018 year the Council discovered that the operational and capital funding was incorrectly recorded in the Whole of Council Funding Impact Statement as it disclosed the amounts utilised rather than the actual amounts received or incurred. This is inconsistent with the requirements of the Local Government Act and the Local Government Financial Reporting and Prudence Regulations 2014. The error resulted in the understatement of the sources and application of operational and capital funding reported in the Whole of Council Funding Impact Statement.

The Council has restated the 30 June 2017 comparative year Whole of Council Funding Impact Statement for the correction of the error.

The adjustments to the previously reported amounts are shown in the following table.

Actual 2017 Parent – Whole of Council	Before adjustments \$0	Correction of error \$0	After adjustments \$0
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	21,671	463	22,134
Targeted rates (other than a targeted rate for metered water supply)	12,866	1,152	14,018
Subsidies and grants for operating purposes	584	(12)	572
Fees, charges and targeted rates for metered water supply	7,294	217	7,511
Interest and dividends	286	0	286
Local authority fuel tax, fines, infringement fees and other receipts	1,086	(688)	398
Total sources of Operating Funding (A)	43,787	1,132	44,919
Applications of Operating Funding			
Payments to staff and suppliers	35,677	105	35,572
Finance costs	1,675	0	1,675
Other operating funding applications	0	0	0
Total applications of Operating Funding (B)	37,352	105	37,247
Surplus/(Deficit) of Operating Funding (A-B)	6,435	1,237	7,672
Sources of Capital Funding			
Subsidies & grants for capital purposes	4,668	(749)	3,919
Development & financial contributions	44	928	972
Increase/(decrease) in debt	1,318	726	2,044
Gross proceeds from sale of assets	0	37	37
Lump sum contributions	0	0	0
Total sources of Capital Funding (C)	6,030	942	6,972
Applications of Capital Funding			
Capital expenditure			
- to meet additional demand	120	0	120
- to improve the level of service	6,429	0	6,429
- to replace existing assets	6,275	(33)	6,242
Increase/(decrease) in reserves	(359)	1298	939
Increase/(decrease) of investments	0	914	914
Total applications of Capital Funding (D)	12,465	2,179	14,644
Surplus/(Deficit) of Capital Funding (C-D)	(6,435)	(1,237)	(7,672)
Funding balance ((A-B)+(C-D))	-	-	-

Leadership

Upper Hutt City Council: Funding Impact Statement for 30 June 2018	Year 2 Long-term Plan 2016-17 (\$ 000)	Year 3 Long-term Plan 2017-18 (\$ 000)	Year 3 Actual 2017-18 (\$ 000)
For Leadership			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,473	2,505	2,780
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	86	1	5
Internal charges and overheads recovered	33	33	52
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	2,592	2,539	2,837
Applications of operating funding			
Payments to staff and suppliers	973	859	966
Finance costs	0	0	0
Internal charges and overheads applied	1,619	1,680	1,871
Other operating funding applications	0	0	0
Total applications of operating funding (B)	2,592	2,539	2,837
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

Land transport

Upper Hutt City Council: Funding Impact Statement for 30 June 2018	Year 2 Long-term Plan 2016-17 (\$ 000)	Year 3 Long-term Plan 2017-18 (\$ 000)	Year 3 Actual 2017-18 (\$ 000)
For Land transport			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	5,804	6,028	5,161
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	1,492	1,546	501
Fees and charges, and targeted rate for water supply	58	59	149
Internal charges and overheads recovered	116	117	180
Local authority fuel tax, fines, infringement fees, and other receipts	154	159	172
Total operating funding (A)	7,624	7,909	6,163
Applications of operating funding			
Payments to staff and suppliers	3,273	3,400	2,932
Finance costs	779	843	501
Internal charges and overheads applied	874	921	1,456
Other operating funding applications	0	0	0
Total applications of operating funding (B)	4,926	5,164	4,889
Surplus (deficit) of operating funding (A-B)	2,698	2,745	1,274
Sources of capital funding			
Subsidies and grants for capital expenditure	1,877	1,358	4,361
Development and financial contributions	337	233	48
Increase (decrease) in debt	1,252	(287)	801
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)	3,466	1,304	5,210
Applications of capital funding			
Capital expenditure			
- to meet additional demand	161	0	17
- to improve the level of service	2,922	1,056	4,783
- to replace existing assets	2,744	2,760	1,971
Increase (decrease) in reserves	337	233	(287)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	6,164	4,049	6,484
Surplus (deficit) of capital funding (C-D)	(2,698)	(2,745)	(1,274)
Funding balance ((A-B)+(C-D))	0	0	0

Water supply

Upper Hutt City Council: Funding Impact Statement for 30 June 2018	Year 2 Long-term Plan 2016-17 (\$ 000)	Year 3 Long-term Plan 2017-18 (\$ 000)	Year 3 Actual 2017-18 (\$ 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)	5,477	5,782	5,669
Subsidies and grants for operating purposes	0	0	0
Fees and charges, and targeted rate for water supply	1,066	1,093	1,284
Internal charges and overheads recovered	91	97	129
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	6,634	6,972	7,082
Applications of operating funding			
Payments to staff and suppliers	4,549	4,774	4,577
Finance costs	51	51	41
Internal charges and overheads applied	812	851	891
Other operating funding applications	0	0	0
Total applications of operating funding (B)	5,412	5,676	5,509
Surplus (deficit) of operating funding (A-B)	1,222	1,296	1,573
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	52	416	383
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)	52	416	383
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	103
- to improve the level of service	82	136	505
- to replace existing assets	1,317	1,701	1,409
Increase (decrease) in reserves	(125)	(125)	(61)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	1,274	1,712	1,956
Surplus (deficit) of capital funding (C-D)	(1,222)	(1,296)	(1,573)
Funding balance ((A-B)+(C-D))	0	0	0

Wastewater

Upper Hutt City Council: Funding Impact Statement for 30 June 2018	Year 2 Long-term Plan 2016-17 (\$ 000)	Year 3 Long-term Plan 2017-18 (\$ 000)	Year 3 Actual 2017-18 (\$ 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)	6,610	6,978	5,766
Subsidies and grants for operating purposes	0	0	0
Fees and charges, and targeted rate for water supply	111	111	160
Internal charges and overheads recovered	112	116	149
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	6,833	7,205	6,075
Applications of operating funding			
Payments to staff and suppliers	3,846	3,978	3,515
Finance costs	890	906	596
Internal charges and overheads applied	584	621	619
Other operating funding applications	0	0	0
Total applications of operating funding (B)	5,320	5,505	4,730
Surplus (deficit) of operating funding (A-B)	1,513	1,700	1,345
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	291	274	102
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)	291	274	102
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	481	478	0
- to replace existing assets	1,773	1,816	1,858
Increase (decrease) in reserves	(450)	(320)	(411)
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	1,804	1,974	1,447
Surplus (deficit) of capital funding (C-D)	(1,513)	(1,700)	(1,345)
Funding balance ((A-B)+(C-D))	0	0	0

Stormwater

Upper Hutt City Council: Funding impact statement for 30 June 2018	Year 2 Long-term Plan 2016-17 (\$ 000)	Year 3 Long-term Plan 2017-18 (\$ 000)	Year 3 Actual 2017-18 (\$ 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)	2,103	2,645	1,995
Subsidies and grants for operating purposes	0	0	0
Fees and charges, and targeted rate for water supply	0	0	281
Internal charges and overheads recovered	36	36	68
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	2,139	2,681	2,344
Applications of operating funding			
Payments to staff and suppliers	1,388	1,454	1,575
Finance costs	28	61	36
Internal charges and overheads applied	442	461	529
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,858	1,976	2,140
Surplus (deficit) of operating funding (A-B)	281	705	204
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	555	541	181
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)	555	541	181
Applications of capital funding			
Capital expenditure			
- to meet additional demand	564	577	0
- to improve the level of service	0	0	298
- to replace existing assets	522	669	47
Increase (decrease) in reserves	(250)	0	40
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	836	1,246	385
Surplus (deficit) of capital funding (C-D)	(281)	(705)	(204)
Funding balance ((A-B)+(C-D))	0	0	0

Solid waste

Upper Hutt City Council: Funding Impact Statement for 30 June 2018	Year 2 Long-term Plan 2016-17 (\$ 000)	Year 3 Long-term Plan 2017-18 (\$ 000)	Year 3 Actual 2017-18 (\$ 000)
For Solid waste			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	(276)	(292)	(258)
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	533	546	608
Internal charges and overheads recovered	3	3	6
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	260	257	356
Applications of operating funding			
Payments to staff and suppliers	102	94	182
Finance costs	0	0	0
Internal charges and overheads applied	158	163	174
Other operating funding applications	0	0	0
Total applications of operating funding (B)	260	257	356
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

Planning and regulatory services

Upper Hutt City Council: Funding Impact Statement for 30 June 2018	Year 2 Long-term Plan 2016-17 (\$ 000)	Year 3 Long-term Plan 2017-18 (\$ 000)	Year 3 Actual 2017-18 (\$ 000)
For Planning and regulatory services			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,456	2,338	2,914
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	1,851	1,916	1,969
Internal charges and overheads recovered	42	43	206
Local authority fuel tax, fines, infringement fees, and other receipts	260	277	270
Total operating funding (A)	4,609	4,574	5,359
Applications of operating funding			
Payments to staff and suppliers	2,668	2,605	3,501
Finance costs	19	14	11
Internal charges and overheads applied	1,441	1,457	1,777
Other operating funding applications	0	0	0
Total applications of operating funding (B)	4,128	4,076	5,289
Surplus (deficit) of operating funding (A-B)	481	498	70
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	1,487
Increase (decrease) in debt	(83)	(86)	(70)
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)	(83)	(86)	1,417
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	398	412	1,487
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	398	412	1,487
Surplus (deficit) of capital funding (C-D)	(481)	(498)	(70)
Funding balance ((A-B)+(C-D))	0	0	0

Community and recreation services

Upper Hutt City Council: Funding Impact Statement for 30 June 2018	Year 2 Long-term Plan 2016-17 (\$ 000)	Year 3 Long-term Plan 2017-18 (\$ 000)	Year 3 Actual 2017-18 (\$ 000)
For Community and recreation services			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	9,760	10,254	10,648
Targeted rates (other than a targeted rate for water supply)	0	0	0
Subsidies and grants for operating purposes	25	25	161
Fees and charges, and targeted rate for water supply	1,994	2,042	2,029
Internal charges and overheads recovered	161	162	356
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	11,940	12,483	13,194
Applications of operating funding			
Payments to staff and suppliers	9,402	9,551	8,444
Finance costs	378	385	248
Internal charges and overheads applied	1,177	1,184	3,254
Other operating funding applications	173	176	0
Total applications of operating funding (B)	11,130	11,296	11,946
Surplus (deficit) of operating funding (A-B)	810	1,187	1,248
Sources of capital funding			
Subsidies and grants for capital expenditure	0	703	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(57)	(527)	(81)
Gross proceeds from sale of assets	0	1,073	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	(57)	1,249	(81)
Applications of capital funding			
Capital expenditure			
- to meet additional demand	0	0	197
- to improve the level of service	477	1,674	130
- to replace existing assets	541	555	562
Increase (decrease) in reserves	(265)	207	278
Increase (decrease) of investments	0	0	0
Total applications of capital funding (D)	753	2,436	1,167
Surplus (deficit) of capital funding (C-D)	(810)	(1,187)	(1,248)
Funding balance ((A-B)+(C-D))	0	0	0

Economic Development

Upper Hutt City Council: Funding Impact Statement for 30 June 2018 For Economic Development	Year 2 Long-term Plan 2016-17 (\$ 000)	Year 3 Long-term Plan 2017-18 (\$ 000)	Year 3 Actual 2017-18 (\$ 000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,428	1,495	1,687
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	13	35
Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0
Total operating funding (A)	1,440	1,508	1,729
Applications of operating funding			
Payments to staff and suppliers	1,209	984	1,566
Finance costs	56	52	35
Internal charges and overheads applied	225	222	370
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,490	1,258	1,971
Surplus (deficit) of operating funding (A-B)	(50)	250	(242)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	50	(250)	242
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)	50	(250)	242
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)	50	(250)	242
Funding balance ((A-B)+(C-D))	0	0	0

Schedule 5

Annual report disclosure statement

Annual report disclosure statement for year ending 30 June 2018

What is the purpose of this statement?

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

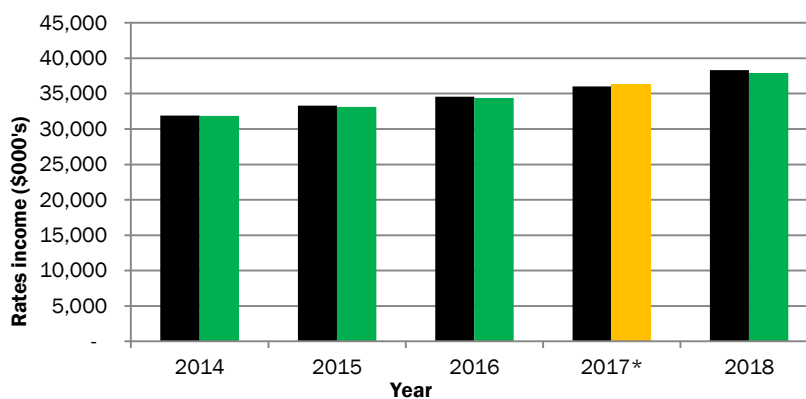
Rates affordability benchmark

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, plus the annual allowance of growth in the rates database.



- Previous years rates % increase and LGCI and 2% increase in rates and annual allowance of growth in the rates database
- Actual rates income \$ (at or within limit)
- Actual rates income \$ (exceeds limit)

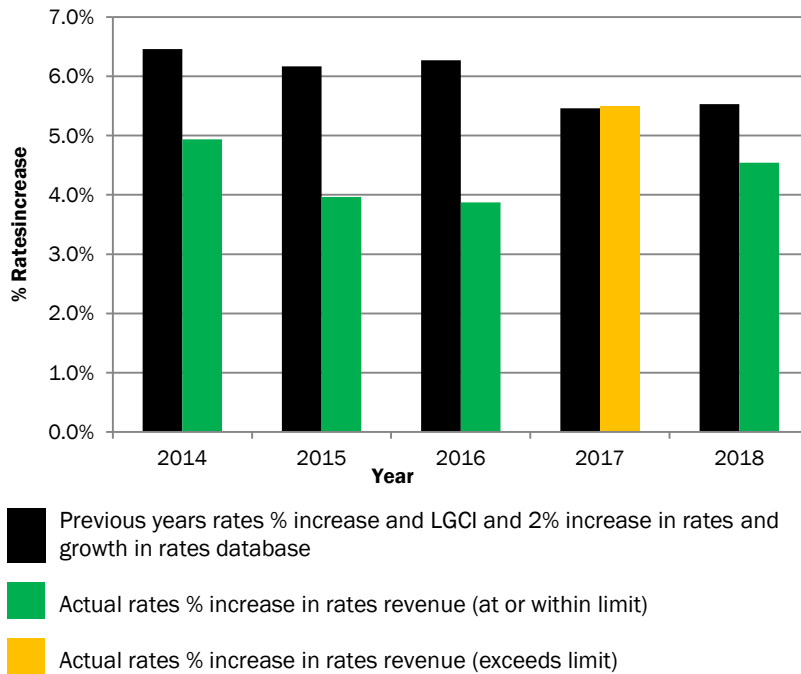
*Updated from prior year

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 the annual allowance growth in the rates database.



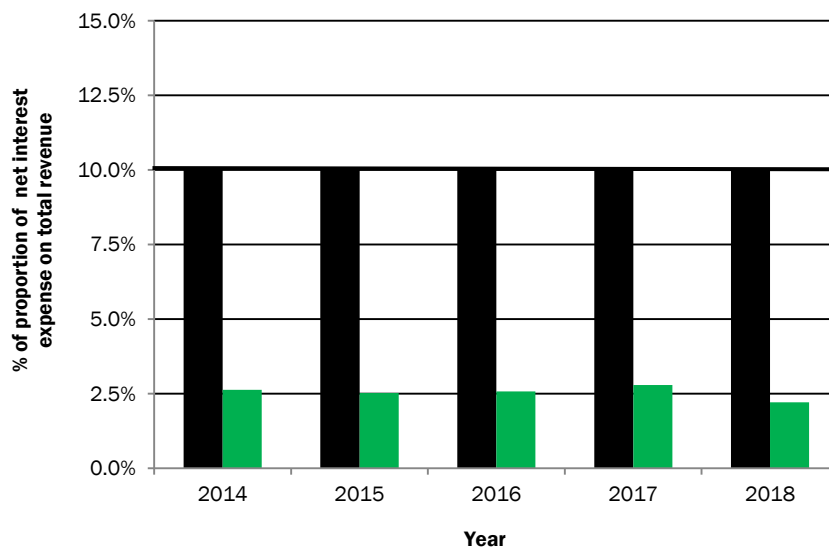
Debt affordability benchmark

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%.

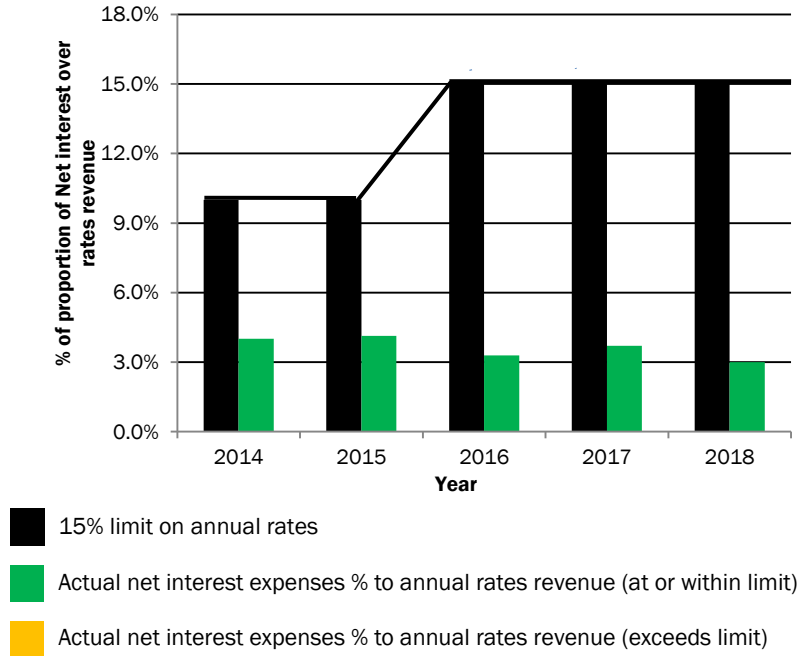
Interest expenses on will not exceed 10% of total revenue.



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

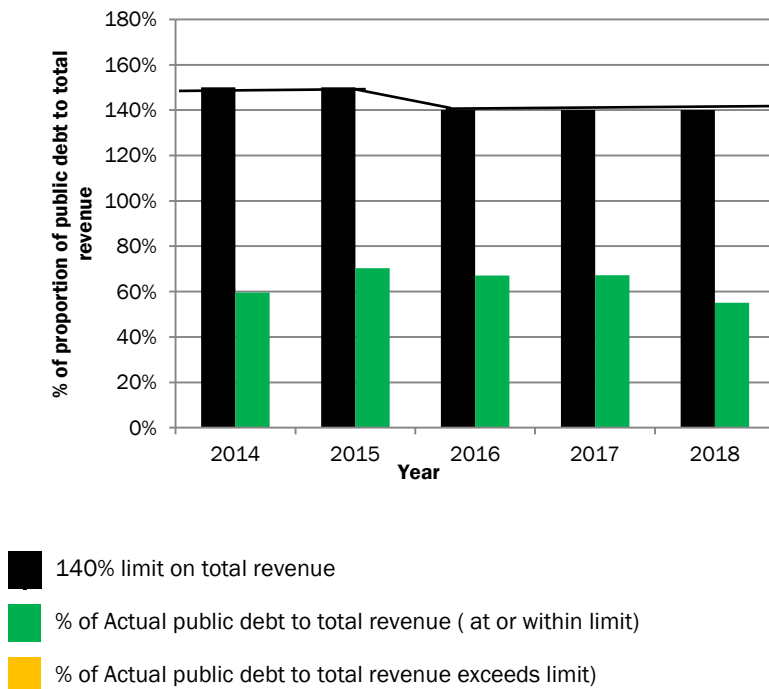
The following graph compares the council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council’s long-term plan. The quantified limit is interest expense on public debt will not exceed 15% of the annual rates revenue. Previously this limit was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

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



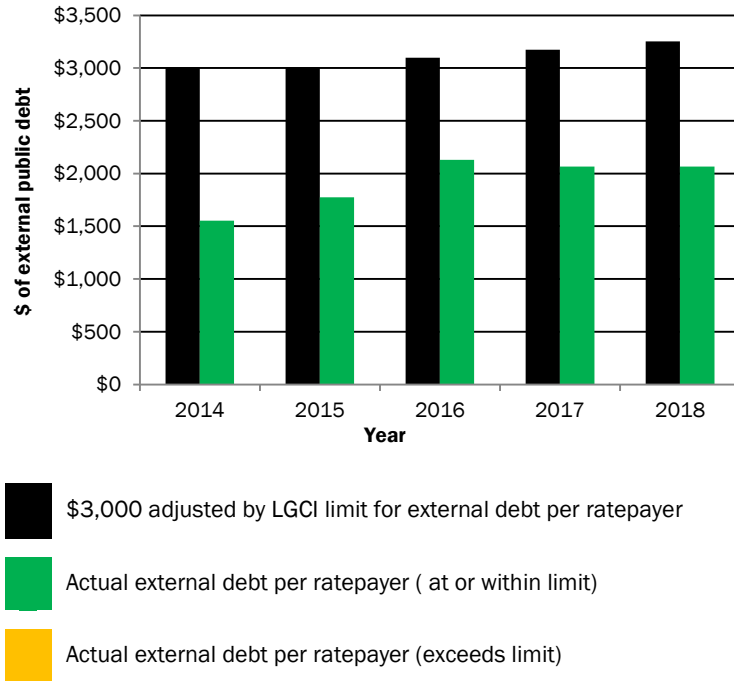
The following graph compares the council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council’s long-term plan. The quantified limit is, net external public debt will not exceed 140% of total revenue. Previously this limit was 150%. In the LTP 2018 – 2028, from 2018 Council approval of 175% limit has been given.

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



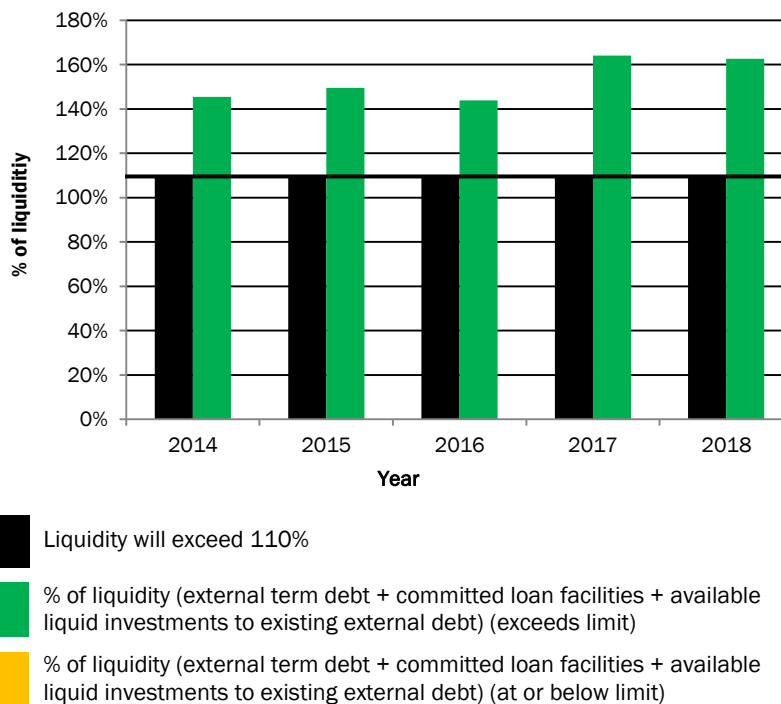
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in this long-term plan. The quantified limit is, external public debt per ratepayer will not exceed \$3,000 adjusted by the LGCI.

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



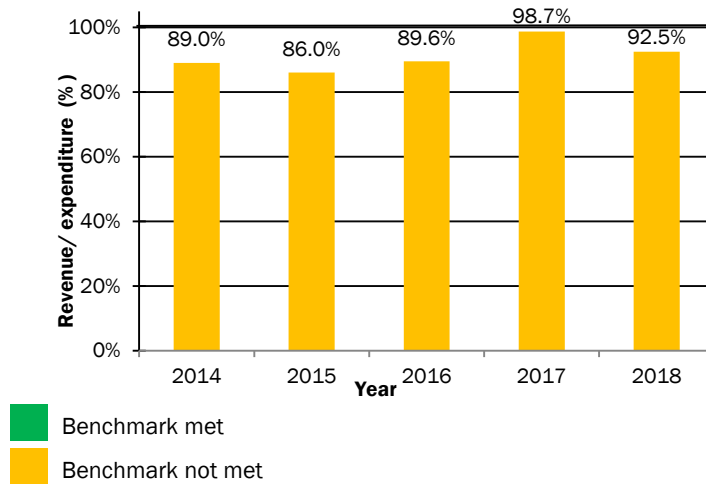
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the long-term plan. The quantified limit is, Liquidity (external term debt + committed loan facilities + available liquid investments to existing external debt)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

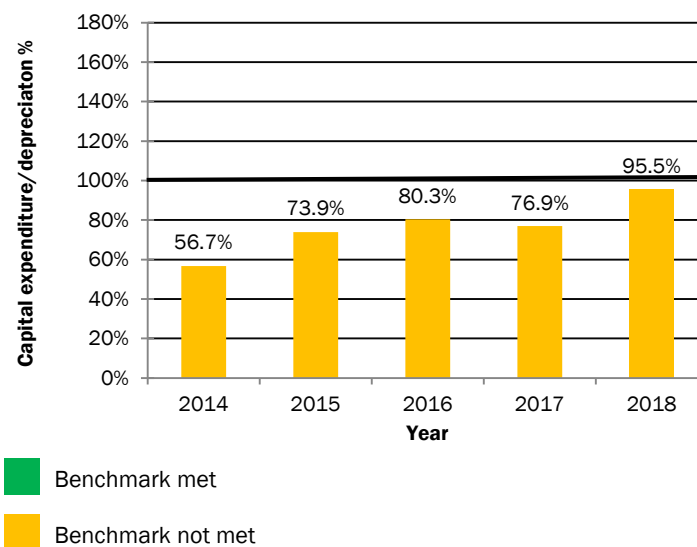


ADDITIONAL INFORMATION OF COMMENT

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.

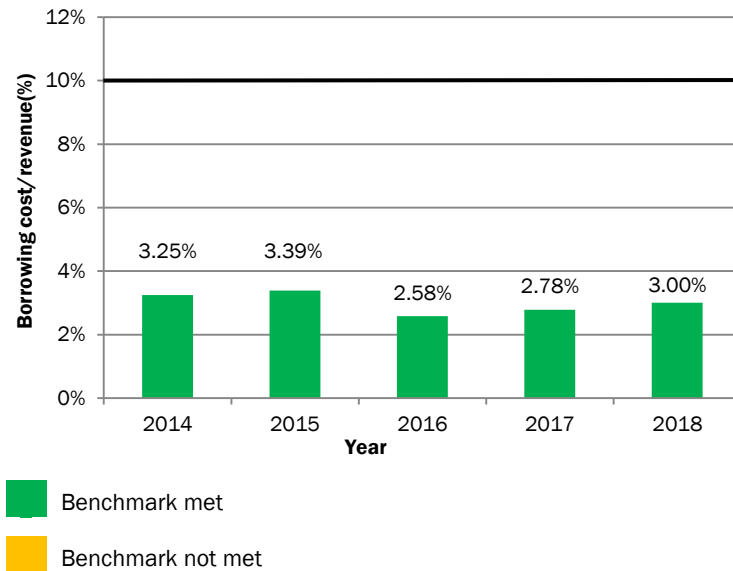


The prior years’ information has been updated on this graph

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).

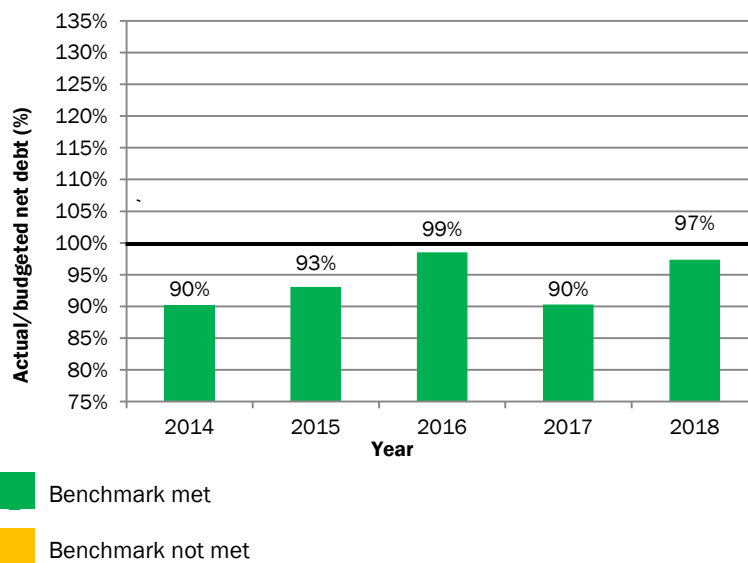
Because Statistics New Zealand projects the council’s population will grow as fast as the national population is projected to grow, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



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.

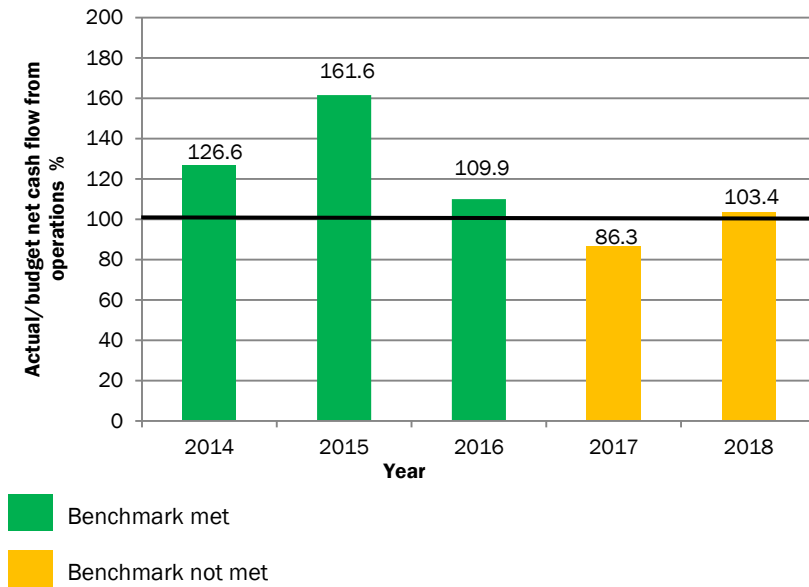


The prior years’ information has been updated on this graph

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.



Financials

Council financial statistics	124
Five year financial performance summary	124
Council financial statistics.....	124
Statement of Accounting Policies.....	124
Note 1 – General accounting policies	124
Significant accounting policies.....	126
Financial Statements	128
Statement of comprehensive revenue and expense for the year ended 30 June 2018.....	129
Statement of changes in equity for the year ended 30 June 2018.....	131
Note 2 – Revenue	132
Note 3 – Expenses.....	137
3A – Personnel costs	138
3B – Depreciation and amortisation expense by group of activity.....	141
3C – Other expenses	142
3D – Operating leases	143
Note 4 – Cash and cash equivalents	144
Note 5 – Other financial assets.....	144
Note 6 – Derivative financial instruments.....	149
Note 7 – Trade and other receivables	150
Note 8 – Non-current assets held for sale	152
Note 9 – Property Plant and Equipment and Intangible Assets	153
Intangible assets.....	153
Note 9A –2018 Council operational assets, property, plant and equipment	160
Note 9B – 2018 Council restricted assets, property, plant and equipment	161
Note 9C – 2018 Subsidiaries assets, property, plant and equipment	162
Note 9A – 2017 Council operational assets, property, plant and equipment	163
Note 9B – 2017 Council restricted assets, property, plant and equipment	164
Note 9C – 2017 Subsidiaries assets, property, plant and equipment	165
Note 9D – Permanent art collection.....	166
Note 9E – 2018 Aquatic assets	166
Note 9E – 2017 Aquatic assets	167
Note 9F – 2018 Council infrastructural assets.....	168
Note 9F – 2017 Council infrastructural assets.....	169
Note 9G – Hutt Valley wastewater scheme	170
Note 9H – Capital commitments	170
Note 10 – Payables and deferred revenue.....	171
Note 11 – Employee entitlements.....	172
Note 12 – Borrowings and other financial liabilities.....	173
Note 13 – Financial instruments	175
13A – Financial instrument categories.....	176
13B – Fair value hierarchy disclosures	176
13C – Financial instrument risks	178
13D – Credit quality of financial assets.....	179
13E – Liquidity risk.....	180

13F – Contractual maturity analysis of financial liabilities	180
13G – Contractual maturity analysis of financial assets	181
13H – Sensitivity analysis	182
Explanation of sensitivity analysis – Council.....	182
Explanation of sensitivity analysis – Group	182
Note 14 – Equity	184
Note 15 – Reconciliation of surplus/(deficit) after tax to net cashflow from operating activities	192
Note 16 – Contingencies	192
Note 17 – Related party transactions	194
Note 18 – Major estimate variations.....	195
Note 19 – Discontinued activities	197
Note 20 – Post balance date events	197
Note 21 – Explanation of difference between financial statements and the Long Term Plan (LTP)	197
Quality assurance statement.....	198
Performance against Year 3 of the Long Term Plan 2015 – 2025	199
Specific objectives and targets.....	199
Actual versus Long Term Plan (LTP)	200
Funding policy statement.....	202

Council financial statistics

Five year financial performance summary

	Budget 2017-18 (\$000)	Actual 2017-18 (\$000)	Actual 2016-17 (\$000)	Actual 2015-16 (\$000)	Actual 2014-15 (\$000)	Actual 2013-14 (\$000)
Gross rates	37,711	37,932	36,285	34,394	33,112	31,850
Net surplus / (deficit)	3,333	9,103	470	1,719	(6,920)	(1,919)
Working capital	1,850	(1,097)	106	(5,211)	(22)	1,102
Borrowings	39,538	36,500	34,500	32,456	30,549	25,427
Total assets	728,996	764,902	739,374	716,260	714,220	679,074

Council financial statistics

	Budget 2017-18	Actual 2017-18	Actual 2016-17	Actual 2015-16	Actual 2014-15	Actual 2013-
Proportion of Gross rates to total income (%)	66.4%	59.22%	69.01%	63.93%	77.92%	72.62%
Average Gross rates per rateable property	\$2,271	\$2,214	\$2,135	\$2,045	\$1,985	\$1,910
Total interest expense on public debt (%)	5.0%	4.0%	4.9%	4.7%	4.6%	5.2%
External public debt to annual rates (%)	104.8%	96.2%	95.1%	94.4%	92.3%	78.8%
External public debt per rateable property	\$2,381	\$2,131	\$2,030	\$1,930	\$1,831	\$1,524
External public debt to total equity	5.8%	5.1%	5.0%	4.8%	4.5%	3.9%

Statement of Accounting Policies

Year ended 30 June 2018

Note 1 – General 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 consists of Upper Hutt City Council and Expressions Whirinaki Arts and Entertainment Trust.

Upper Hutt City Council has an interest in the Hutt Valley Wastewater Scheme (refer to 9G 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 in tier 1 entity for the purposes of New Zealand equivalents to International Public Sector Accounting Standards (IPSAS).

The financial statements of Upper Hutt City Council are for the year ended 30 June 2018. The Annual Report was adopted for issue by Council on 31 October 2018.

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 Whirinaki 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.

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.

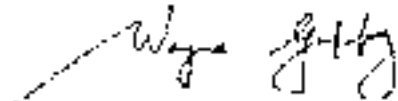
The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

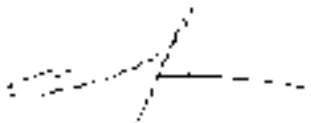
Commitments are disclosed exclusive of GST. Contingencies are exclusive of GST.

Financial Statements

Statement of financial position – as at 30 June 2018	Notes	Actual Parent 30 Jun 18 (\$'000)	Actual Parent 30 Jun 17 (\$'000)	Budget Parent 30 Jun 18 (\$'000)	Actual Group 30 Jun 18 (\$'000)	Actual Group 30 Jun 17 (\$'000)
EQUITY						
Accumulated funds	14A	233,949	228,032	237,419	234,218	228,306
Restricted reserves	14C	13,783	9,604	8,253	13,840	9,643
Asset revaluation reserves	14D	469,705	455,265	434,402	469,730	455,290
Total equity		717,437	692,901	680,074	717,788	693,239
ASSETS						
Current assets						
Cash and cash equivalents	4	4,063	3,309	508	4,407	3,576
Other financial assets	5	8,000	8,000	7,563	8,038	8,038
Trade and other Receivables	7	4,430	3,245	2,718	4,478	3,338
Inventories		14	20	0	30	36
Non-current assets held for sale	8	206	2,650	0	206	2,650
Total current assets		16,713	17,224	10,789	17,159	17,638
NON-CURRENT ASSETS						
Other - financial assets	5	705	705	590	705	705
Derivative financial instruments	6	0	58	0	0	58
Trade and other receivables	7	28	11	6	28	11
Permanent art collection	9D	0	0	0	53	53
Property, plant and equipment	9A,B,C	95,519	92,197	87,492	95,585	92,266
Aquatic assets	9E	8,133	9,825	9,630	8,133	9,825
Infrastructure assets	9F	643,804	619,354	620,476	643,804	619,354
Intangible assets		0	0	13	0	0
Total non - current assets		748,189	722,150	718,207	748,308	722,272
Total assets		764,902	739,374	728,996	765,467	739,910
LIABILITIES						
Current liabilities						
Payables and deferred revenue	10	8,003	9,414	6,191	8,193	9,589
Derivative financial instruments	6	20	20	0	20	20
Employee entitlements	11	787	684	572	811	707
Borrowings and other financial liabilities	12	9,000	7,000	2,176	9,000	7,000
Total current liabilities		17,810	17,118	8,939	18,024	17,316
Non - current liabilities						
Derivative financial instruments	6	1,812	1,541	2,439	1,812	1,541
Employee entitlements	11	343	314	182	343	314
Borrowings and other financial liabilities	12	27,500	27,500	37,362	27,500	27,500
Total non - current liabilities		29,655	29,355	39,983	29,655	29,355
Total liabilities		47,465	46,473	48,922	47,679	46,671
NET ASSETS		717,437	692,901	680,074	717,788	693,239

The accompanying accounting policies and notes form part of these financial statements. Explanations of major variances against budget are provided in Note 18.

 Wayne Guppy
MAYOR

 Chris Upton
CHIEF EXECUTIVE

Statement of comprehensive revenue and expense for the year ended 30 June 2018

	NOTES	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Budget Parent 30 Jun 18 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
OPERATING REVENUE						
Rates (net)	2A	37,811	36,151	37,711	37,811	36,151
Fees and charges	2C	19,168	10,342	11,708	19,569	10,732
Development and financial contributions		1,535	972	1,483	1,535	972
Subsidies and grants	2D	5,196	4,634	5,540	5,272	4,699
Interest and dividends	2E	346	286	344	348	288
Gains		0	4	0	0	4
Total operating revenue		64,056	52,389	56,786	64,535	52,846
OPERATING EXPENDITURE						
Personnel costs and Councillor Remuneration	3A	11,128	10,332	10,957	11,649	10,808
Depreciation and amortisation expense	3B	13,776	13,438	13,340	13,791	13,450
Finance costs		1,468	1,674	1,959	1,468	1,674
Bulk drainage levy		2,426	2,573	2,779	2,426	2,573
Bulk water levy		3,018	2,920	3,055	3,018	2,920
Other expenses	3C	23,137	20,982	21,363	23,067	20,948
Total operating expenditure		54,953	51,919	53,453	55,419	52,373
Surplus/(deficit) before and after tax		9,103	470	3,333	9,116	473
Other comprehensive revenue						
Gains/(losses) on infrastructural property assets revaluations	9F	17,231	10,315	4,232	17,231	10,315
Gains /losses on asset held for sale		(24)	0	0	(24)	0
Gains/(losses) on operational, restricted property and aquatic assets revaluations	9A& 9B	(1,774)	10,242	0	(1,774)	10,242
Total other comprehensive revenue and expense		15,433	20,557	4,232	15,433	20,557
Total Comprehensive Revenue		24,536	21,027	7,565	24,549	21,030

The accompanying accounting policies and notes form part of these financial statements. Explanations of major variances against budget are provided in Note 18.

Statement of cash flows for the year ended 30 June 2018

	NOTES	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Budget Parent 30 Jun 18 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash was provided from:						
Rates		37,851	36,157	37,711	37,851	36,157
Other receipts		12,707	14,272	12,998	13,177	15,422
Interest received		324	294	344	326	296
Dividends received		0	0	0	0	0
Regional Council rates		10,608	9,890	0	10,608	9,890
		61,490	60,613	51,053	61,962	61,765
Cash was applied to:						
Suppliers and employees		(37,951)	(36,440)	(37,096)	(38,389)	(37,586)
Interest paid		(1,603)	(1,518)	(1,959)	(1,603)	(1,518)
Goods and Services Tax (net)		139	172	0	133	193
Regional Council rates		(10,621)	(9,805)	0	(10,621)	(9,805)
		(50,036)	(47,591)	(39,055)	(50,480)	(48,716)
Net cash inflow (outflow) from operating activities	15	11,454	13,022	11,998	11,482	13,049
CASH FLOWS FROM INVESTING ACTIVITIES						
Cash was provided from:						
Proceeds from sale of property, plant and equipment		0	37	2,200	0	37
Maturity of investments		0	0	4,508	69	1
		0	37	6,708	69	38
Cash was applied to:						
Purchase of investments		0	(2,200)	0	(2)	(2,207)
Purchase of property, plant and equipment		(12,700)	(12,364)	(15,943)	(12,717)	(12,387)
		(12,700)	(14,564)	(15,943)	(12,719)	(14,594)
Net cash inflow (outflow) from investing activities		(12,700)	(14,527)	(9,235)	(12,650)	(14,556)
CASH FLOWS FROM FINANCING ACTIVITIES						
Cash was provided from:						
Loan raised		8,000	12,846	5,549	8,000	12,846
Cash was applied to:						
Loan repayments		(6,000)	(10,802)	(3,316)	(6,000)	(10,802)
Net cash inflow (outflow) from financing activities		2,000	2,044	2,233	2,000	2,044

		Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Budget Parent 30 Jun 18 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Net increase (decrease) in Cash, Cash Equivalents and Bank Overdrafts		754	539	4,996	832	537
Cash and cash equivalents as at 01 July		3,309	2,770	(4,488)	3,576	3,039
Cash and cash equivalents as at 30 June	NOTES	4,063	3,309	508	4,408	3,576

Composition of cash

Cash and cash equivalents and bank overdrafts	4	563	309	508	818	576
Call account	4	3,500	3,000	0	3,590	3,000
Short term deposits maturing three months or less	4	0	0	0	0	0
		4,063	3,309	508	4,408	3,576

The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes. 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.

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

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

Explanations of major variances against budget are provided in Note 18.

Statement of changes in equity for the year ended 30 June 2018

	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Budget Parent 30 Jun 18 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Equity at the start of the year	692,901	671,874	672,509	693,239	672,209
Total comprehensive revenue and expense for the year	24,536	21,027	7,565	24,549	21,030
Equity at the end of the year	717,437	692,901	680,074	717,788	693,239

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

Explanations of major variances against budget are provided in Note 18.

Note 2 – 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.

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.

METERED WATER CHARGES

Revenue from water charges 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

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.

COMMISSION

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.

2A Non-exchange revenue rates	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
General rates	22,453	22,001	22,453	22,001
Targeted water fire protection rates	1,377	1,325	1,377	1,325
Targeted Stormwater disposal rates	2,731	2,052	2,731	2,052
Targeted Wastewater pan charges	6,876	6,457	6,876	6,457
Rates penalties	243	267	243	267
Water - targeted rates	4,252	4,183	4,252	4,183
Total non-exchange gross rates revenue	37,932	36,285	37,932	36,285
Less remission				
Land used for sport	104	105	104	105
Rates penalties remissions	17	28	17	28
Total remission	121	134	1221	134
Total non-exchange net of remission and internal rates revenue	37,811	36,151	37,811	36,151

The total amount of rates charged on Council-owned properties that have not been eliminated from revenue and expenditure is \$1,665,000 (2017, \$1,674,000). For the group, rates of \$1,675,000 (2017, \$1,674,000) have not been eliminated.

Under Local Government Act 2002 Amendment Act 2014 rating information disclosure as at:	30 June 2018	30 June 2017
Total land valuations of rateable properties for the city	\$3,819,163,830	\$3,072,984,200
Total capital valuation of rateable properties for the city	\$8,507,902,330	\$7,095,768,700
Total number of rateable properties	17,129	16,993

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.

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 2018 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown above.

2B Rate and general funding requirement for each activity	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Forecast Parent 30 Jun 18 (\$000)
Leadership	2,777	2,612	2,639
Land Transport	5,161	5,559	5,975
Water Supply	5,668	4,942	5,593
Wastewater	5,766	6,186	6,835
Stormwater	1,995	1,738	2692
Solid Waste and Sustainability	(258)	(285)	(118)
Planning and regulatory services			
<i>City Planning</i>	1,782	1,456	1,685
<i>Building and compliance services</i>	1,132	881	825
Community and recreation			
<i>Community Development</i>	580	701	574
<i>Activation</i>	344	314	330
<i>Emergency Management</i>	321	469	502
<i>Parks and Reserves</i>	2,973	2,205	2,587
<i>H²O Xtream</i>	2,213	2,179	1,982
<i>Library</i>	3,045	2,993	2,981
<i>Expressions Arts and Entertainment Centre</i>	879	1,010	893
<i>Property</i>	87	109	158
<i>Akatarawa Cemetery</i>	(17)	(29)	(71)
<i>Support Services</i>	(18)	10	28
Economic Development	1,687	1,483	1,665
Total rate funding requirement for each activity	36,117	34,533	37,755

This note reconciles to the Cost of Services Statements in the Activities Section

2C Non-exchange fees and charges revenue	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Permit and licence fees	1,634	1,396	1,634	1,396
Vested assets	11,867	1,640	11,867	1,640
Metered water charges ^{#1}	1,251	1,240	1,251	1,240
Property rentals	205	204	205	204
H ² O Xtream and Expressions charges	1,167	1,176	1,568	1,566
Library, parks, and community charges	120	154	120	154
Insurance recovery	7	916	7	916
Other charges ^{#2}	1,543	2,305	1,543	2,305
Total non-exchange fees and charges revenue	17,794	9,031	18,195	9,421
Solid waste	607	576	607	576
Dog charges	380	356	380	356
Cemetery charges	387	379	387	379
Total exchange fees and charges revenue	1,374	1,311	1,374	1,311
Total fees and charges revenue	19,168	10,342	19,569	10,732

Metered water charges are user charges imposed under the Council's Water Supply Bylaw (2008) and thus treated as fees and charges.

^{#1} Under Meter Water charges, Council has \$36K of water charges charged to UHCC properties from income and other operating expenses (2017 \$47K).

^{#2} Under Other charges, Council has \$65K of other internal charges and other operating expenses (2017 \$64K).

2D Non exchange revenue subsidies and grants	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Roading subsidies (NZTA ¹)	4,862	4,366	4,862	4,366
Petrol tax (crown)	142	143	142	143
Public transport subsidies (GWRC ²)	30	0	30	0
Social community project grants	162	125	162	125
Other grants and subsidies	0	0	76	65
Total non-exchange revenue subsidies and grants	5,196	4,634	5,272	4,699

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

2E Exchange revenue interest and dividends	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Other financial assets	346	283	348	285
Trade receivables - community loans	0	3	0	3
Total interest and dividends	346	286	348	288

2F 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 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Not later than one year	276	271	276	271
Later than one year and not later than five years.	810	858	810	858
Five years and later.	1,985	2,084	1,985	2,084
Total non-cancellable operating leases	3,071	3,213	3,071	3,213

No contingent rents have been recognised in the Statement of Comprehensive Revenue and Expenses during the period (nil 2017).

Note 3 – Expenses

Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred. Upper Hutt City Council does not capitalise its interest on borrowings.

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.

3A – Personnel costs

Breakdown of personnel costs	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Salaries and wages	10,748	10,165	11,263	10,631
Defined contributions plan Employee Contributions	248	151	253	160
Increase/Decrease Employee entitlements	132	16	133	17
Total personnel costs	11,128	10,332	11,649	10,808

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 18 \$	30 Jun 17 \$
Salary	259,949	250,521
Private use of a car	15,590	18,940
Total remuneration, including fringe benefit tax	275,539	269,461
The Chief Executive Officer's actual remuneration was:		
Salary	259,949	250,427
Private use of a car	15,590	18,940
Actual total remuneration, including fringe benefit tax	275,539	269,367

Remuneration of Elected Members

During the year Upper Hutt City Council paid total costs, including meeting allowances of \$465,847 (\$456,645 at 30 June 2017) to elected members, as follows:

Breakdown	Actual 30 Jun 18 \$	Actual 30 Jun 17 \$
His Worship the Mayor, Wayne Guppy	111,174	109,316
Deputy Mayor John Gwilliam	44,512	43,528
Cr. Dave Wheeler	34,987	34,270
Cr. Glenn McArthur	39,756	38,749
Cr. Hellen Swales	38,154	37,227
Cr. Blair Griffiths	38,205	35,314
Cr. Paul Lambert	31,794	31,263
Cr. Angela McLeod	31,883	31,314
Cr. Steve Taylor	31,794	31,262
Cr. Ros Connelly (commenced 20 October 2016)	31,794	21,884
Cr Chris Carson (commenced 20 October 2016)	31,794	21,884
Cr. Dean Rabbitt (retired 20 October 2016)	0	11,255
Cr Mary Amour (retired 20 October 2016)	0	9,379
Total remuneration of elected members	465,847	456,645

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 18 \$	Actual 30 Jun 17 \$
Deputy Mayor J. Gwilliam	0	18
Cr. D Wheeler	13	26
Cr. G McArthur	13	18
Cr. B Griffiths	51	10
Cr. McLeod	89	26
Total resource consents hearing fees	166	98

Summary of employee levels

Summary of employee levels - 2017 – 2018	30 Jun 18 Employee numbers	30 Jun 18 Full time equivalent employee numbers
Casual employees	40	6
Part-time employees	39	17
Full-time employees	65	56
Band range \$60,000 or under total remuneration	144	79
Part time employees	2	2
Full-time employees	30	30
Band range \$60,001 to \$80,000 or under total remuneration	32	32
Full-time employee band range \$80,001 to \$100,000 total remuneration	16	16
Full-time employee band range \$100,001 to \$140,000 total remuneration	10	10
Full-time employee band range \$140,001 to \$280,000 total remuneration	5	5
Total employee numbers	207	142

Summary of employee levels - 2016 – 2017	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

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.

Severance payments

For the year ending 30 June 2018 Upper Hutt City Council made no severance payment to employees \$Nil.
(2017, nil).

3B – Depreciation and amortisation expense by group of activity

Depreciation and amortisation expense by group of activity	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Depreciation by activity				
Leadership	0	0	0	0
Land Transport	4,440	4,276	4,440	4,276
Water supply	1,792	1,743	1,792	1,743
Wastewater	3,540	3,532	3,540	3,532
Stormwater	1,754	1,732	1,754	1,732
Solid waste	1	0	1	0
Planning and Regulatory Services	5	0	5	0
Community and recreation services	2,243	2,154	2,258	2,166
Economic Development	1	1	1	1
Total depreciation and amortisation expenses	13,776	13,438	13,791	13,450

3C – Other expenses

Other expenses	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Insurance	481	382	487	388
Disaster fund insurance	196	192	196	192
Audit fees and disbursements	133	130	144	141
Audit fees (Long Term Plan 2018 – 2028)	86	0	86	0
Rental	222	182	222	182
Loss on disposal of assets	1,767	1,235	1,767	1,235
Consultants	1,069	824	1,069	824
Printing, photocopying and stationery	137	140	152	157
Telephone rental, mobile and tolls	104	105	107	108
Motor vehicles	251	237	254	240
Electricity/gas energy (includes street lighting)	800	799	862	858
Rates on UHCC properties	1,991	2,017	1,991	2,017
Land transport general maintenance	4,205	4,279	4,205	4,279
Water reticulation maintenance	737	879	737	879
Sewer maintenance	343	321	343	321
Drain maintenance	354	436	354	436
Other operating expenses	10,261	8,825	10,091	8,692
Total other expenses	23,137	20,983	23,067	20,949
Internal charges				
UHCC rates on Council properties	1,665	1,674	1,665	1,674
Water charges on Council properties	36	47	36	47
Internal charges	65	64	65	64
Total internal charges	1,766	1,785	1,766	1,785

Note:

Penalty remission and rates remission have been removed and classified as part of the Rates Note.

UHCC rates on Council properties, metered water charges and internal recoveries are included as part of the Revenue and Expenses.

3D – 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.

Operating leases as lessee

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil. (2017 \$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 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 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Property, plant and equipment				
Not later than one year	301	245	309	321
Later than one year and not later than five years	378	423	428	428
Five years and later	9	12	12	12
Total non-cancellable operating leases	688	680	749	761

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 terms 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 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Not later than one year	6,990	7,531	6,990	7,531
Later than one year and not later than five years.	2,306	3,397	2,306	3,397
Five years and later.	1,754	2,496	1,754	2,496
Total other non-cancellable contracts	11,050	13,424	11,050	13,424
Total non-cancellable commitments	11,738	14,104	11,799	14,185

Note 4 – 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.

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

Refer to note 5 for weighted average effective interest rate for cash and cash equivalents.

The bank overdraft is unsecured. The facility totals \$600,000 (2017: \$600,000). The current interest rate on the facility is 11.75% per annum, (2017: 11.75% per annum).

Cash and cash equivalents	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Cash on hand	4	4	5	6
Bank balances/ (bank overdrafts)	559	305	902	570
Call account	3,500	3,000	3,500	3,000
Short term deposits maturing three months or less from date of acquisition	0	0	0	0
Total cash and cash equivalents	4,063	3,309	4,407	3,576

Note 5 – 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 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.

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.

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, 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

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:

- investments 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.

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.

Breakdown of other financial assets	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Current Portion				
<i>Loans and receivables</i>				
Short-term deposits with maturities of 4-12 months	8,000	8,000	8,038	8,038
Total current portion	8,000	8,000	8,038	8,038
Non-current portion				
<i>Loans and receivables</i>				
LGFA ¹ borrower notes	504	504	504	504
<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	78	78	78
Investment in Smartlinx 3 Ltd (1506089) registered	43	43	43	43
Total non-current portion	705	705	705	705

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 2018 the Council has 150 Class A voting only shares in Wellington Water Ltd. These shares carry no nominal value (nil: 2017).

As at 30 June 2018 the Council has 40 Class B shares in Wellington Water Ltd. and the latest sale value was \$2,000 per share (2017, 40 shares @ \$2,000 per share).

As at 30 June 2018 the Council has 51,209 shares in Civic Financial Services Ltd. and the latest sale value was \$1.53 per share. (2017, 51,209 shares @ \$1.53 per share).

As at 30 June 2018 the Council has 5,338 shares in Smartlinx3 Ltd and the latest sale value was \$8.00 per share. (2017, 5,338 shares @ \$8.00 per share).

Impairment

There were no impairment provisions for other financial assets (nil: 2017).

¹ LGFA = Local Government Funding Agency.

² NZLG Insurance Corporation Ltd. Trading as Civic Financial Services.

Maturity analysis and effective interest rates

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

2018 Maturity analysis and effective interest rates	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
Weighted average effective interest rate	0%	0%	0%
Short term deposits (with maturities of 4-12 months; average maturity 123 days)	8,000	8,038	0
Weighted average effective interest rate	3.10%	3.10%	0%
LGFA Borrower Notes (maturities range to 15 April 2027)	0	0	504
Weighted average effective interest rate	0%	0%	2.41%
Call account	3,500	3,500	0
Weighted average effective interest rate	1.75%	1.75%	0%
	11,500	11,538	504

2017 Maturity analysis and effective interest rates	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
Weighted average effective interest rate	0.00%	0.00%	0.00%
Short term deposits (with maturities of 4-12 months; average maturity 116 days)	8,000	8,038	0
Weighted average effective interest rate	3.20%	3.20%	0%
LGFA Borrower Notes (maturities range to 15 April 2027)	0	0	504
Weighted average effective interest rate	0%	0%	2.35%
Call account	3,000	3,000	0
Weighted average effective interest rate	1.75%	1.75%	0%
	11,000	11,038	504

Note 6 – Derivative financial instruments

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.

Risk management

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 5, 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.

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 2018 is \$40.5 M (2017 \$37.5 M)

Interest rate swaps – fair value	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Current asset portion	0	0	0	0
Non-current asset portion	0	58	0	58
Current liability portion	(20)	(20)	(20)	(20)
Non-current liability portion	(1,812)	(1,541)	(1,812)	(1,541)

Note 7 – Trade and other receivables

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.

Community loans

The fair value of community loans is \$48,661 (2017 \$30,095). Fair value has been determined using cash flows discounted at a rate of 2.25% to 7.75% (2017: 2.50% to 7.75%).

The face value of community loans is \$30,630 (2017 \$11,894).

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 2018 and 2017, 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.

Receivables	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Rates receivables	1,049	967	1,049	967
Sundry debtors	1,048	794	1,118	870
Community loans	49	30	49	30
GST	118	257	131	270
Related party receivables	46	61	0	0
Accrued revenue	1,596	887	1,597	888
Prepayments	602	310	612	374
	4,508	3,306	4,556	3,399
Less provision for impairment of receivables	(50)	(50)	(50)	(50)
Total trade and other receivables	4,458	3,256	4,506	3,349
Less non-current portion:				
Community loans	28	11	28	11
Total non-current portion	28	11	28	11
Current portion	4,430	3,245	4,478	3,338
Receivables from non-exchange transactions – this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	4,188	3,065	4,236	3,158
Receivables from exchange transactions – this includes outstanding dog charges, and cemetery and solid waste transactions	270	191	270	191
	4,458	3,256	4,506	3,349

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

Provision for impairment of receivables	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
At 1 July	50	50	50	50
Additional provisions made during the year	7	9	7	9
Receivables written off during period	(7)	(9)	(7)	(9)
At 30 June	50	50	50	50

Age of rates receivables	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
The age of rates receivable overdue that have not been impaired are as follows:				
Current 90 days over	910	831	910	831
1 to 2 years old	60	80	60	80
2 to 3 years old	32	28	32	28
greater than 3 years old	47	28	47	28
Carrying amount as at 30 June	1,049	967	1,049	967

AGE OF SUNDRY DEBTORS

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

	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Past due 1-30 days	701	401	764	477
Past due 31 -60 days	211	201	213	201
Past due 61 -90 days	15	37	16	37
Past due greater than 90 days	121	155	125	155
Carrying amount as at 30 June	1,048	794	1,118	870

Note 8 – 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.

The Council has identified a parcel of land at Duncraig Street as being made available for sale.

Non-current assets held for sale	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Non-current assets held for sale are:				
Land	206	2,650	206	2,650
Total non-current assets held for sale	206	2,650	206	2,650

Note 9 – Property Plant and Equipment and Intangible Assets

Intangible assets

Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs 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%

Property, plant and equipment

This is split into four sections:

1. Operational property, plant and equipment – which includes land, buildings, improvements, street trees, library books, plant and equipment, and motor vehicles
2. 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.
3. Aquatic Assets – Land, building, improvements, plant and equipment relating to the H2O pool facility.
4. 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.

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

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.

Revaluation

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.

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 and Buildings have been revalued as at 30 June 2018 by Ken Tonks ANZIV SPINZ Principal Property, Plant & Machinery Valuer TSE Value Limited.

H²O Xtream's aquatic assets were revalued in 30 June 2015 by SPIRE Consulting Ltd. The valuer was Peter Olliver, BSc, BE (Civil), CPEng, FIPENZ, IntPE, MICE.

Plant & Equipment assets were revalued as at 30 June 2018 by Peter Olivier BSC BE (Civil) FIPENZ CPEng IntPE MICE – an independent valuer of Calibre Consulting Ltd.

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

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

- **INFRASTRUCTURE ASSETS**

Roading assets were independently valued as at 30 June 2018 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 2018.

- **HUTT VALLEY WASTEWATER SCHEME**

These assets were valued by AON Valuation services Ltd as at 31 December 2017. The majority of these assets are valued at Optimised Depreciated Replacement Cost (ODRC), and the remaining at Depreciated Replacement Cost. The valuer was Roger Khoo MPINZ. These assets are due to be revalued again in December 2020.

- **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**

These are operational assets that cannot be disposed of because of legal and other restrictions. These assets have been revalued as at 30 June 2018 by Ken Tonks, ANZIVS PINZ Registered Valuer of TSE Value Limited and Peter Ollivier BSC BE (Civil) FIPENZ CPEng, IntPE MICE.

- **STREET TREES**

Street trees have been valued as at 30 June 2018 by Peter Ollivier 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.

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.

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.

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%

Depreciation		
	Years	Rate
STRAIGHT-LINE DEPRECIATION		
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 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%
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	5 years	20%
Plant and equipment	4 to 50 years	2% to 25%
Vehicles and plant	5 to 105 years	10% - 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.

Upper Hutt City Council has no flood protection or control works to disclose as this is covered by Greater Wellington Regional Council. Water has no treatment plants and facilities. Upper Hutt City Council Wastewater treatment plant and facilities is shared under a joint arrangement with Hutt City called the Hutt Valley wastewater scheme.

Note 9A – 2018 Council operational assets, property, plant and equipment

Valuation		Opening Cost/ Valuation CV 1 Jul 17 (\$000)	Accum. Depn. and impairment charge 1 Jul 17 (\$000)	Opening Book Value BV 1 Jul 17 (\$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 18 (\$000)	Closing Accum. Depn. AD 30 Jun 18 (\$000)	Closing Book Value BV 30 Jun 18 (\$000)
Land (includes trees)	1	22,437	0	22,437	0	0	(1,563)	0	0	0	20,874	0	20,874
Buildings	2	23,513	(1,125)	22,387	40	(38)	(4,415)	(584)	0	1,709	17,391	0	17,391
Furniture and equipment		987	(835)	152	65	(2)	0	(47)	0	0	1,050	(882)	168
Library books		2,089	(749)	1,340	214	0	0	(470)	0	0	2,303	(1,219)	1,084
Motor vehicles		487	(419)	68	0	0	0	(12)	0	0	487	(431)	56
Plant	3	1,564	(1,429)	135	13	(29)	(22)	(20)	0	1,449	77	0	77
Work in progress		458	0	458	195	0	0	0	(410)	0	243	0	243
Total operational assets 2018		51,535	(4,557)	46,977	527	(69)	(6,000)	(1,133)	(410)	3,158	42,425	(2,532)	39,893
		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

1 H²O Xstream land, \$1.4M, is now included in Note 9A instead of Note 9D. Pinehaven Library land, \$170K, is now included in Note 9A instead of Note 9B. \$2.42M has been moved from Note 8, Non-current assets held for sale, and transferred back to operational assets land.

- 2 \$132K BV of Buildings moved from Operational to Restricted this year as the buildings are on parks land.
- 3 \$7.270 M BV of Plant moved from Operational to Restricted this year as the plant is on parks land.

Note 9B – 2018 Council restricted assets, property, plant and equipment

		Opening Cost/ Valuation CV 1 Jul 17 (\$000)	Accum. Depn. and impairment charge AD 1 Jul 17 (\$000)	Opening Book Value BV 1 Jul 17 (\$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 18 (\$000)	Closing Accum. Depn AD 30 Jun 18 (\$000)	Closing Book Value BV 30 Jun 18 (\$000)
Land	1	32,083	0	32,083	2,691	0	(1,146)	0	0	0	33,628	0	33,628
Buildings	2	4,746	(197)	4,549	18	(250)	719	(96)	0	293	4,940	0	4,940
Parks and Reserves services		13,639	(1,234)	12,405	465	(11)	4,653	(692)	0	1,926	16,820	0	16,820
Work in progress		0	0	0	137	0	0	0	101	0	238	0	238
Total restricted assets 2018		50,468	(1,431)	49,037	3,311	(261)	4,226	(788)	101	2,219	55,626	0	55,626
Total council property, plant and equipment 2018		102,003	(5,988)	96,014	3,838	(330)	(1,774)	(1,921)	(309)	5,377	98,051	(2,532)	95,519
		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

- Notes:
1. Pinehaven Library land \$170K is now included in Note 9A. The \$2,691 K addition is for vested assets.
 2. \$132K BV of Buildings moved from Operational to Restricted this year as the buildings are on parks land.
 3. \$7.27 M BV of Plant moved from Operation to Restricted this year as the plant is on parks land.

Note 9C – 2018 Subsidiaries assets, property, plant and equipment

	Opening Cost/ Valuation CV 1 Jul 17 (\$000)	Accum. Depn. and impairment charge AD 1 Jul 17 (\$000)	Opening Book Value BV 1 Jul 17 (\$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 18 (\$000)	Closing Accum. Depn AD 30 Jun 18 (\$000)	Closing Book Value BV 30 Jun 18 (\$000)
	A	B	C	D	E	F	G	H	I	J	K	L
Expressions property, plant, and equipment	134	(65)	69	12	0	0	(15)	0	0	146	(80)	66
Total subsidiary assets 2018	134	(65)	69	12	0	0	(15)	0	0	146	(80)	66
Total group property plant and equipment 2018	102,137	(6,053)	96,083	3,850	(330)	(1,774)	(1,936)	(309)	5,377	98,197	(2,612)	95,585

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 9A – 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			

\$1,425,000 of Land shown as current surplus assets at 30 June 2016 has now been incorporated back under Land.

\$1,457,000 of Land has been moved from Land to Note 8 Non-current assets held for sale. \$34,000 of WIP transferred out to Operating Expenditure.

Plant opening balance amended by \$1,000 BV due to Defibrillator being moved to Note 9A Aquatic Assets.

NOTES: 1 Additions include Vested Assets of \$6,000
2 Additions include Vested Assets of \$65,708

Note 9B – 2017 Council restricted 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 (\$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)
	A	B	C	D	E	F	G	H	I	J	K	L
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

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

¹Additions include vested assets of \$203,232

Note 9C – 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 9D – Permanent art collection

	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Pumpkin Cottage Art Collection	0	0	53	53

Note 9E – 2018 Aquatic assets

	Opening Cost/ Valuation CV 1 Jul 17 (\$000)	Accum. Depn. and impairment charge AD 1 Jul 17 (\$000)	Opening Book Value BV 1 Jul 17 (\$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 18 (\$000)	Closing Accum. Depn AD 30 Jun 18 (\$000)	Closing Book Value BV 30 Jun 18 (\$000)
Buildings	8,859	(562)	8,297	15	0	0	(291)	0	0	8,874	(853)	8,021
Plant	225	(97)	128	22	0	0	(38)	0	0	247	(135)	112
Total aquatic assets 2018	9,084	(659)	8,425	37	0	0	(329)	0	0	9,121	(988)	8,133

Note: Land is shown under Note 9A Council Plant, Property, and Equipment

Note 9E – 2017 Aquatic assets

	Opening Cost/ Valuation CV 1 Jul 16 (\$000)	Accum. Deprn. 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 Deprn. (\$000)	WIP Transferred (\$000)	Eliminate on Revaluation / Disposals (\$000)	Closing Cost/ Valuation CV 30 Jun 17 (\$000)	Closing Accum. Deprn 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 9F – 2018 Council infrastructural assets

	Opening Cost/ Valuation CV 1 Jul 17 (\$000)	Accum. Depn. and impairment charge AD 1 Jul 17 (\$000)	Opening Book Value BV 1 Jul 17 (\$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 18 (\$000)	Closing Accum. Depn AD 30 Jun 18 (\$000)	Closing Book Value BV 30 Jun 18 (\$000)
	A	B	C	D	E	F	G	H	I	J	K	L
Land under roads at cost	92,330	0	92,330	4,452 ¹	0	0	0	0	0	96,782	0	96,782
Roads and footpaths	203,820	0	203,820	11,470 ²	(1,037)	4,050	(4,440)	0	4,440	213,863	0	213,863
Stormwater	107,817	0	107,817	0	(19)	4,422	(1,747)	0	1,747	110,473	0	110,473
Telemetry	264	0	264	0	0	69	(37)	0	37	296	0	296
Wastewater	82,983	0	82,983	2,220	(243)	2,624	(1,895)	0	1,895	85,689	0	85,689
Water	87,644	0	87,644	2,689 ³	(116)	3,361	(1,765)	0	1,765	91,813	0	91,813
Hutt Valley Wastewater Assets (note 9G)	40,557	(3,312)	37,245	581	(24)	2,705	(1,639)	0	4,167	39,652	(784)	38,868
Work in progress	7,251	0	7,251	2,721	0	0	0	(3,952)	0	6,020	0	6,020
Total infrastructure assets 2018	622,666	(3,312)	619,354	24,133	(1,439)	17,231	(11,523)	(3,952)	14,051	644,588	(784)	643,804

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

1. Additions include vested assets of \$4,452,665

2. Additions include vested assets of \$3,208,797

3. Additions include vested assets of \$1,513,907

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 9F – 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)
	A	B	C	D	E	F	G	H	I	J	K	L
Land under roads at cost	92,175	0	92,175	155	¹ 0	0	0	0	0	92,330	0	92,330
Roads and footpaths	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 9G)	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

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

¹ Additions include vested assets of \$155,297

³ Additions include vested assets of \$410,057

⁵ Additions include vested assets of \$293,890

² Additions include vested assets of \$163,284

⁴ Additions include vested assets of \$342,456

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 9G – 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 City Council (UHCC) and Hutt City Council (HCC) 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 via the wastewater treatment plant. The joint Hutt Valley Wastewater Scheme has been constructed to improve the operation of the system and the quality of the discharge. UHCC pays an annual levy to the HCC, which manages the Wastewater system, based on an apportionment of between 26% and 32% for UHCC. UHCC is funding the Hutt Valley Wastewater Scheme in line with the Strategic Plan Funding model. While UHCC 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 2017. The valuation of these assets was independently carried out by Aon Global Risk Consulting.

UHCC now has an interest in the total assets of \$38.868 M (2017 \$37.246M) as recognised as part of Infrastructural assets.

This is the assessed net book value of the UHCC share.

Hutt Valley wastewater scheme transactions	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Drainage Levy	2,426	2,573	2,426	2,573
Capital Contributions	580	321	580	321
Trade Waste Income	(155)	(75)	(155)	(75)

Note 9H – Capital commitments

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

Breakdown of capital commitments	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Water systems (including water, wastewater, and stormwater) ¹	0	811	0	811
Roading	2,281	5,143	2,281	5,143
Property	245	46	245	46
Capital commitments approved and contracted	2,526	6,000	2,526	6,000

¹ UHCC is no longer the principal for Water Systems Contracts - these are now held with Wellington Water Ltd.

Note 10 – Payables and deferred revenue

Payables

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

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

Breakdown of payables and deferred revenue	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Trade creditors	4,855	5,397	4,930	5,512
Rates in advance	795	794	795	794
Greater Wellington Regional Council Rates	414	427	414	427
Fees in advance	452	743	452	750
Amounts due to related parties	1	61	0	0
Accrued interest payable	138	273	138	273
Payroll liability	248	261	248	261
Other liabilities	227	535	246	559
Deposits and trust accounts	873	923	970	1,013
Payables and deferred revenue	8,003	9,414	8,193	9,589
Payables and deferred revenue from non-exchange transactions	7,908	9,330	8,098	9,505
Payables and deferred revenue from exchange transactions	95	84	95	84
Payables and deferred revenue	8,003	9,414	8,193	9,589

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 included as part of Other Liabilities above	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Provision for internal process	93	200	93	200
Weathertightness claims	60	202	60	202

There is one claim lodged with the Weathertight Homes Resolution Service (WHRS) under the Financial Assistance Package (FAP) scheme as at 30 June 2018 (2017, 4).

Last year's claims related 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 was 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 11 – 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 1.10% (2017: 1.98%) and an inflation factor of 1.752% (2017: 2.20%) 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.

Employee benefit liabilities

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.

Note 11 Breakdown of employee benefit liabilities	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Accrued pay	19	8	19	8
Annual leave	719	629	743	652
Sick leave	49	47	49	47
Retirement and long service leave	343	314	343	314
Total employee benefit liabilities	1,130	998	1,154	1,021
Current	787	684	811	707
Non-current	343	314	343	314
Total employee entitlements	1,130	998	1,154	1,021

Note 12 – Borrowings and other financial liabilities

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.

Fixed-rate debt

Upper Hutt City Council's secured debt of \$5 million (2017, \$3.million) is issued at fixed rates of interest.

Floating-rate debt

Upper Hutt City Council's secured debt of \$31.5 million (2017, \$31.5 million) 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 (2017, \$600,000). There are no restrictions on the use of this facility.

Council has two Westpac multi option credit line facilities available; currently it is nil (2017 Nil). Facilities available are \$5.2 million limit expiry on 30 June 2023, and \$5.0 million limit expiry on 31 July 2023.

Council also has with Westpac a business Mastercard facility limit \$250,000 (2017 \$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 \$65.350 million (2017, \$67.569 million), under its Debenture Trust Deed. This stock has been issued to five banking institutions as security for existing facilities totalling committed funds of \$36.5 million (2017, \$34.5 million) and uncommitted facilities available to the value of \$914,158 (2017, \$535,797).

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.

Note 12 – Breakdown of Borrowings	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Current				
Secured loans	9,000	7,000	9,000	7,000
Total current borrowings	9,000	7,000	9,000	7,000
Non-current				
Secured loans	27,500	27,500	27,500	27,500
Total non-current borrowings	27,500	27,500	27,500	27,500
Total borrowings	36,500	34,500	36,500	34,500

Interest rates

The weighted average effective interest rate on loans outstanding (current and non-current) at 30 June 2018 was 2.70% (June 2017, 4.11%). 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 18 Secured Loans Parent and Group	30 Jun 17 Secured Loans Parent and Group
Less than one year	9,000	7,000
<i>weighted average effective interest rate</i>	2.41%	5.39%
Later than one year but not more than five years	17,000	19,000
<i>weighted average effective interest rate</i>	2.80%	2.68%
Later than five years	10,500	8,500
<i>weighted average effective interest rate</i>	2.79%	2.68%
Total borrowings	36,500	34,500

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 18 (\$000)	30 Jun 17 (\$000)	30 Jun 18 (\$000)	30 Jun 17 (\$000)
Non-current				
Secured loans	27,500	27,500	27,500	27,500
Total non-current borrowings	27,500	27,500	27,500	27,500

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 13 – 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 \$40.5 million (2017, \$37.5 million).

13A – Financial instrument categories

	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Financial assets				
Fair value through surplus and deficit	0	58	0	58
Derivative financial instrument assets	0	58	0	58
Loans and receivables				
Cash at bank and cash equivalents	4,063	3,309	4,407	3,576
Debtors and other receivables	4,409	3,226	4,457	3,319
Other financial assets				
- term deposits	8,000	8,000	8,038	8,038
- community loans	49	30	49	30
- LGFA borrow notes	504	504	504	504
Total loans and receivables	17,025	15,069	17,455	15,437
Fair value through other comprehensive revenue and expense				
Other financial assets				
- unlisted shares	201	201	201	201
Total fair value through other comprehensive revenue and expense	201	201	201	201
Financial liabilities				
Fair value through surplus and deficit	1,832	1,561	1,832	1,561
Derivative financial instrument	1,832	1,561	1,832	1,561
Financial liabilities at amortised cost				
Creditors and other payables	8,003	9,414	8,193	9,589
Borrowings				
- secured loans	36,500	34,500	36,500	34,500
Total financial liabilities at amortised cost	44,503	43,914	44,693	44,089

13B – 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 2018				
Financial assets				
Derivatives	0	0	0	0
Shares	201	0	201	0
Financial liabilities				
Derivatives	1,832	0	1,832	0
Group 30 June 2018				
Financial assets				
Derivatives	0	0	0	0
Shares	201	0	201	0
Financial liabilities				
Derivatives	1,832	0	1,832	0
Council 30 June 2017				
Financial assets				
Derivatives	58	0	58	0
Shares	201	0	201	0
Financial liabilities				
Derivatives	1,561	0	1,561	0
Group 30 June 2017				
Financial assets				
Derivatives	58	58	0	0
Shares	201	0	201	0
Financial liabilities				
Derivatives	1,561	0	1,561	0

13C – 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.

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 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Upper Hutt City Council's maximum credit exposure for each class of financial instrument is as follows:				
Cash at bank and term deposits	12,063	11,309	12,445	11,614
Debtors and other receivables	4,409	3,226	4,457	3,319
Community and related party loans	49	30	49	30
Derivative financial instrument assets	0	58	0	58
Total credit risk	16,521	14,623	16,951	15,021

13D – 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 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Counterparties with credit ratings				
Cash at bank and term deposits				
AA+ (Standard and Pools)	504	504	504	504
AA (Standard and Pools)	0	0	0	0
AA- (Standard and Pools)	12,059	11,305	12,440	11,608
A+ (Standard and Pools)	0	0	0	0
Total cash at bank and term deposits	12,563	11,809	12,944	12,112
Derivative financial instrument assets:				
A+ (Standard and Pools)	0	58	0	58
Total cash at bank and term deposits	0	58	0	58
Counterparties without credit ratings				
Community and related party loans:				
Existing counterparty with defaults in past	4	3	4	3
Existing counterparty with no defaults in past	46	27	46	27
Total community and related party loans	50	30	50	30

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.

13E – 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 (2017 \$600,000). There are no restrictions on the use of this facility.

13F – 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 2018						
Creditors and other payables	8,003	8,003	8,003	0	0	0
Secured loans	36,500	41,520	9,866	4,746	13,336	13,572
Total	44,503	49,523	17,869	4,746	13,336	13,572
Group 2018						
Creditors and other payables	8,193	8,193	8,193	0	0	0
Secured loans	36,500	41,520	9,866	4,746	13,336	13,572
Total	44,693	49,713	18,059	4,746	13,336	13,572
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	17,202	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

13G – 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 2018						
Cash and cash equivalents	4,063	4,063	4,063	0	0	0
Debtors and other receivables	4,409	4,409	4,409	0	0	0
Other financial assets:						
- term deposits	8,000	8,082	8,082	0	0	0
- community and related party loans	49	53	11	15	14	13
Total	16,521	16,607	16,565	15	14	13
Group 2018						
Cash and cash equivalents	4,407	4,407	4,407	.0	0	0
Debtors and other receivables	4,457	4,457	4,457	0	0	0
Other financial assets:						
- term deposits	8,038	8,133	8,133	0	0	0
- community and related party loans	49	53	11	15	14	13
Total	16,951	17,050	17,008	15	14	13
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

13H – 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	2018 \$000		2017 \$000	
		-100bps	+100bps	-100bps	+100bps
Council Interest rate risk					
Financial assets					
Cash and cash equivalents	A	-35	35	-30	30
Financial liabilities					
Term loans	B	-315	315	-275	275
Total sensitivity to interest rate risk		-350	350	-305	305

Explanation of sensitivity analysis – Council

A. Cash and cash equivalents

Cash and cash equivalents include deposits at call totalling \$3.5 million (2017, \$3. million) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$35,000 (2017, \$30,000).

B. Secured loans

Council has floating rate debt with a principal amount of \$31.5 million (2017, \$27.5 million). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$315,000 (2017, \$275,000).

Sensitivity Analysis	Note	2018 \$000		2017 \$000	
		-100bps	+100bps	-100bps	+100bps
Group Interest rate risk					
Financial assets					
Cash and cash equivalents	A	-35	35	-30	30
Financial liabilities					
Term loans	B	-315	315	-275	275
Total sensitivity to interest rate risk		-350	350	-305	305

Explanation of sensitivity analysis – Group

A. Cash and cash equivalents

Cash and cash equivalents include deposits at call totalling \$3.5 million (2017, \$3 million) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$35,000 (2017, \$30,000).

B. Secured loans

Council has floating rate debt with a principal amount of \$31.5 million (2017, \$27.5 million). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$315,000 (2017, \$275,000).

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 \$122.939 million. 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 \$520.549 million. 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 18	30 June 17
The total value of all Council assets covered by insurance contracts	\$643.488 M	\$625.263 M
- above ground assets (excludes land and roads)	\$122.939 M	\$116.311 M
- underground/infrastructure assets	\$520.549 M	\$508.952 M
The maximum collective amount to which insured assets are insured	\$600 M	\$600 M
The total collective value of all Council assets covered by financial risk sharing	\$4,259.688 M	\$625.263 M
Maximum amount available to Council under financial risk sharing	\$660M	\$660 M
- above ground assets	\$600 M	\$600 M
- below ground assets	\$60 M	\$60 M
Total value of assets that are self-insured	Nil	Nil
The value of funds maintained for self-insurance	Nil	Nil

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

Note 14 – 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.

14A – Breakdown of Accumulated funds	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Opening balance 01 July	228,032	228,856	228,306	229,127
Net Surplus (deficit)	9,103	470	9,116	473
	237,135	229,326	237,422	229,600
Transfer to:				
Restricted reserves	(2,243)	(1,568)	(2,262)	(1,569)
Accounts restricted by law	(3,050)	(2,363)	(3,050)	(2,363)
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
	(5,293)	(3,931)	(5,312)	(3,932)
Transfer from:				
Restricted reserves	366	656	367	657
Accounts restricted by law	748	1,211	748	1,211
Accumulated reserve transfer	0	0	0	0
Asset revaluation reserve on disposal of property, plant and equipment	993	770	993	770
	2,107	2,637	2,108	2,638
Closing balance 30 June	233,949	228,032	234,218	228,306

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. This is a subset of accumulated funds.

14B – Fair value through other comprehensive income	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$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

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.

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.

14C – Restricted reserves	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Reserve funds	5,826	3,949	5,883	3,988
Other accounts restricted by law	7,957	5,655	7,957	5,655
Closing balance 30 June	13,783	9,604	13,840	9,643

14C (1) – Reserve Funds	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Opening balance 01 July	3,949	3,037	3,988	3,076
Transfers from net surplus	2,243	1,568	2,262	1,569
Transfers from accumulated funds	0	0	0	0
	6,192	4,605	6,250	4,645
Transfers to net surplus	0	0	0	0
Transfers to accumulated funds	(366)	(656)	(367)	(657)
Closing balance 30 June	5,826	3,949	5,883	3,988

Contents of reserve funds	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Sierra Way subdivision ⁷	137	133	137	133
Civic amenities fund ²	1	1	1	1
Amenities fund ²	517	522	517	522
Plant renewal ³	729	675	729	675
Reserve fund contribution ⁴	3,044	1,805	3,044	1,805
Council property sales ⁶	49	48	49	48
Cash in lieu parking fund account ⁵	3	3	3	3
Harcourt Park maintenance fund ⁸	2	2	2	2
General reserve fund ¹	9	9	9	9
Blue Mountain roading levy ⁷	62	60	62	60
Akatarawa roading levy ⁷	153	101	153	101
Kaitoke roading levy ⁷	19	18	19	18
Mangaroa roading levy ⁷	249	242	249	242
Katherine Mansfield roading levy ⁷	0	0	0	0
Moonshine Hill Road levy ⁷	5	5	5	5
Alexander Road levy ⁷	10	10	10	10
Library redevelopment fund ⁸	0	0	0	0
Trench resealing levy ¹⁰	12	12	12	12
Kurth Crescent Stormwater levy ¹¹	47	46	47	46
Arts scholarship fund ¹²	0	0	39	39
H ² O Plant renewal reserve ¹³	525	257	525	257
Maidstone Turf Renewal ¹⁴	253	0	253	0
Expression building extension reserve ¹⁵	0	0	18	0
Closing balance 30 Jun	5,826	3,949	5,883	3,988

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
14. **Maidstone Turf Renewal** – funds allocated from rates to renew the Maidstone artificial turf
15. **Expressions building Extension Reserve** – funds received from sponsors conditional on the extension of the Expression building.

Special funds for 2017 – 2018	Balance 1 July 2017 (\$000)	Transfers into fund (\$000)	Transfers out of fund (\$000)	Balance 30 June 2018 (\$000)
Sierra Way subdivision	133	4	0	137
Civic amenities fund	1	0	0	1
Amenities fund	522	35	(40)	517
Plant renewal reserve	675	56	(2)	729
Reserve fund contribution	1,805	1,560	(321)	3,044
Council property sales	48	1	0	49
Cash in lieu parking fund account	3	0	0	3
Harcourt Park maintenance fund	2	3	(3)	2
General reserve fund	9	0	0	9
Blue Mountain roading levy	60	2	0	62
Akatarawa roading levy	101	52	0	153
Kaitoke roading levy	18	1	0	19
Mangaroa roading levy	242	7	0	249
Katherine Mansfield roading levy	0	0	0	0
Moonshine Hill Road levy	5	0	0	5
Alexander Road levy	10	0	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	12	0	0	12
Kurth Crescent stormwater levy	46	1	0	47
H ² O Plant renewal reserve	257	268	0	525
Maidstone Turf Renewal Reserve	0	253	0	253
Total special funds for 30 June Parent	3,949	2,243	(366)	5,826
Arts scholarship fund	39	1	(1)	39
Expression Building Extension Reserve	0	18	0	18
Total special funds for 30 June Group	3,988	2,262	(367)	5,883

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
H2O Plant Renewal	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

14c (2) – Other accounts restricted by law

14c (2) – Other Accounts Restricted by Law	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Opening balance 01 July	5,655	4,503	5,655	4,503
Transfers from net surplus	3,050	2,363	3,050	2,363
Transfers to accumulated funds	(748)	(1,211)	(748)	(1,211)
Closing balance 30 June	7,957	5,655	7,957	5,655

Contents of other accounts restricted by law	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Dog control account	0	0	0	0
Water rate account	1,378	1,368	1,378	1,368
Water Rate Wellington Water Contingency Reserve	50	0	50	0
Stormwater rate account	1,545	770	1,545	770
Stormwater Rate Wellington Water Contingency Reserve	40	0	40	0
Wastewater rate account	4,785	3,517	4,785	3,517
Wastewater Rate Wellington Water Contingency Reserve	159	0	159	0
Closing balance 30 June	7,957	5,655	7,957	5,655

Other accounts restricted by law for 2017- 2018	Activities to which the reserve relates to	Balance 1 July 17 (\$000)	Transfers into fund (\$000)	Transfers out of fund (\$000)	Balance 30 June 18 (\$000)
Dog control account	Dogs	0	64	(64)	0
Water rate account	Water	1,368	124	(114)	1,378
Water Rate Wellington Water Contingency Reserve	Water	0	50	0	50
Stormwater rate account	Stormwater	770	775	0	1,545
Stormwater Rate Wellington Water Contingency Reserve	Stormwater	0	40	0	40
Wastewater rate account	Wastewater	3,517	1,838	(570)	4,785
Wastewater Rate Wellington Water Contingency Reserve	Wastewater	0	159	0	159
Closing balance 30 June		5,655	3,050	(748)	7,957

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

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 14d – Asset revaluation reserves

This reserve relates to the revaluation of property, plant and equipment to fair value.

14d – Breakdown of Asset Revaluation Reserves	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Opening balance 01 July	455,265	435,478	455,290	435,503
Revaluation gains (losses)	15,433	20,557	15,433	20,557
Transfer of revaluation reserve to/from accumulated reserve on disposal of property, plant and equipment	(993)	(770)	(993)	(770)
Closing balance 30 June	469,705	455,265	469,730	455,290
Consists of :-				
General asset revaluation reserve	30,219	29,589	30,244	29,614
Land and street trees asset revaluation reserve	38,073	40,806	38,073	40,806
Roading asset revaluation reserve	129,331	125,690	129,331	125,690
Stormwater asset revaluation reserve	98,505	94,089	98,505	94,089
Hutt Valley Wastewater Scheme revaluation reserve	28,955	26,259	28,955	26,259
Wastewater asset revaluation reserve	74,405	71,990	74,405	71,990
Water asset revaluation reserve	70,217	66,842	70,217	66,842
Closing balance 30 June	469,705	455,265	469,730	455,290

Note 15 – Reconciliation of surplus/(deficit) after tax to net cashflow from operating activities

	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Surplus/(deficit) after tax	9,103	470	9,116	473
Add/(less) non-cash items:				
Depreciation	13,776	13,438	13,791	13,449
Donated asset	0	0	0	0
Vested assets	(11,867)	(1,640)	(11,867)	(1,640)
Amortisation of intangible	0	0	0	0
Impairment of receivables	7	9	7	9
Loss (profit) on derivative	329	(936)	329	(936)
Rates remission	104	105	104	105
Potential weathertightness claims	(132)	42	(132)	42
	2,217	11,018	2,232	11,029
Add/(less) items classified as investing or financing activities:				
Impairment of investments	0	(4)	0	(4)
Loss on disposal of property, plant and equipment	1,769	1,235	1,769	1,235
Profit on disposal of property, plant and equipment	0	0	0	0
	1,769	1,231	1,769	1,231
Movements in working capital items				
(Increase)/decrease in trade receivable	(1,220)	30	(1,264)	12
(Increase)/decrease in inventories	6	7	6	7
Increase/(decrease) in trade and other payables	(553)	250	(510)	280
Increase/(decrease) in employee benefits	132	16	133	17
	(1,635)	303	(1,635)	316
Net cash inflow/(outflow) from operating activities	11,454	13,022	11,482	13,049

Note 16 – Contingencies

Guarantees

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

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 15 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 2018, the LGFA had borrowings totalling \$8.272 billion (2017, \$7.945 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 three claims outstanding; two have proceedings issued on them. (2017, 4 claims, 4 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, 12 claims (one against UHCC was struck out in January 2018) in respect of 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 2018, there are 35 facilities, having an approximate value of \$6.710 M (2017, 36 facilities - \$6.949 M). This estimate has been based on government valuations for the area.

CONTINGENT LIABILITIES	Actual Parent 30 Jun 18 (\$000)	Actual Parent 30 Jun 17 (\$000)	Actual Group 30 Jun 18 (\$000)	Actual Group 30 Jun 17 (\$000)
Guarantees	0	0	0	0
Other legal unqualified claims	242	1,120	242	1,120
Total contingent liabilities	242	1,120	242	1,120

Note 17 – 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 (2017, \$nil). During the year Council had the following transactions:

A – with Expressions Whirinaki Arts and Entertainment Trust (Expressions)	Actual 30 Jun 18 (\$000)	Actual 30 Jun 17 (\$000)
i. During the year Council had the following transactions:		
Grants	637	627
Maintenance Management Fee	22	22
Other	5	5
Total with Expressions Whirinaki Arts and Entertainment Trust (Expressions)	664	654

- ii. At year-end 2018, \$45,846 (\$56,200 in 2017) was owed by Expressions to Council; also Council owed \$701 to Expressions (\$Nil in 2017).
- iii. The Upper Hutt City Council received discounted or free venue hire and related service from the Trust.
- iv. Expressions 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 and a new agreement was signed on the 13th June 2018 to extend the lease for a further 3 years.
The lease payments incurred by Expressions for the building are \$1 per annum, which is well below market related rate.

B –Related parties	Actual Parent 30 Jun 18	Actual Parent 30 Jun 17	Actual Group 30 Jun 18	Actual Group 30 Jun 17
Peter Benner	0	0	6,331	6,521
Upper Hutt Concert Grand Piano Trust (Net)	0	0	3,200	3,200
Total for group	0	0	9,531	9,721

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 2018 was nil (2017, nil). The group was nil (2017, nil).

Expressions paid \$6,331 to a company in which a senior staff member of Expressions is a sole shareholder to provide direct operational expenses at a discount (fair value \$10,550), (2017: \$6,521 per prior year).

Expressions paid piano rental for \$3,200 (2017 \$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.

C – Key management personnel compensation	Actual Parent 30 Jun 18)	Actual Parent 30 Jun 17	Actual Group 30 Jun 18	Actual Group 30 Jun 17
The Mayor and Councillors:				
Remuneration	465,847	459,674	465,847	459,674
Full-time equivalent members	11	11	11	11
Senior Management Team, including the Chief Executive:				
Remuneration	1,219,565	1,132,550	1,320,418	1,233,004
Full-time equivalent members	6	6	7	7
Total key management personnel compensation	1,685,412	1,592,224	1,786,265	1,692,678
Total full-time equivalent personnel	17	17	18	18

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 18 – Major estimate variations

The following are explanations for major variations from Council's Annual Plan 2017 – 2018.

Statement of comprehensive revenue and expense

Operating revenue was \$11.667 million more than 2016 – 2017, and \$7.27 million above the 2017 – 2018 budget. The following are the main variances:

- Gross rate income was up by \$100,000 over that estimated, due to the growth of subdivisions within the city. Previously, rates on Council properties were included in the total rates income. This year, rates on Council properties (\$1.665 million) have been removed as they are not income to Council.
- Fees and charges were above estimate by \$7.460 million for Council, the main components being:
 - Vested assets up by \$8.745 million.

- Sale of assets \$2.213 million not yet realised.
- Subsidies and grants were down by \$344,000 as follows:
 - NZTA income was up due to an additional subsidy of \$835,000 for the LED street lighting project.
 - Expressions Whirinaki funding was down by \$703,000.
 - Council received less social grants.

Operating Expenditure was \$1.5 million above estimate. The following are the main variances:

- Depreciation was \$436,000 above budget. This reflects the impact of asset revaluations and depreciation of the Wastewater project.
- Finance costs for interest expenses were lower than budget by \$491,000 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.
- Other expenses were above budget by \$1.774 million (see page 129). This was due to the following differences:
 - Loss on disposal of assets \$795,000 higher due to (1) the disposing of old street lighting before the new LED lights were installed (the LED project was brought forward after the budget was set) and (2) two buildings had been revalued in their entirety, however Council only owns a portion of these buildings.
 - Consultants up by \$309,000.
 - Land transport general maintenance up by \$3.934 million. NZTA has changed the coding so that only non-subsidised road is included in the budgeted amount of \$255,000. The NZTA coding that relates to 'new general land transport maintenance' is now included within other operating expenses below. In note 3C, the land transport general maintenance amount of \$4.205 million is similar to 2016 – 2017 (\$4.279 million).
 - Sewer maintenance down by \$202,000.
 - Other operating expenses were down by \$2.827 million due to a change in NZTA classifying codes to Land transport general maintenance category (see page 142).

Statement of financial position

Asset revaluation reserves have increased by \$14.444 million from last year due to the revaluation of parks and infrastructure assets (the revaluation was brought forward for operational purposes).

Public debt at balance date was \$36.5 million. This compares to an estimate of \$39.538 million, with the difference being due to a carryover of loan-funded projects approved by Council valued at \$6.762 million. Some cycleway projects that had been carried over were already allowed for in the Annual Plan. Council also brought forward the LED street lighting upgrade. Trade and other payables is higher than budget by \$1.812 million. Trade creditors were higher because overall expenditure was higher.

Trade receivables were higher by \$1.734 million due to a higher than usual year-end subsidy claim to NZTA for the LED street lighting upgrade. Cash and cash equivalents are above budget by \$3.555 million due to Council holding more on their call account as at 30 June 2018. Council requires more short term cash for cashflow purposes until the rates revenue cycle commences.

Capital expenditure

Capital Expenditure has fluctuated in accordance with projects mentioned in the activities section, 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 19 – Discontinued activities

2018 nil (2017, nil)

Note 20 – Post balance date events

There were no post balance date events between year-end and the date of signing of the financial statements (2017: no events).

Note 21 – 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 \$4,252,000 have been reclassified from exchange rates to non exchange revenue. LTP \$4,407,000.
- b. For the Council and Group, Solid Waste charges of \$607,000 have been reclassified from non-Exchange to exchange within the fees and charges note. LTP \$546,000.
- 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.

Performance against Year 3 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 18 (\$000)	LTP Forecast 30 Jun 18 (\$000)	Actual 30 Jun 17 (\$000)	LTP Forecast 30 Jun 17 (\$000)
Key targets				
Total income	64,056	52,912	52,389	48,734
Total expenditure	54,953	52,113	51,919	51,072
Operating surplus / (deficit)	9,103	799	470	(2,338)
Total equity / net assets	717,437	668,939	692,901	665,086
Public debt	36,500	41,362	34,500	41,281
Specific activities (net funding)				
Leadership	2,777	2,505	2,612	2,473
Land Transport	5,161	6,028	5,559	5,804
Water Supply	5,668	5,782	4,942	5,477
Wastewater	5,766	6,978	6,186	6,610
Stormwater	1,995	2,645	1,738	2,103
Solid waste and Sustainability	(258)	(292)	(285)	(276)
Planning and regulatory services				
<i>City Planning</i>	1,782	1,521	1,456	1,635
<i>Building and compliance services</i>	1,132	817	881	821
Community and recreation				
<i>Community Development</i>	580	667	701	654
<i>Activation</i>	344	301	314	294
<i>Emergency Management</i>	321	667	469	653
<i>Parks and Reserves</i>	2,973	2,960	2,205	2,527
<i>H²O Xtream</i>	2,213	1,881	2,179	1,852
<i>Library</i>	3,045	2,675	2,993	2,697
<i>Expressions Arts and Entertainment Centre</i>	879	912	1,010	874
<i>Property</i>	87	133	109	150
<i>Akatarawa Cemetery</i>	(17)	10	(29)	9
<i>Support services</i>	(18)	48	10	50
Economic Development	1,687	1,495	1,483	1,428

Actual versus Long Term Plan (LTP)

Explanations for major variations between the Annual Plan 2017 – 2018 and Year 3 of the Long Term Plan 2015 – 2025 are as follows:

Statement of comprehensive revenue and expense

Operating revenue was \$11.144 million above estimate. The following are the main variances:

Fees and Charges were above estimate by \$8.976 million for Council. The main components being:

- Vested asset income up by \$9.518 million due to market conditions of increased subdivisions.
- Development and financial contributions were up by \$891,000 mainly covering increased subdivisions to market conditions.
- Subsidies and grants were down in comparison to estimate by \$1.404 million. This was solely due to changes in roading and the Expressions Whirinaki extension project.

Operating expenditure was \$2.84 million above estimate. The following are the main variances:

- Personnel costs were \$1.11 million above LTP due to increased personnel costs following restructures in Planning and Regulatory Services, Business Transformation and Insight, and an increased number of building inspectors.
- Depreciation costs were up by \$308,000.
- Finance costs for interest expenses were lower than budget by \$844,000 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.
- The bulk drainage levy was down by \$353,000. Expenditure by joint project is lower than expected.

Statement of financial position

Asset revaluation reserves have increased by \$41.348 million due to the revaluation of Infrastructural assets. The difference in LTP and this year's Annual Report is a combination of the previous year's movement and this year's revaluation movement in reserve.

- The opening balance in Annual Report 2017 – 2018 of \$455.265 million compared to the LTP 2015 – 2025 Y3 opening balance of \$425.303 million, is a difference of \$29.962 million. This is due to two years of revaluation adjustments.
- This is year's movement of \$14.500 million relates to roading and parks and reserves revaluation changes.

Public debt at balance date was \$36.5 million. This compares with the estimate of \$41.362 million. The difference is due to carryovers of \$6.762 million of loan-funded projects approved by Council and changes to some phasing of the LTP capital projects such as 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%	98%			0 - 10%	2%
Land Transport	50% - 70%	44%			30% - 50%	56%
Water Supply			80%	78%	20%	22%
Wastewater			90% - 100%	90%	0 - 10%	10%
Stormwater			90% - 100%	84%	0 - 10%	16%
Solid waste		0%			100%	100%
Planning and Regulatory Services						
City Planning	65% - 90%	57%			10% - 35%	43%
Building and Compliance Services						
Dog Control	0%	12%			100%	88%
Building Control	0% - 30%	35%			70% - 100%	65%
Environmental Health	75% - 90%	89%			10% - 25%	11%
Parking Enforcement	0% to 15%	0%			85% or more	100%
Liquor Licensing	0% - 20%	49%			80% - 100%	51%
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%			0% - 15%	33%
Parks and Reserves	90% - 100%	83%			0 - 10%	17%
H ² O Xtream	40% - 65%	64%			35% - 60%	36%
Library	85% - 95%	95%			5% - 15%	5%
Expressions	Up to 100%	93%			Up to 100%	7%
Property		28%			100%	72%
Akatarawa Cemetery	Balance	0%			Up to 100%	100%
Economic Development	95% - 100%	96%			0% - 5%	4%

1. One off projects/expenses

2. Up to 100% of capital projects

3. Less income plus higher costs

4. Brought forward a 10 year LED lighting replacement as NZTA provided increased funding

5. Provisions and actual weathertightness changed the target

6. Sale of unbudgeted rainwater tanks

7. Actual Fees and Charges higher than budget

8. Higher Reserve Fund Contribution received

9. Vested assets this year improved the overall Fees and Charges

Upper Hutt City Council

OUR MAYOR AND COUNCILLORS



DEPUTY MAYOR John Gwilliam

26D Chatsworth Road, Silverstream
T: (04) 527 9727 | M: 027 527 9727
E: john@mainstreetlegal.co.nz



Ros Connelly

19 Penny Lane, Silverstream
T: (04) 528 2792 | M: 027 733 5076
F: /rosconnellyforupperhutt
E: hello@rosconnelly.nz



Chris Carson OSM

9 Toledo Grove, Totara Park
M: 021 041 5969
E: carsonassociatesnz@gmail.com



Blair Griffiths

Hillside Auto Wreckers, 15 – 17 Blenheim St
M: 027 451 9561
E: crblairgriffiths@gmail.com



HIS WORSHIP THE MAYOR Wayne Guppy, JP

T[W]: (04) 527 2189 | T[H]: (04) 527 8331
M: 027 277 1550 | E: wayne.guppy@uhcc.govt.nz
F: /mayor.wayneguppy



Paul Lambert

1296A Akatarawa Road
T: (04) 526 3660 | M: 022 130 1697
E: spellbound@xtra.co.nz



Glenn McArthur

3 Streets Way
T: (04) 526 4184 | M: 027 542 9308
E: glmca@xtra.co.nz



Angela McLeod

227C Whitemans Valley Road
T: (04) 528 2288 | M: 027 497 2761
E: crangelamcleod@gmail.com



Steve Taylor

M: 027 337 8371 | F: /SteveTaylorUH
E: stevetayloruh42@gmail.com



Hellen Swales

28D Marlborough Street, Silverstream
M: 027 528 6799
E: hellen.swales@gmail.com



Dave Wheeler

37A Heretaunga Square, Heretaunga
T: (04) 528 2254 | M: 027 769 2390
E: wheeler.dave@xtra.co.nz

Upper Hutt City Council

OUR EXECUTIVE LEADERSHIP TEAM



Chris Upton, CHIEF EXECUTIVE

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



Mike Ryan, DIRECTOR
COMMUNITY SERVICES

Community development
Upper Hutt City Libraries
Expressions Whirinaki
Recreation services
H²O Xstream



Richard Harbord, DIRECTOR
PLANNING AND REGULATORY SERVICES

Building control, consents, and compliance
Emergency response and management
Resource consents and compliance
Urban and rural planning
Environmental health
Parking enforcement
Liquor licensing
Animal control



Julia Fink
CHIEF FINANCIAL OFFICER

Legal services
Insurances
Finance



Geoff Swainson, DIRECTOR
ASSET MANAGEMENT AND OPERATIONS

Water supply, wastewater, stormwater
Solid waste and waste minimisation
Land development and engineering
Roads, footpaths, street lights
Asset management
Parks and reserves
Fleet management
Civil Defence
Property



Sandra Stokes, MANAGER
PERFORMANCE AND CAPABILITY

Human Resources
Health and safety
Recruitment



Steve Taylor, DIRECTOR

BUSINESS TRANSFORMATION AND INSIGHT
Information systems and management
Communications and engagement
Corporate planning and reporting
Marketing and promotions
Economic development
Democratic services
Strategy and policy
Customer service
Sustainability

Independent Auditor's Report
To the readers of Upper Hutt City Council's annual report
for the year ended 30 June 2018

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, Andrew Clark, using the staff and resources of Audit New Zealand, to report on the information in the City Council and Group'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 2018. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 124 to 197:
 - present fairly, in all material respects:
 - the City Council and Group's financial position as at 30 June 2018; and
 - 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; and
- the funding impact statement on pages 102 to 104, 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 80 to 100:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2018, 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 105 to 113, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council’s annual plan; and
- the funding impact statement for each group of activities on pages 105 to 113, 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 114 to 121, 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 annual plan and long-term 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's 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 79, and 198 to 204, 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.

In addition to our audit of the audited information and our report on the disclosure requirements, we have audited the City Council's 2018-28 long-term plan, and performed a limited assurance engagement related to the City Council's debenture trust deed. Other than these engagements, we have no relationship with, or interests in, the City Council or its subsidiary.



Andrew Clark
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand



Upper Hutt City Council

838 – 842 Fergusson Drive
Private Bag 907
Upper Hutt 5140

T (04) 527 2169

E askus@uhcc.govt.nz

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

W upperhuttcity.com