

2007 ANNUAL REPORT

For the year ending
30 June 2007



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The Community Plan provides direction for Council's plans, policies and strategies and gives a long term focus to all Council's activities. This Annual Report measures performance against the community plan targets.

The Community Plan has five key areas:

PEOPLE

Community Outcomes

Hutt City residents identified the following outcomes as being important to Hutt City's future social and cultural well-being:

- A city that is safe
- Affordable access to community facilities that include arts, cultural and recreational options
- Encouragement of arts, cultural and sports activities including local, national and international events
- Everyone has a quality standard of affordable housing
- A built environment that is attractive, safe and healthy
- A more attractive Hutt City
- Development of the uniqueness of Hutt City including its history and culture
- More and better focus on the harbour, river and recreation opportunities
- A city that is friendly and welcoming where people experience a sense of belonging
- Encouraging community involvement and engagement with civic life
- More celebrations of tangata whenua and multi-culturalism in the city
- Migrants are well adapted to New Zealand way of living
- Everyone has access to a wide range of excellent education services
- Everyone has affordable access to services that improve health
- There is a seamless integration of health services
- Residents have a high standard of living.

UTILITY SERVICES

Community Outcomes

Hutt City residents identified the following outcomes as being important to Hutt City:

- Effective and efficient public transport that results in increased use of public transport
- Enhanced roading systems particularly State Highway 2, Cross Valley Link, State Highway 1 and Hutt CBD
- Continual upgrade and provision for growth to make Hutt City interesting and attractive to people
- More investment in sustainable transportation solutions – public transport, car pools, bicycle lanes
- Affordable access to community facilities that include arts, cultural and recreational options
- A diverse natural environment that is accessible, enjoyable and safe
- Everyone has a quality standard of affordable housing
- Roothing, water and waste (including recycling) work and are accessible to all
- Maintenance and continual upgrade of services to allow for security and growth.

ENVIRONMENT

Community Outcomes

Hutt City residents identified the following outcomes as being important to Hutt City's future environmental well-being:

- Having clean air, water and land
- Continued protection and conservation of our environment
- Efficient use and conservation of energy resources
- A city that is safe
- A diverse natural environment that is accessible, enjoyable and safe
- Good information on how to be prepared for an emergency
- A more attractive Hutt City
- Developing the uniqueness of Hutt City including its history and culture.

ECONOMY

Community Outcomes

Hutt City residents identified the following outcomes as being important to Hutt City's future economic well-being:

- A local economy that is attractive to both business and residents
- Retention of business achievers and people critical for business
- Attraction and nurturing of high quality businesses
- Local businesses being supported and promoted
- A skilled workforce that meets local business' needs
- Good telecommunications systems
- A growing number of entrepreneurial companies located in Hutt City
- Creation of an exciting, dynamic city so entrepreneurs want to live and work here
- Encouragement of enterprise and innovation including incentives to attract research, development and application industries
- Making the most of the CRIs by attracting the kind of people with the entrepreneurial nous to build on these R&D outcomes
- Attraction of tourists to Hutt City
- A built environment that is attractive, safe and healthy
- A more attractive city
- Developing the uniqueness of Hutt City including its history and culture.

ORGANISATION

Community Outcomes

All the Community Outcomes are relevant for this group of activities, which provides management support and advice to elected members and Council officers. It also ensures that high levels of service are maintained, and that customers and staff are valued.

The role of the elected members and community representatives as part of this group is of the utmost importance. They represent the views of the community when decisions are being considered by Council.

Report from Mayor David Ogden on behalf of the Council



Welcome to the Hutt City Council's Annual Report for 2007. This document outlines the Council's activities over the past 12 months.

Recently the Council signed-off its 2006-2017 Long Term Council Community Plan, which shows the city in a healthy financial position following a period of prudent and sensible fiscal planning.

As a result, the Council was able to deliver Hutt City ratepayers the lowest rates rise in New Zealand of 1.3% which, when inflation is accounted for, is a rates reduction of 1.3%.

But that's not all. In 2004, the new Council set an ambitious target to get rates per person below the average of other councils around the country by 2010. At the time, Hutt City's rates were 8% above. Remarkably we have achieved the target three years ahead of schedule, with rates now 2% below – a reduction of 10%.

Keeping rates down was achieved in a climate of big rate rises around the rest of New Zealand. We are leading the way, and will continue to do so with rate rises forecast to remain below inflation next year and every year after that to 2017.

The LTCCP also showed the city's debt forecast to fall significantly over the next 10 years, allowing the Council the flexibility to invest on big ticket infrastructure items in future years.

The Council's commitment to infrastructure was underlined by the millions more being invested on improving the city's flood protection, stormwater drainage network and roads, including a provision of \$18m for major transport upgrades such as the Cross Valley Link and The Esplanade. This follows the start of construction on the long-awaited Dowse-Petone interchange.

Putting the finances in order is vital to the social and cultural wellbeing of the city, and allows Council to provide the myriad of other services ratepayers expect from us, such as keeping the city safe and free from graffiti, maintaining and improving community facilities such as parks, playgrounds, libraries and public toilets, and providing opportunities for our young people.

I was delighted with the public response to the draft LTCCP which helped shape the final document, with the Council receiving 1,179 submissions. This was up 17% from last year, and among the most received by any Council in the country.

In that vein, the Council has made strong efforts to better engage and consult with residents. In February, 230 residents attended a ground-breaking community engagement workshop, the first like it in New Zealand, to encourage greater community input in Council's decision-making and to find out what people saw as the city's priorities for the future.

At my instigation, Council has also embarked on a project to investigate how it can better support the city's three community boards and those areas of the city that do not have them.

The Council's participation in the Wellington Regional Strategy was confirmed in May after mediation between us, Upper Hutt and Greater Wellington. This resulted in a number of changes to the WRS, including: the provision of a sunset clause following independent review; decisions requiring a 75% vote to pass; and funding to be capped. These major concessions justified our refusal to sign up earlier. We always supported the WRS, but not at any cost to our ratepayers or our autonomy. Now we can push on with the Strategy and unlock the Wellington region's economic potential.

Social housing in the city received a boost with the Council transferring its public housing to UrbanPlus – a council-controlled company – with strict instructions to increase the number and quality of the units housing our most vulnerable residents, including the elderly and others on low or fixed incomes.

The Council said farewell to its CEO of six years, Rik Hart, who resigned in January to take up the position as General Manager of the Warringah Council in Australia. Rik made an outstanding contribution during his time with the organisation and it was sad to see him go. Every cloud has a silver lining, and ours was naming former General Manager of Business Services Tony Stallinger as his replacement. I'm delighted to say that he has demonstrated good leadership since his appointment.

Last, but certainly not least, one of the big highlights of 2007 was the reopening of TheNewDowse which headlined the city's first-ever summer festival. Following a multi-million dollar, 18-month refit, TheNewDowse now stands as the most innovative art gallery in New Zealand, and is an asset the city and the region can be proud of.

My thanks go to councillors, managers and staff for their hard work and diligence during the past 12 months. Together we are committed to making Hutt City the best little city in New Zealand to live and work – or, as the billboard says, “The place where you can have your Pavlova and eat it too”.

This Annual Report shows we are well on track.



A handwritten signature in black ink that reads "David Ogden". The signature is written in a cursive style with a long, sweeping underline.

David Ogden

MAYOR

On behalf of Council

Report from Tony Stallinger, Chief Executive, on behalf of the Staff



I have great pleasure in presenting the Council's 2007 Annual Report. After only a couple of months in the job as Chief Executive, credit for our achievements this year goes to my predecessor Rik Hart and the hard working Council staff.

Awards

A highlight of the year was achieving a Silver Award from the New Zealand Business Excellence Foundation. Council is only the second local body in New Zealand to ever achieve this ranking, and only two silvers were awarded at all last year.

Our Pools staff also celebrated their winning of the SPARC Win/Win Facility Award for the Huia Pool.

TheNewDowse opening in February unveiled a new jewel in Hutt City. The extensive upgrade to create an exciting contemporary museum facility has well and truly put the Hutt up with any other city in New Zealand. The Summer Festival that accompanied the opening incorporated the increasingly popular events of the Petone Fair, the Jackson Street Fiesta and Te Ra O Te Raukura.

TheNewDowse was also recognised by an Excellence Award in Education and Arts from the NZ Property Council.

Council launched www.huttcity.com to offer small businesses, sports clubs and other community organisations free support with the establishment of websites. This great initiative was recognised by the Association of Local Government Information Management with an Innovation Award.

Engaging the Community

Much effort has been put into improving consultation with the community. Written submissions on the Community Plan increased by 17 percent over the previous year. A ground breaking Consultation Plus workshop in February attracted 230 people to express their views on priorities for Council policies and projects. An Expo in April promoted the diversity of Council activities.

Relations with the City's three community boards have, at times, been tense during the past year. But we now have certainty over their continuing role in Hutt City. Excellent progress has been made on defining how we will work together more effectively in the future.

Consultation is currently underway in those areas of the city without community boards so that we can agree how to best engage those communities also.

Environmental Protection

Four major slips occurred in various residential parts of the city. The first was at Russo Terrace in Eastbourne, followed in rapid succession by others at Korokoro, Kelson and then at Sunshine Bay in Eastbourne.

Thankfully, considering houses were at risk or destroyed in each instance, nobody was injured or killed. The sequence of slips put considerable pressure on our Emergency Management Office and related staff, but resulted in valuable training experience for any larger scale emergency.

The slips, and flooding experienced in previous years, emphasise the need for Council's increased focus on protecting the city from major natural events. Significant progress was made during 2007:

- The Greater Wellington Regional Council's work on the lower reaches of the Hutt River has strengthened our flood defences in that area;
- Further work has been done to increase flood protection from Black Creek in Wainuiomata;
- Continued progress is occurring on upgrading private drains in the Waiwhetu area;
- The new peak flow wastewater storage tanks at Silverstream have been commissioned; and
- Investigations and planning for the extensive works to improve flood protection from the Awamutu and Waiwhetu streams have progressed significantly. This includes discussions on funding the removal of contaminated stream bed in the Waiwhetu.

City Development

The Wellington Regional Strategy will be an important guiding document for future development in the region. While its formation has been a troubled process, this Council has been quietly focusing on achieving greater regional efficiencies and effectiveness. For example, Hutt City and Upper Hutt City have merged their emergency management functions into a single valley-wide operation. There are many other instances where the two councils are working closely together to improve the quality and value of services to residents.

The visible signs of this development during the past year include the opening of the Sky City Cinemas at the top of the Westfield complex, the Harvey Norman building by the Melling Bridge and the Les Mills gymnasium in the old Nees Mitre Ten building. It is great to see development occurring in the City, even though this will inevitably lead to tensions.

The commencement last year of extensive consultation on the Petone Vision Statement is Council's initial response to the growing development pressure in the area and the conflicting interests that need to be considered.

The Petone Vision will be followed by similar exercises in the CBD and Seaview. This will enable us to review our District Plan in a more considered way and pave the way for development of Hutt City's many remarkable natural advantages in a way we can be happy with and proud of.

Adding to the city scenery during the past year were the new pay and display parking meters. We also introduced free parking in the CBD on Saturdays.

Conclusion

The Council is in excellent health as we head towards 2008. Our financial position has improved significantly and this is benefiting the community through lower rate increases. We have excellent staff who are consistently adopting best practices and being recognised through awards. Increased investment is being made into the City's infrastructure and we are all safer for it. The City's economic indicators are improving.

I look forward to 2008 as we work towards making Hutt City a great place to live, work and play.

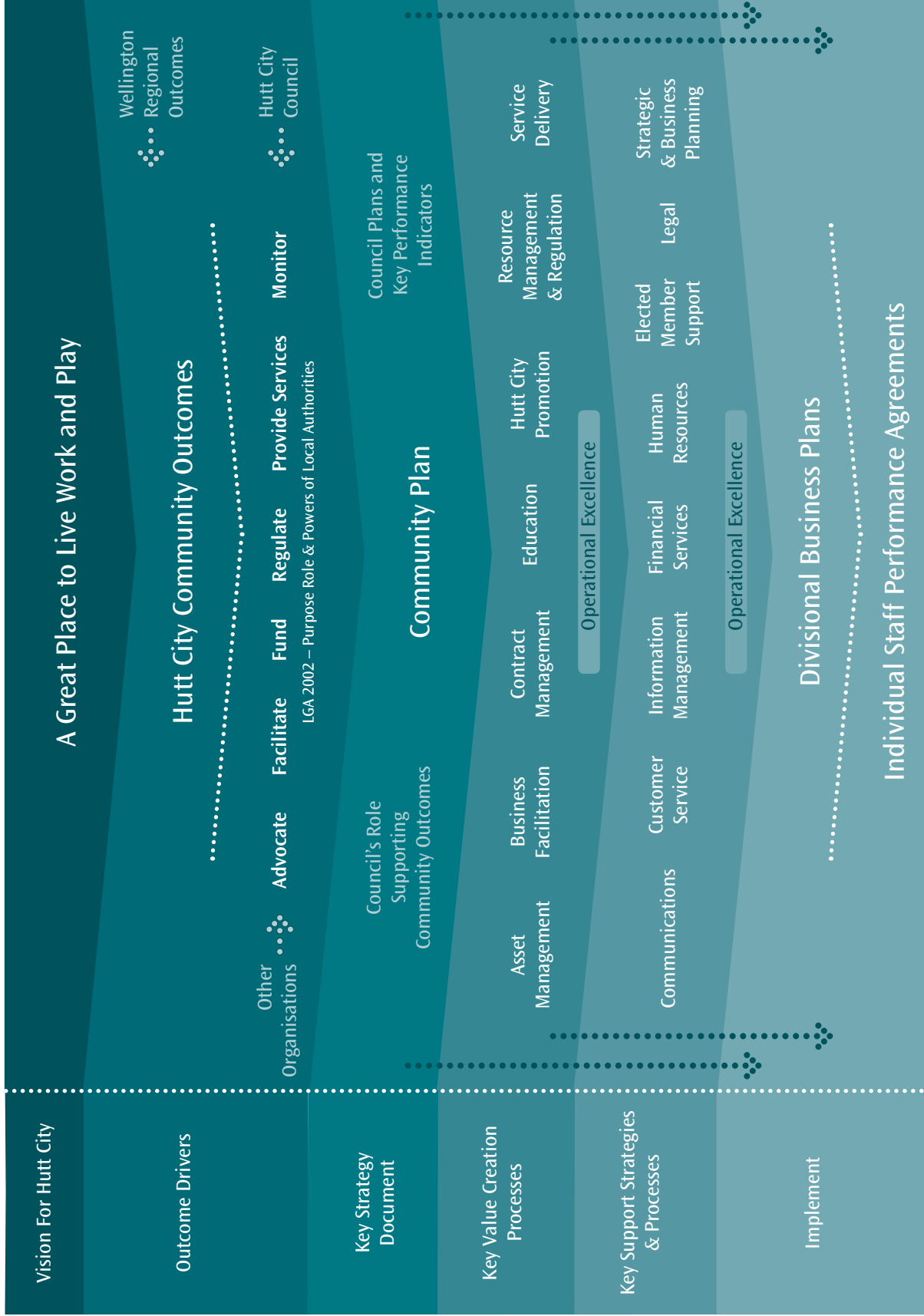


Tony Stallinger

CHIEF EXECUTIVE

On behalf of the staff

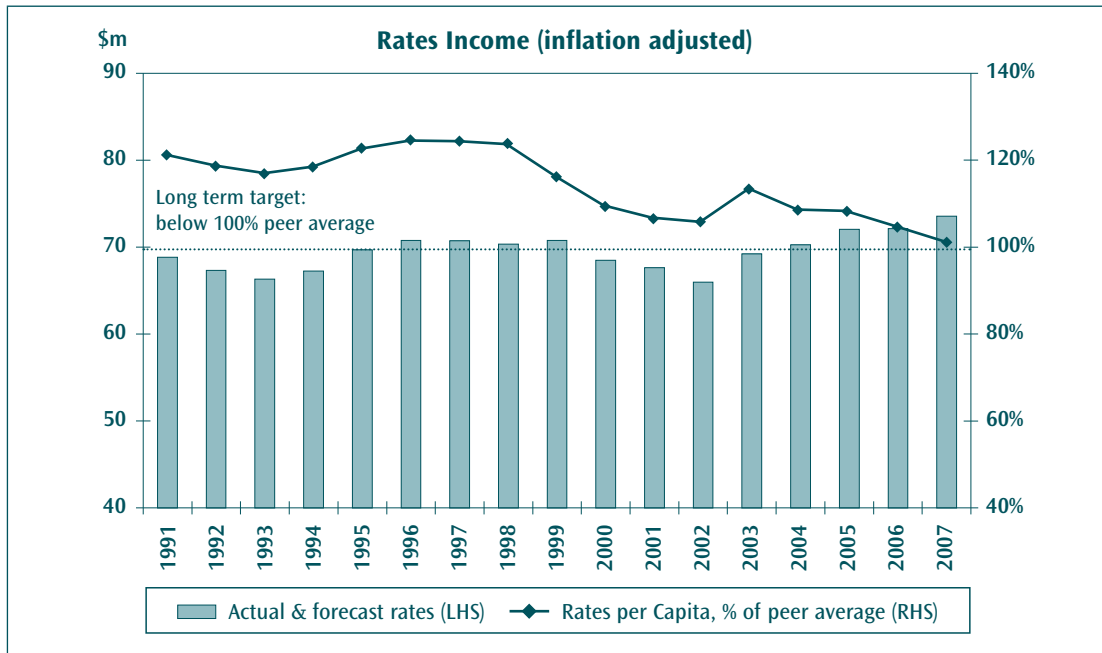
Strategic Framework



Key Performance Indicators

Council monitors eight key performance indicators to ensure the organisation is being managed effectively. This section of the Annual Report provides historical information, targets, and benchmarks in relation to those performance indicators.

Rates Income (Inflation Adjusted)

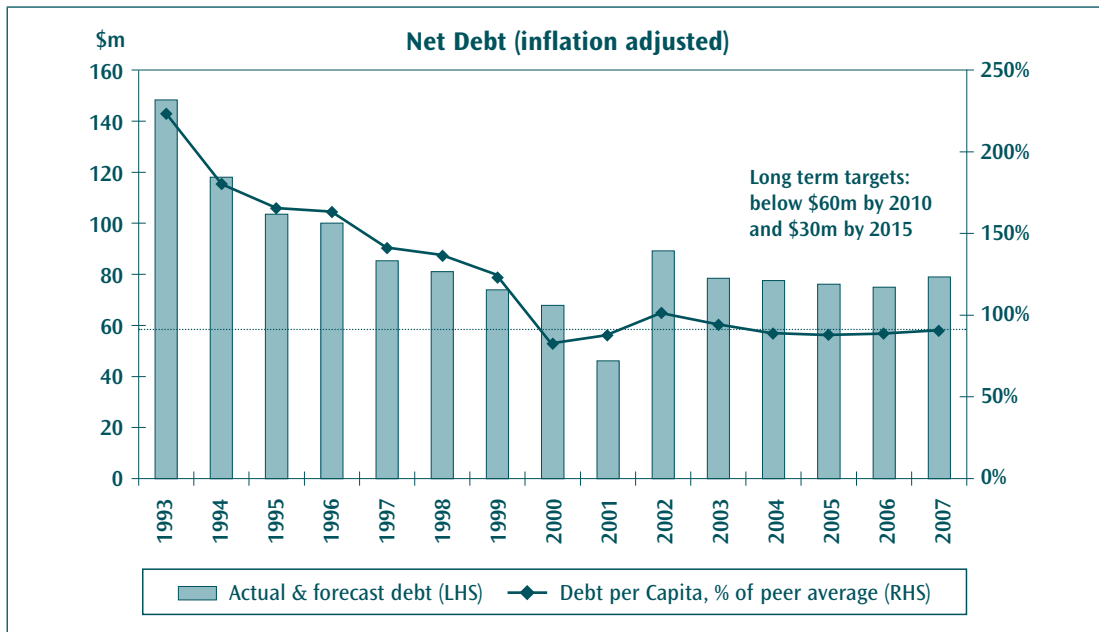


The level of rates is a key focus of Council's Financial Strategy.

This graph shows historical rate levels. It highlights the reductions achieved from 1999 onwards, offset by modest increases in recent years to cover the cost of wastewater treatment facilities.

The graph also measures rates per capita in comparison with our peers (other similar local authorities). Historically Hutt City rates per capita have been well above peer average. This is partially owing to many peer authorities owning major profitable businesses such as ports, airports, forestry and electricity companies, that help to keep rates down. Council's long term target is to deliver rate levels less than the peer average per capita. The graph shows that this was nearly achieved in 2007.

Net Debt (Inflation Adjusted)

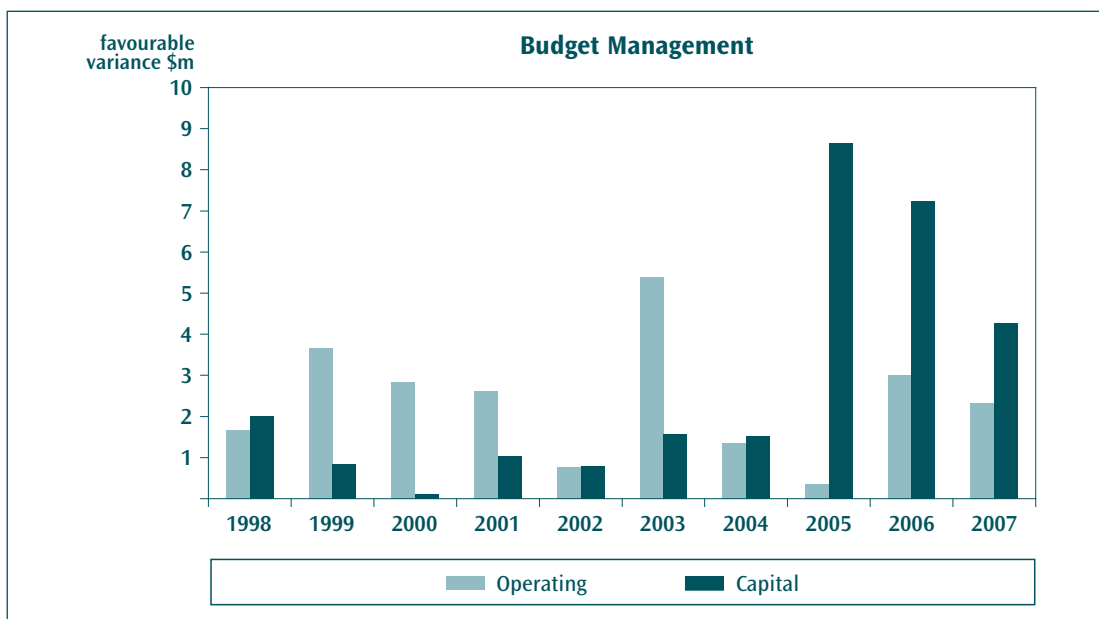


Council’s Financial Strategy has a target of reducing debt below \$30 million by 2015. This target has been adopted so that Council can further strengthen its financial position and be well placed for the anticipated increase in capital replacement expenditure anticipated over the next 20 - 30 years.

This graph shows historical net debt levels. It highlights the considerable success Council has had in managing debt levels since 1993. At the time debt levels in Hutt City were more than twice the average for similar local authorities.

The increase in debt in 2002 was owing to the unavoidable requirement to fund the construction of the wastewater treatment facilities at Seaview. However, debt levels are now below the average of peer local authorities and forecast to fall further.

Budget Management



The key financial performance indicator at an operational level is results compared to budget.

The graph highlights that Council has achieved operating and capital surpluses compared with budget every year since 1998, although favourable capital results are typically owing to timing differences on project completion.

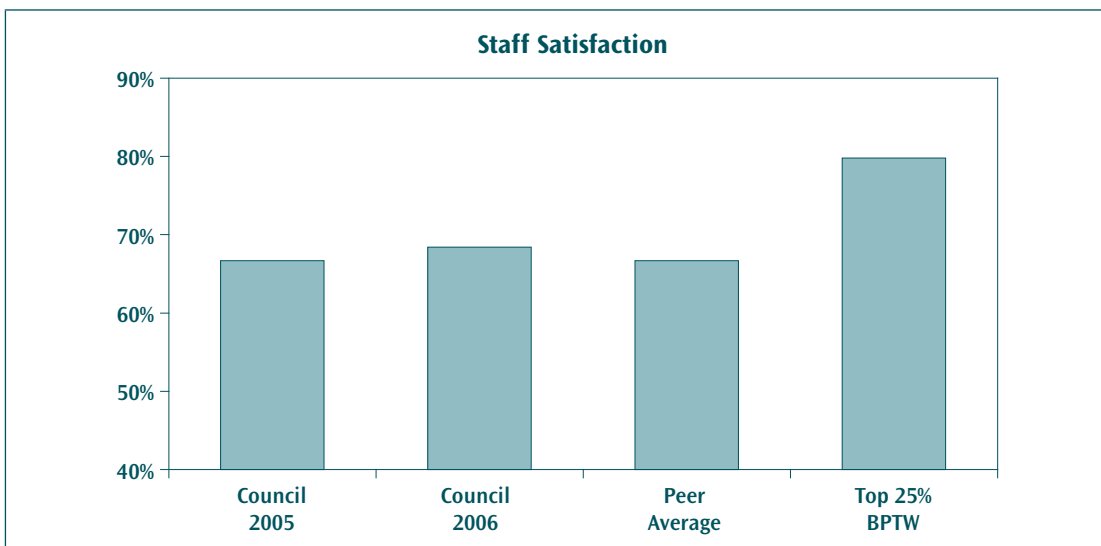
Customer Satisfaction



Council monitors customer satisfaction levels with Council services annually by way of an independently conducted survey. The graph shows the steady results achieved that are above peer average.

Council budgets to maintain satisfaction levels of at least peer average, but has a long term target of achieving results regarded as best practice.

Staff Perceptions

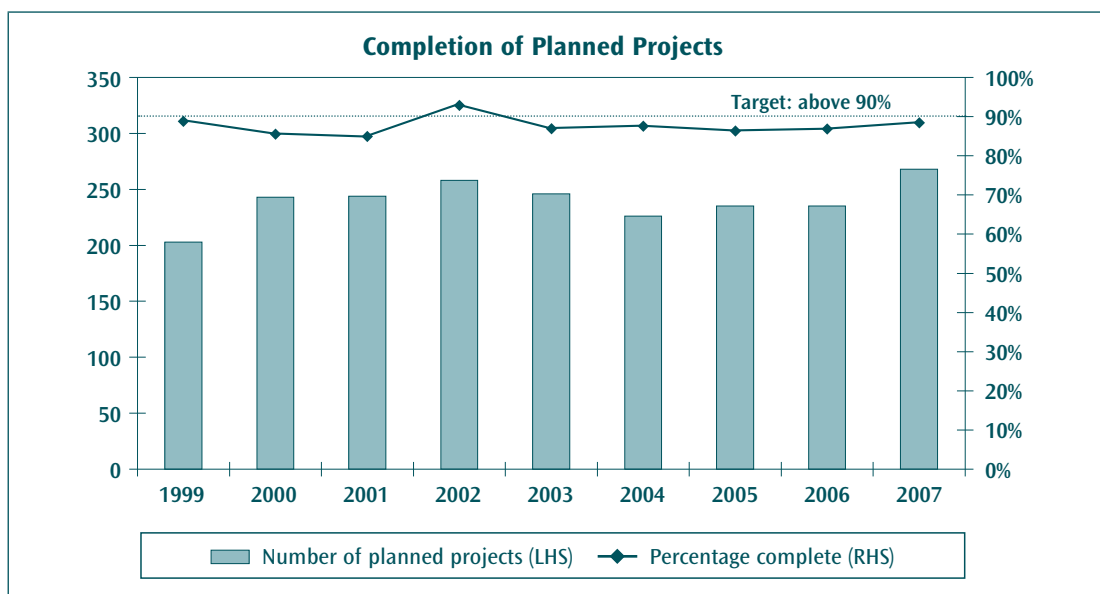


Council has been measuring overall satisfaction levels of staff for the last five years through independent surveys, and steady improvement has been noted over that time.

Council budgets to generally remunerate staff at close to market average levels. Council endeavours to improve staff satisfaction by addressing staff concerns raised during the annual survey, where possible through modest cost solutions.

During 2005 Council changed its key performance indicator from staff satisfaction to an overall measure of staff perceptions of the organisation based on the results of the John Robertson & Associates "Best Places to Work" Survey (BPTW). The graph shows that the staff perceive Council to be a slightly better place to work than the average local authority, but well below staff perceptions of the best places to work in New Zealand.

Project Completion



Each year Council commits publicly to between 200 and 300 projects as described in the Community Plan.

During the year a number of these projects will not be completed for a variety of reasons. Generally these uncompleted projects carry over into the next financial year and are completed then. Council has adopted a target of completing at least 90% of projects scheduled for the financial year.

Compliance

Year	Non-compliance instances	
	Insignificant	Significant
2004	9	–
2005	6	–
2006	1	–
2007	3	–

Council activity spans a wide range of businesses. As a result, compliance is a complex issue and essential to Council achieving its objectives. Council monitors its compliance with the law, contracts, consents, employment agreements, health and safety requirements and Council policy on a monthly basis. The target of having no significant non-compliance instances has been achieved each year. However, several minor breaches have been identified and remedied without any significant impact on Council operations.

Business Excellence Assessments

Year	Assessor	Result
1999	Business Excellence New Zealand	No recognition
2000	Business Excellence New Zealand	Local government runner up
2001	Business Excellence New Zealand	Local government winner
2002	Business Excellence New Zealand	Local government winner
2003	NZ Business Excellence Foundation	Progress award
2004	NZ Business Excellence Foundation	Commendation award
2005	No application made	–
2006	NZ Business Excellence Foundation	Achievement award

Council submits itself to full independent assessments by experts in organisation performance. These assessments are used to identify areas for improvement, and also to gauge Council's performance in relation to other local authorities and best practice private sector organisations internationally.

The table indicates the significant success Council has had in recent years.

In 2006 Council received an Achievement Award from the NZ Business Excellence Foundation. Council's score was the highest ever achieved by a local authority and has only been exceeded by very few organisations.

Report on Governance



Local democracy is about:

- conducting business in an open, transparent, and democratically accountable manner
- giving effect to identified priorities and desired outcomes in an efficient and effective manner
- having regard to the views of all communities within a district
- prudent stewardship and the efficient and effective use of its resources in the interests of its district or region
- taking into account –
 - the social, economic, and cultural well-being of people and communities
 - the need to maintain and enhance the quality of the environment
 - the reasonably foreseeable needs of future generations
- fair and effective representation for individuals and communities
- all qualified persons have a reasonable and equal opportunity to –
 - cast an informed vote:
 - nominate 1 or more candidates:
 - accept nomination as a candidate:
- public confidence in, and public understanding of, local electoral processes

Hutt City Council is made up of the former Eastbourne Borough, Petone Borough, Wainuiomata District and Lower Hutt City Councils and the Hutt Valley Drainage Board, which were amalgamated in 1989. Council has two separate components – the political body (the elected members), and the corporate body (the administrators). Council is governed by a Mayor (Mayor David Ogden), who is the Chair, and eleven Councillors, all of whom are elected by Hutt City citizens for a three year term of office. To ensure that each part of the city is represented around the Council table, it is divided into six separate wards and the voters in each ward elect two members (in the case of the Western Ward one member) to represent them on Council. The Mayor is elected ‘at large’ which means that all citizens can vote for the Mayor. From the election in 2007 there will be 12 Councillors with the Western Ward electing two members, not one.

Political Governance

The concept of governance refers to the manner in which Council exercises its role and authority. The concept includes:

- leadership and vision
- consultation and citizen involvement
- strategic policy setting
- decision making and
- auditing the organisation’s results.

The elected Council sets the broad strategic direction and policies for the Chief Executive and staff to implement and audits the results. Council ensures, on behalf of the community, that the organisation achieves what it should and that it avoids undesirable situations and circumstances. The Chief Executive of Council is the sole employee of the elected members of Council. The Chief Executive in turn is the employer of all other Council staff members. The Chief Executive is responsible to Council for:

- implementing the decisions of Council
- providing advice to Council, Community Board and Ward Committee members and
- ensuring all functions delegated to the Chief Executive or to any other employees are carried out.

Hutt City Council's vision for the city is 'A Great Place to Live, Work and Play'. To achieve that vision Council has a number of strategic goals:

- a vibrant and diverse city
- accessible and high quality leisure activities and facilities
- a connected, safe and healthy community
- affordable, sustainable, accessible and high quality services
- a best practice organisation that provides value for money and prudent management
- an organisation that values its customers and staff
- a strong, enterprising and diverse economy
- a clean, healthy, attractive and sustainable environment.

These strategic goals are linked to Community Outcomes the community has identified as being of importance. The Local Government Act 2002, amongst other things, requires territorial authorities to carry out a process to identify the outcomes its community wants for the long term good of the city. Community Outcomes are those outcomes identified by the community as being a priority to improve the social, economic, environmental and cultural well-being of Hutt City.

Treaty of Waitangi

The Council takes into account the principles of the Treaty of Waitangi and ensures that a sincere partnership is maintained between the mana whenua and elected Council. This recognition and relationship has been achieved through the development of agreements and a Code of Conduct. Council works hard to make sure all parties are kept informed and have the opportunity to take part in Council's affairs. A full statement regarding the Treaty of Waitangi can be found on page 24.

Roles and Responsibilities

Council currently provides the following services (although Council does not necessarily carry out the services itself):

- essential physical services such as water supply, roads, drainage, sewerage and collecting and disposing of rubbish
- parks, sports fields, recreational facilities, libraries, museums, community centres and housing
- resource management planning and emergency management
- essential regulatory duties such as environmental health, building inspection and animal control and
- promotion and advocacy of the social and economic well-being of the city's residents.

Political Structure

The Council has created a number of committees and working groups to undertake preparatory work before matters reach the full Council, and perform regulatory and monitoring functions, which frees the Council to focus on matters relating to strategic direction, policy-making and governance. The responsibilities of the Council's four principal Standing Committees are as follows:

Strategy and Policy Committee – the role of this committee is to assist Council with its policy development, for example, undertaking consultation and hearing submissions, resulting in fully considered policies going to Council for adoption.

Operations and Compliance Committee – this committee is responsible for ensuring that Council's statutory and regulatory responsibilities are met, that relevant legislation is complied with, and that Council's policies, as they are being implemented, are meeting stated objectives.

Finance and Audit Committee – this committee is responsible for reviewing progress towards achievement of all of Council's financial objectives, and Statements of Corporate Intent for the Council Controlled Organisations. The committee is also responsible for approving the audit process and programme for Council for each financial year and reviewing financial information at the completion of the annual examination of Council's finances.

Governance Working Group – which is responsible for assisting Council meet its governance obligations.

The following committees are also Standing Committees of Council but meet as required to deal with the particular matters related to their delegations:

District Plan Committee – this committee hears and decides all matters concerning the District Plan and administration of the District Plan and hears submissions on proposed Changes to the District Plan.

Hearings Committee – responsible for determining resource consent applications, and exercise of Council's statutory and regulatory responsibilities in the areas of resource management, Sale of Liquor and the Reserves Act.

Community Grants Committee – responsible for administering and allocating Council funded grants such as the Community Houses and Marae Funding Schemes and the Community Development Fund, and the Creative New Zealand (Creative Communities) Scheme.

Community Plan Committee – which is responsible for the development of a framework and timetable for the planning process, appropriate public consultation and statements to the media, the hearing of public submissions on the Community Plan, and making recommendations to Council on the adoption of Council's Community Plan.

Council has two special committees – the Hutt Valley Services and Civic Honours Committees. The Hutt Valley Services Committee is a Joint Committee with Upper Hutt City Council. This committee is primarily concerned with the shared services of the two Councils, which are the Silverstream landfill and the Hutt Valley bulk wastewater network. The Civic Honours Committee meets once a year to consider and select the recipients of annual Civic Honours awards.

Hutt City Council is a member of Greater Wellington Regional Council's Hutt River Floodplain Management Committee, Waiwhetu Stream Advisory Committee, Regional Land Transport Committee and Wellington Regional Strategy Committee. The Hutt River Floodplain Management Committee is concerned with the implementation of flood mitigation measures for the Hutt River. The Waiwhetu Stream Advisory Committee was established to oversee the development of a management plan for the Waiwhetu Stream. The Regional Land Transport Committee deals with transport planning including public transport for the region. The Wellington Regional Strategy Committee oversees implementation of the strategy aimed at ensuring the region's long term prosperity.

Hutt City Council also has three elected Community Boards – Eastbourne, Petone and Wainuiomata – and four Ward Committees – Central, Eastern, Northern and Western. The role of these local representatives is to support Council in its governance role by facilitating local input into Council's decision-making processes. Council also delegates to Community Boards and Ward Committees a range of functions including providing their local community's input into strategic planning, resource management and road safety issues; maintaining an overview of roadworks, water supply, sewerage, stormwater drainage, waste management and traffic management for its local area; and deciding traffic management issues.

Council, its principal Standing Committees and the Community Boards and Ward Committees normally meet once every six weeks. All meetings convened by Council are publicly advertised each month and are open to the public, except for those parts of the meeting from which the public is excluded in accordance with the requirements of the Local Government Official Information and Meetings Act 1987. Agendas for meetings of Council, its Committees, Community Boards and Ward Committees are available to members of the public before the meeting either on the Council's website or from Council's offices, libraries and service centres.

There are many different ways in which members of the public can voice their opinions to Council and its Committees, including presentation of petitions, deputations and through the public comment section, which is held for a period of up to 30 minutes at the beginning of each public meeting.

Corporate Governance

Hutt City Council management is focused on:

- being accountable
- ensuring good management
- being open and consultative
- providing value for money and
- being customer driven.

There are a number of formal corporate management teams operating alongside group and divisional management teams. The key teams are the Executive Management Team, the Customer Strategy Team and the Information Management Team. All contain representatives from across the organisation and are responsible for the strategy, policy and overall operation of their particular team focus.

All divisions and business units of Hutt City Council set their objectives in line with the Community Plan. The results of customer surveys and feedback are also incorporated in work plans. Divisional managers meet regularly with their staff, either fortnightly or monthly, to review the performance of their division or business unit. In addition coaching and feedback sessions are conducted with individual staff members to ascertain performance against objectives set in the performance appraisal process. Divisional and business unit managers meet with their general manager regularly.

Managers have within their job descriptions the responsibility for staff development and the setting of learning/training objectives. These are set annually as part of the performance appraisal process and also as part of the individual coaching and review process which reacts flexibly to customer and staff requirements.

Report on Staff Management



Organisational Profile

Hutt City Council employs approximately 510 employees (340 FTEs) in numerous locations around the Hutt Valley. Turnover for the 2006/07 year was only 12%. This low turnover was due to active internal recruitment and Council increasingly being viewed as a great place to work.

Employees have a diverse mix of education, skills and experience matching the diverse nature of Council's operations. Staff are supported by coaching, training, mentoring and effective performance management.

Organisational Capability

An organisational review took place in 2005/06 and this resulted in Human Resources being brought back in-house after having been outsourced for several years, to provide Council with a proactive and seamless approach to people management.

Policies and Programmes for 2007/08

Human Resources strategies, policies and procedures will continue to be developed and reviewed to ensure alignment with Council's strategic direction.

Organisational Development

Positive steps have been taken to develop an environment identified by staff through feedback from the Best Places to Work Survey and other surveys/reports. A planning day was held in February 2007 and all employees were encouraged to provide input into identifying the purpose, mission and values for Council. In addition, staff were asked to identify the behaviours they wanted their colleagues and managers to demonstrate. Further work in this area will continue in 2008.

Council was very successful in obtaining a silver award through the New Zealand Business Excellence Foundation and this has provided Council with opportunities to measure its performance against other organisations. Only one other council has ever reached this standard and no council has ever achieved a score as high as Hutt City. Opportunities for improvement identified through this process are being implemented.

Training and Development

Emphasis has been placed upon training and development and this is seen as a core area where further activity will occur in 2007/08. Emphasis will continue to be on the development of staff capability in order to meet future demands and to meet Long Term Council Community Plan objectives. Specific programmes tailored to Council's culture and needs will continue to focus on developing the skills and knowledge of managers as organisational leaders.

Council uses the performance management system to plan development of staff whose potential is recognised and to assist in the career development requested by staff. This development may involve training or exposure to new aspects of work.

Working Environment

Hutt City Council provides an excellent working environment for its employees. HR strategies continue to promote and support Council as a high performing workplace. The Council has several initiatives in place regarding wellness, flexible working hours and employee participation in cross divisional teams. These practices enable us to be seen as an employer of choice.

The past year has resulted in increased demands for Council services in some areas which has meant a temporary shortage of staff in some areas. Many vacancies have been filled by internal applicants, supporting the organisation's retention and career progression objectives.

Remuneration

A market based salary system based on a comprehensive job sizing review has been adopted throughout the organisation. This ensures a transparent system is linked to market rates and provides a clear opportunity for remuneration over and above the market median based on performance. Remuneration packages are reviewed annually in September.

Health and Safety Management

The Council is committed to the prevention and management of workplace injury and illness by all staff being actively involved in recovery, rehabilitation and workplace programmes. The Council is focused on having robust health and safety systems in place, and all staff are involved in the decision making and setting of workplace goals to ensure a safe and healthy working environment.

Equal Employment Opportunities

Hutt City Council supports EEO to meet the challenges of working effectively in diverse communities and this is actively promoted through sound recruitment and selection processes.

Report on Social Development



Overview

In 2003 Council developed 10 community outcomes following a significant consultative process with residents. These outcomes have helped focus Council's activities and efforts on issues of importance to the community. In 2006 Council aligned its outcomes with those of the Wellington Region. Around half of the community outcomes concern social development and the Council has worked to be an effective contributor to achieving these outcomes in a variety of ways. This report on Social Development highlights some of the key projects and developments in these areas over the last year.

Council Priorities

The Council's priorities are aligned to the community outcomes. Five outcomes encompass social development issues. These are listed below together with some of the key projects in which the Council has been involved in 2006/07. Many other agencies have a significant impact on social development in the City and the Council works with these to achieve greater results.

HUTT VALLEY GOVERNANCE GROUP

Co-ordination of a great deal of the joint activity in the social area is governed by the Hutt Valley Governance Group which was established in 2003 as a result of both the Council's and central government's desire to develop a 'whole of government' approach to the provision of services within the Hutt Valley. Its membership comprises representatives from Hutt City Council, Upper Hutt City Council, government departments and other government funded agencies that provide services to the Hutt Valley. The purpose of the Group is to improve the overall coordination, policies and programmes of its members, to enhance the well-being of the Hutt Valley. This initiative is expected to continue assisting the achievement of social development outcomes in the future as agencies work more effectively together, aligning resources and efforts to maximise positive individual and community outcomes.

WAINUIOMATA PILOT PROJECT

The Council has been a party to this three year contract which ended on 30 June 2007. A new five year integrated contract involving a range of government agencies and the Council is in the process of being finalised with Te Runanganui o Taranaki Whanui. The new contract aims to continue the progress made in the past three years to improve the community well-being of Wainuiomata and other designated communities.

Community Outcome – Everyone has affordable access to services that improve health

The Council does not have a direct role in the provision of health services. However, it maintains a close relationship with the Hutt Valley District Health Board and is involved in several joint initiatives with the DHB, for example, support of a joint Disability Advisory Group.

DISABILITY ADVISORY GROUP

The Hutt Valley Disability Advisory Group (the Group) was established in December 2006. The group was jointly initiated by Hutt City Council, the Hutt Valley District Health Board and the Upper Hutt City Council to advise these organisations on issues of concern for disabled people in the region. The group representatives are people with their own disability experience, or who have lived or worked with people with disabilities. The Group has a number of more specific functions. These include building knowledge of the needs of people with disabilities and to work out how these needs can be resolved cohesively through the Hutt Valley. Consultation on disabilities is also on the Group's agenda. The Group acknowledges that the two Hutt Valley councils and the HVDHB have responsibilities for consultation, and the Group believes it can advise and assist these bodies on the best ways of consultation with people with disabilities.

Community Outcome – A city that is safe, friendly and welcoming, where people experience a sense of belonging

Community Development is a Business Unit within the Development Services Group of Hutt City Council. Community Development actively works with a range of groups and organisations to foster a more inclusive society as well as promoting the interests of their various members. Examples include support for the Hutt Ethnic Council, Friends of New Settlers, the Hutt Valley Youth Workers Network and Hutt City Council's own youth council, Youth Infusion.

CITY SAFETY

The Council is working on a Safer Streets Action Plan 2007-12 to focus on improving the safety and perception of safety in Lower Hutt. It will focus on core business areas of CCTV, Community Patrols, Crime Prevention through Environmental Design (CPTED), reducing alcohol related harm, agency and community collaboration and perception of safety benchmarking. This will be partially funded by the Ministry of Justice, Crime Prevention Unit.

The Council has started work on developing a "Safer City Strategy". The purpose of this strategy is to create a framework that will address the existing gaps or issues around community safety and create better interagency cooperation to make Hutt City a safer place.

BYLAW REVIEW PROGRAMME

The Council is required, under the Local Government Act 2002, to review all its existing Bylaws by July 2008. A primary focus of Council's Bylaws is concerned with the health and safety of the community. During the 2006/07 year the following bylaws have been reviewed:

- Traffic Bylaw 1997.
- Cemeteries Bylaw 1997.
- Parks and Reserves Bylaw 1997.
- Amusement Devices Bylaw 1997.
- Insecurely Loaded Vehicles Bylaw 1997.

Community Outcome – Everyone has affordable access to excellent educational services

Council does not have a direct role in educational service provision, however Council has partnered with other agencies to support initiatives where young people can access education, training or work opportunities. For example, Council maintains a constructive relationship with WelTec, a significant provider of tertiary education in the City.

YOUTH TRANSITION SERVICE

The Hutt Valley Youth Transition Service (Vibe YTS) is half way through its second year of operation. Highlights of 2006 were agreed at a meeting of Hutt City Council, Upper Hutt City Council, Vibe YTS and the Ministry of Social Development in December 2006 as:

- Formation of the Strategic Steering Group and successful involvement in the strategic direction of Vibe YTS.
- Strategic approach (established kaupapa; partnership forward planning; no surprises; implementing the strategic plan).
- Working relationships with Hutt Valley Schools.
- Involvement of the Ministry of Education.
- Traction for work on youth development strategy (HCC).
- Traction for working with cadets.
- Vibe YTS input valued in Community Development policy work on discrete communities.
- Research on youth service provider best practice that will benefit youth development in both Councils.
- Use of the Strategic Steering Group to give advice.
- Councils working together for best outcomes for Hutt Valley youth with spin-offs for working together on other whole valley initiatives.
- Increased collaboration and communication with Hutt City Council, on both the YTS front and wider Community Development projects.
- Increased collaboration and communication with Vibe and Vibe YTS.

The following table shows the current status of Vibe YTS clients who are currently registered or have exited as at June 2007:

Registered but not yet placed	13
Customised Support (receiving interventions)	118
Follow up (being monitored)	6
Exited	626
Total	763

Community Outcome – Everyone has a quality standard of affordable housing

The Council provides housing for the elderly and socially disadvantaged. Occupation rates for these properties remained high during the year and these homes are keenly sought by those who qualify.

HEALTHY HOUSING STEERING GROUP

In 2005 Council became a member of the Healthy Housing Steering Group. This Group was established by the Hutt Valley District Health Board (HVDHB). Members include Housing New Zealand, Hutt City Council, EnergySmart, Hutt Mana Charitable Trust and the Wellington School of Medicine. During its strategic planning the HVDHB identified healthy housing as a priority public health issue in the Hutt Valley. Housing is a key determinant of population health and improving the condition and state of housing will enable improvements to health and well-being, and the prevention of hospital admissions.

The purpose of the Hutt Housing Steering Group is to provide a co-ordinated and collaborative approach to housing projects being undertaken in the Hutt. The Housing Steering Group will:

- Provide a forum for the various agencies and stakeholders to share information about the initiatives that are being undertaken in the area of housing in the Hutt Valley.
- Ensure that there is a coordinated approach and that duplication is not taking place or that areas of high need are not missing out on housing initiatives.
- Explore options of collaborative funding and implementation of housing projects in the Hutt.

In December 2005 the Group decided that further planning was needed to identify some specific projects and issues the Group could focus on. Following a strategic planning exercise the Group developed a terms of reference that included a number of new projects that could be progressed. The Group has now undertaken a pilot project that has retrofitted 95 residential homes and undertook a social needs assessment with the occupants of these 95 homes. Based on the results of this pilot, the aim is to establish a three year 'Healthy Homes Healthy People Programme' to retrofit around 740 homes in the Hutt Valley.

Community Outcome – Affordable access to community facilities that include arts, cultural and recreational options

The Council provides a significant range of services that contribute to this outcome, including libraries, museums, pools, parks and sportsgrounds. Aside from these core services, a number of other community facilities and events are supported by the Council such as community houses, community halls, Youth Forum, and Multi Ethnic Day. Community houses organise and run a variety of activities and programmes for their local areas and community halls are used extensively across the City by a range of groups and organisations.

SETTLEMENT SERVICES

The Hutt City Council has been contracted by the Department of Labour (DoL) to provide Settlement Support services since July 2005. The purpose of this initiative is to ensure new settlers (refugees and migrants who have arrived into the country in the last two years) have access to relevant information that will help them settle into the Hutt Community.

The Council has employed a Settlement Support Coordinator who is responsible for collating information about new settlers and service providers and encourages inter-agency action in responding to settlement needs. We do this by:

- Establishing an interagency steering group.
- Providing a face to face service that is delivered through New Settlers Centre in Lower Hutt and by the Upper Hutt City Council in Upper Hutt.
- Providing an email address and website that people can use.
- Arranging information workshops and other information sharing forums.
- Organising Settlement Support Network meetings.
- Development of a strategic plan addressing long term information needs of new settlers in a coordinated way.
- Collating and analysing information from new settlers to determine greatest need and addressing these in an annual business plan where possible.
- Reporting back to DoL about these findings so that they are able to address issues at a national level and inform policy if relevant.
- Creating and distributing multilingual HCC Info sheets.



Report on Our Commitment to the Treaty of Waitangi

Council has an obligation to take into account the principles of the Treaty of Waitangi – Te Tiriti O Waitangi – and to recognise and provide for the special relationship between and with Maori, their culture, traditions, land and taonga.

The obligation to consult includes recognising those who have mana whenua, or inherited rights of land ownership. Within Hutt City this consists of Nga Tekau o Poneke – the Wellington Tenth Trust, and Council also recognises Te Runanganui o Taranaki Whanui ki te Upoko o te Ika a Maui. Both these groups represent Te Atiawa and the Taranaki tribes within the Wellington region.

A Memorandum of Agreement has been established which governs the relationship between Te Atiawa and the elected Council.

Consultation also extends to urban Maori now resident in Hutt City including Te Taurahere o Te Awakairangi and the seven Marae within Hutt City.

Key Principles

- To take into account the principles of the Treaty of Waitangi – Te Tiriti O Waitangi
- To use the Memorandum of Agreement to promote consultation effectively with Te Atiawa
- To continue with the established contractual arrangements with Nga Tekau o Poneke – the Wellington Tenth Trust and Te Runanganui o Taranaki Whanui ki te Upoko o te Ika a Maui and the following Marae in the city:
 - Koraunui Marae
 - Te Mangungu Marae
 - Wainuiomata Marae
 - Te KaKano o te Aroha Marae
 - Waiwhetu Marae
 - Kokiri Marae
 - Te Tatau o te Po Marae
- To pursue Council's statutory obligations under Part II of the Resource Management Act 1991.

Goals

- To maintain consultation and involvement with Te Atiawa
- To consult with Te Taurahere o Te Awakairangi
- To consult the seven Marae within Hutt City.

Programme

- Ongoing promotion of the Memorandum of Agreement
- Working to maintain the relationship with Te Runanganui o Taranaki Whanui ki te Upoko o te Ika a Maui, Nga Tekau o Poneke – the Wellington Tenth Trust, Te Taurahere o Te Awakairangi and the seven Marae within Hutt City
- Ensuring that all parties are kept informed of Council's developments and given the opportunity to take part in Council's affairs.

Report on Economic Development



Introduction

Continued implementation of the Economic Development Strategy (“EDS”) has been a key priority of Council, which as one of many players in the economic development of Hutt City is committed to encouraging a strong, enterprising and diverse economic base.

The primary purpose of the EDS is to increase the number of jobs available within Hutt City over the 5-year time frame 2002–2007.

Current Situation

Reporting the results for the fourth full year since the EDS was signed off; Hutt City’s economic performance continues to perform at a high level, reflecting the increasing confidence and activity taking part in every corner of the city. Highlights for the year to March 2006 include:

- Job numbers increased by 3.6%, to 41,821 jobs for the year (2004-2005, 4.6%)
- There were 204 new businesses created in 2005-2006 (2004–2005, 145)
- GDP/Value Added rose by 4.4% (2004–2005, 4.1%)
- The number of residents was estimated to have declined by 0.1% to a total of 97,701 (2004-2005, 97,786)

These are continued encouraging results. Job numbers in particular are to be noted. The EDS identified a target of 37,716 jobs by 2007. As at March 2006, there were 41,821 jobs in Hutt City.

Council is continuing to work hard to attract industries and businesses to locate and stay in Hutt City to ensure a broad-based economy.

Key Priorities

Council’s key priorities are based on its role in economic development and the areas of focus that the business community has told it to give attention to. These are:

- 1. Implementation of the Economic Development Strategy**
- 2. Retention, growth and attraction of businesses**
- 3. Increasing the recognition of Hutt City as a place to do business**
- 4. Continued relationship development and relationship management with key partners and other organisations.**

1. IMPLEMENTATION OF THE ECONOMIC DEVELOPMENT STRATEGY (EDS)

The EDS targets a scenario of 0.7% jobs growth per annum – 0.3% to replace those jobs lost each year and 0.4% real growth.

To achieve this, the focus is on four outcomes:

- More businesses operating in Hutt City
- Recognition of Hutt City as a business location and vibrant city
- Continued investment in current and new business activities
- An available skilled workforce

Council’s role is to achieve the EDS outcomes by:

- a) Taking a primary role in the “more business” and “recognition” outcomes, working in partnership with relevant local, regional and national organisations. These include Business Hutt Valley, Positively Wellington Business, the Foundation for Research, Science and Technology and New Zealand Trade & Enterprise.
- b) Taking a primary role in the “skilled workforce” outcome with the continued operation of TradeStart in conjunction with Work & Income and support for WelTec’s trades training initiatives.
- c) Taking an increasing role in the “continued investment” outcome in conjunction with organisations such as Smartlinx 3 Limited and the new Regional Economic Development Agency (ex Positively Wellington Business).

2. RETENTION, GROWTH AND ATTRACTION OF BUSINESSES

Growth in jobs can come about from either the development of more businesses or retention of and growth in current businesses.

This is a key to the future economic growth of the city. In the 12 months to March 2006, 204 new businesses were created in the city.

During the year Sky City Cinemas completed their new cinema development in the new Westfield Queensgate mall. Other large developments completed during the year include the new Harvey Norman Centre, and new Les Mills gym. The announcement of Colgate Palmolive's closure reiterates the importance of the development of a broad based vibrant economy for the city. Whilst a number of large scale manufacturing sector closures were announced throughout the Wellington region, the number of people working in this sector in Hutt City has remained steady and the announced job losses appear to be readily absorbed within the sector.

The total number of contacts made through the Hutt City i-SITE Visitor Centre remained static from the previous financial year despite a nationwide slowing of domestic tourism. Domestic visitor contacts through the Visitor Centre decreased significantly, but were offset by a slight increase in international contacts and a 15% increase in contacts with locals. Sales activity rose significantly for the second year running with a 101% increase from the previous financial year. New Visitor Strategy initiatives undertaken included the development of a new visitor experience (a half day tour of three Hutt City visitor attractions), and the development of a combined Hutt Valley tourism website (www.huttvalleynz.com). Council continues to fund events in the city such as the Jackson Street Fiesta, Te Ra O Te Raukura, and the Crazyman multisport event. A total of 18 events were supported through the Events Assistance Fund during 2006/07. Two of these events, the Petone Fair and the opening of TheNewDowse, were measured for economic impact and generated an estimated \$3.1 million in economic activity.

Working with businesses in the Wingate industrial region, Council completed initial implementation of a development plan for the area with installation of entry signage and new landscaping work completed and the development of a landscape design guide for the businesses in the area. Work continues with the Wingate business group on developing other initiatives. Council also continues to work with business steering groups in Seaview/Gracefield and Petone to identify and work on initiatives in these areas.

Significant urban enhancement work is currently being planned for Naenae, involving the young people of Naenae in the planning process. Other projects were successfully completed in the Homedale Village and Moera shopping centres during the last year. A significant investment has also been made in providing CCTV security cameras in the Naenae and Stokes Valley shopping centres, a project made feasible through Council's investment in Smartlinx 3 Ltd.

Council, along with CBD Plus, has taken a significant role in the development of a long-term strategic framework for future urban enhancement of the CBD. The main entry and parking area for TheNewDowse was completed during the year as part of the CBD Masterplan and detailed planning for a further initiative in High Street in the next financial year is underway.

Council increased its investment in Smartlinx 3 Ltd along with the Councils of Porirua and Upper Hutt and individuals and businesses from the three cities. Having successfully secured funding from the Government's Broadband Challenge Fund, and with additional matching funding from the shareholder group, Smartlinx 3 will now be rolling out an open, competitive high band-width telecommunications fibre optic infrastructure to build on the wireless networks already established in each of the three cities.

3. INCREASING THE RECOGNITION OF HUTT CITY AS A PLACE TO DO BUSINESS

Council's business newsletter "Thrive" continues to be well received by Hutt City businesses. Published quarterly and now into its twenty first edition, the newsletter outlines issues of interest to business and highlights businesses in the city.

The "Creating Business Success – Hutt City" brochure prepared by Council outlining the benefits of living, playing and operating a business in Hutt City is being used by Council and also commercial agents for use in attracting new businesses to the city.

Council's Business Communication Programme included visits to businesses by the Mayor and senior staff, mayoral functions and presentations by senior Council staff to business groups. Regular updates to the real estate industry and other professional groups were made during the year. Council staff continue a regular meeting programme with businesses in the city.

Council's support of the Wellington Region Gold Awards to business continued this year, with Hutt-based businesses winning three of the nine category awards, including the ACC Thinksafe Workplace Safety Award for the fifth consecutive year. Council continued its branding campaign to promote Hutt City with large scale billboards in Wellington promoting the benefits of living and working in the Hutt.

Council has commenced or is about to commence a series of consultative studies to determine the long term direction of the following three city areas; Petone, the CBD and Seaview/Gracefield.

4. CONTINUED RELATIONSHIP DEVELOPMENT AND MANAGEMENT

Council cannot achieve all the outcomes and strategies outlined in the EDS by itself. It needs to build and maintain strong relationships with businesses and business organisations that can assist in the achievement of the EDS outcomes.

WelTec's Centre for Smart Product and through its Director of Innovative Manufacturing is taking a leading role in the development of advanced capability in the manufacturing sector in the region. This work is now complemented by the successful launch during the year of the Greater Wellington Industry Development Centre, a project led by Positively Wellington Business to increase the capability of the manufacturing sector to export.

Council continued its operation of TradeStart, a Trades Information Centre, working alongside Industry Training Organisations, Polytechnics, schools and businesses to increase the number of people getting into apprenticeships and trades training. The Centre has exceeded all expectations in the less than two years of full operation. Further funding from Work & Income has been granted for a further year. Over 400 people have been referred on to ITO's and training institutes with a large number commencing trades training and apprenticeships.

PWB's immigration attraction programme continued to successfully assist a number of Hutt City businesses address skill shortages over the past year.

Business Hutt Valley, a joint venture between the Hutt Valley Chamber of Commerce and CBD Plus, has continued to develop a stronger representation of the business community across the city. Its popular Business After 5 programme regularly attracts large numbers of attendees.

During the year Council assisted the Jackson Street Programme undertake a review of its Strategic Plan and Business Plan enabling it to set its priorities for funding and operations in the coming year.

Wellington Regional Strategy

This year, a major milestone was reached for the Wellington region with the adoption of the Wellington Regional Strategy (WRS). The WRS was developed by greater Wellington's nine local authorities in tandem with the business, education, research and voluntary sectors and Central Government.

The governance of the strategy is the responsibility of the WRS Committee, whose members include the Mayor.

The WRS was finalised in May 2007 and regional rate funding is to apply from 1 July 2007.

The WRS looks at three focus areas. One focus area is leadership and partnerships, ensuring there are the right governance and relationships in place to deliver the WRS outcomes.

The second focus area is investment in growing the regional economy, especially exports. Also identifying and focusing on the things the region should be doing to ensure it prospers and supports our quality of life.

The third focus area is regional form. This includes the physical arrangement of the urban and rural communities and how they link together, for example transport, roading, urban design, housing choice and density, open spaces etc.

Regional EDA Ltd is the new agency that will implement the regional economic development initiatives in the Wellington Regional Strategy and commenced operations on 2 July 2007. Positively Wellington Business which has undertaken this role since 2000 ended operations at the same time.

Hutt City residents place a clean and healthy environment high on the list of outcomes they want to see for the City. This is evident from some of the Community Outcomes identified in the Community Plan, including:

- Having clean air, water and land
- Continued protection and conservation of our environment
- Efficient use and conservation of energy resources
- A city that is safe
- A diverse natural environment that is accessible, enjoyable and safe
- Good information on how to be prepared for an emergency
- A more attractive Hutt City
- Developing the uniqueness of Hutt City including its history and culture.

This section outlines some of the projects, programmes and issues that Council has been involved in over the 2006/07 year while working towards meeting these outcomes.

Wastewater

The construction of the 10 million litre wastewater storage tank at Silverstream was completed in August 2006. The tank is the largest for this purpose in New Zealand. This facility will significantly reduce the frequency of wastewater overflows into the Hutt River which can occur during periods of high rainfall and local flooding. The dilution, settling and fine screening in the tank will markedly improve the quality of the discharge of the few remaining overflows during these extreme events.

The private drains policy being implemented in the Waiwhetu catchment is in its second year. This four year project will help to reduce the wastewater overflows into the Waiwhetu Stream from groundwater entering cracks and breaks in private sewer drains. If the private sewer drains need repairing, residents can manage the repairs themselves or Council manage the repairs for them. The number of residents joining the Council scheme has exceeded expectations with relatively few people opting to have the work carried out privately. This demonstrates their commitment to reducing wastewater overflows into the Waiwhetu Stream.

Biodiversity



The biodiversity of Naenae was highlighted this year with reliable reports of bellbirds nesting in the bush, and a male tomtit observed beside a walking track. Bird monitoring was not undertaken in the Eastern Hills, but with the majority of Council's bush reserves now under possum control, it was likely the tomtit originated from Wainuiomata Water Catchment.

Bellbird females are brown, unlike the distinctive green male.

Biodiversity Protection

Consistent efforts were made by Council to keep four wheel drive vehicles from illegal access to Gracefield swamp, an important wetland in Parkway. Access to a boat launching ramp in Eastbourne was also restricted to protect native dune systems from vehicle damage.

Council continued to work with other agencies to protect individual remnant nikau palms from new and existing threats. Nikau remain exceptionally slow growing. The tall ones common around Woburn could be a hundred to two hundred years old.

Council was also active in taking prosecutions against developers, winning a case to have a small but valuable wetland re-instated on the Western Hills.

The national collections of rare and endangered plants held at Percy Scenic Reserve were duplicated last year to help ensure a living sample survives in captivity as wilderness populations face increasing threats.

Coastal Erosion and Dune Restoration

Council repaired rock rip-rap at Whiorau Reserve in Lowry Bay, and placed some to protect the boat ramp at Windy Point, Eastbourne.

The Days Bay wall trial was developed further with the addition of a temporary netting fence at the front to stop destruction of sand-binding plants by moving driftwood. This appeared to work, so funding was set aside to build a small beach wall using techniques developed in the two and a half year trial.

Volunteer coastal restoration projects continued to increase in number and popularity. The last remaining high dune in Eastbourne had old encroaching fences removed and enjoyed a weed clean up from its caring neighbours. This project is supported by Council, and with more coastal planting the high dune at Maire Street will remain a great natural wilderness feature.

Native sand-binding plants like spinifex planted recently at Petone given time could form sufficient dune to protect the beach wall and road from future storms.



Pest Plant Activities

Weed Swap – A public education event hosted with the Department of Conservation and Greater Wellington Regional Council was appreciated by the public and a successful way to celebrate Conservation Week in August.

Vigilance – Council monitors potential new threats and shares early intervention control work with Greater Wellington Regional Council for species such as Bomarea, Mile-a-minute and Madeira vine.



Canopy Weed Control – Council continued to provide a “free to the occupier” control programme for Banana Passionfruit, Old Man’s Beard, and Cathedral Bells vines. Council submitted against a change in control status for these plants in the Regional Pest Management Strategy review.

Volunteers were an important force in the on-going battle against weeds. Volunteer groups tackled wilding pine seedlings, holly, snakefeather (*Asparagus scandens*) plus the many and varied beach weeds. Contractors were employed to do the heavy work, but the meticulous contribution of many volunteers was key to maintaining progress.

Snakefeather removed from Hayward Scenic Reserve at Waiwhetu.

Pest Animal Control

In a surprise move, the Animal Health Board decided to fund two large areas of possum control from the national Bovine TB control fund. The Eastern Hills from Stokes Valley south to Wainuiomata and East Harbour Regional Park now have a network of poison bait stations. Council was not prepared for the consequences of this decision, such as increased spread of pest plants previously browsed by possums. However, the long term benefits are expected to outweigh any negatives.

Council continued to work with Greater Wellington Regional Council on possum control programmes with 50:50 funding of the lower Korokoro Stream and Galbraiths Gully. This complemented the existing control programmes in Belmont Regional Park and the catchment of the Percy Scenic Reserve stream.

Council continued to loan possum kill traps to residents, and provide rat control and wasp nest destruction in problem areas in reserves.

Emergency Management

In February 2007 both Hutt City Council and Upper Hutt City Council signed an agreement for the provision of Civil Defence Emergency Management Services and Rural Fire Services. A combined unit has been established, known as the Hutt Valley Emergency Management Office, and is based at the Pavilion, Laings Road, Lower Hutt.

The Emergency Management Preparedness pilot (known as Readynet) for Hutt City was such a success that the Council has purchased the programme for its community. To date over 250 organisations such as schools, businesses, aged care, early childhood care, neighbourhood support groups, and interest groups have access to the preparedness planning guide and early warning system.

Baywatch Results for the 2006/07 Season

The results from sampling of beaches in the Hutt area during the 2006/07 year have generally been within the limits as described in the *Recreational Water Quality Guidelines for Marine and Freshwater Recreational Areas*.

Weekly samples were collected during the summer months from 1 November 2006 to 31 March 2007. Sampling was carried out monthly in September and October 2006 and from April to June 2007. Twenty-eight routine sampling runs were carried out this season with 410 routine samples taken.

Ten out of 410 routine samples exceeded the 140 *enterococci* per 100mL level. A further 12 samples exceeded the 280 *enterococci* per 100mL level. This corresponds to 5.4% of routine samples exceeding the limits over the past year.

All sites returning high results were re-sampled in accordance with the protocol and returned results within the acceptable levels.

Percentage of routine samples exceeding limits over past 5 years:

Year	% of samples exceeding limits
2006/07	5.4
2005/06	4.1
2004/05	3.9
2003/04	12.6
2002/03	2.6
2001/02	1.6

There were two dates during the 2006/07 year where results from several sites were above the 140 and 280 *enterococci* per 100mL level. Rainfall during the 24 hour period prior to sampling on 2 January 2007 and again on 13 March 2007 was the most probable cause for several sites to exceed *enterococci* limits. Rainfall during this timeframe was confirmed in the Dominion Post at the time. Samples taken on the next fine day (in accordance with new procedures introduced in 2003) returned results that were within acceptable levels for recreational bathing. Stormwater run-off following rainfall is known to lead to elevated levels of *enterococci* in coastal water for up to 48 hours after the rainfall event.

There were seven other occasions when limits were exceeded at one or two sites during the year. Rainfall was recorded for one of these occasions but for the other six occasions rain was not recorded prior to sampling. However, in each case, the limit was exceeded at one or two sites only with samples from all other sites well below *enterococci* limits. Sampling on the next fine day at these sites returned results within *enterococci* limits. There appears to be no pattern with the high results from these sites and therefore they are unlikely to be associated with cross connections between sewer and stormwater systems or sewer breakages.

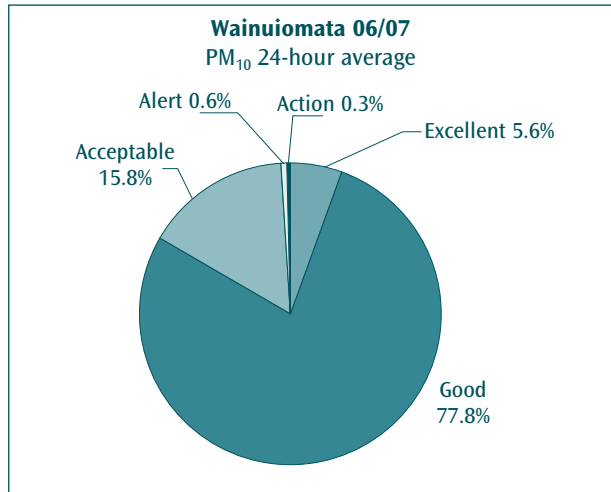
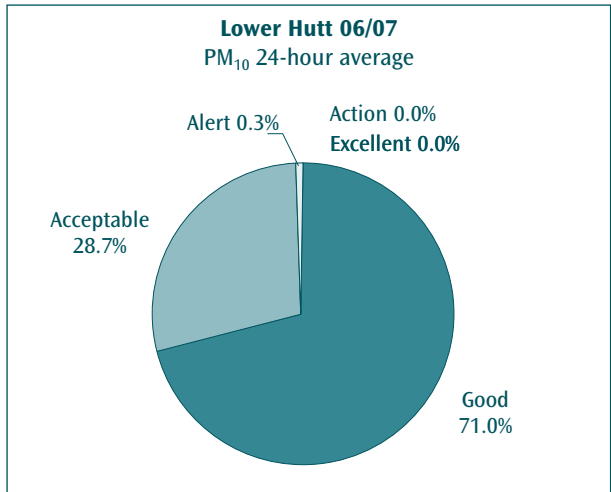
Toxic Algae Monitoring – Hutt and Wainuiomata Rivers

Council's Environmental Health Officers carried out regular monitoring of the Hutt and Wainuiomata Rivers for the presence of benthic cyanobacteria mats during the 2006/07 summer. Due to the cooler weather conditions and regular flushing flows during the spring and summer months, growth of toxic benthic mats did not occur to the same extent as in the previous year.

Environmental Health Officers have agreed to continue to participate with Greater Wellington, Regional Public Health and other territorial local authorities in implementing a standard protocol for dealing with benthic cyanobacteria proliferations in local rivers and streams.

Air Quality

Greater Wellington Regional Council monitors air quality in the city at two sites. One is situated in Birch Lane (referred to as Lower Hutt) and the other is in Wainuiomata. The Lower Hutt monitoring station collects data on three different variables: particulate matter (PM10), carbon monoxide (CO) and nitrogen oxide (NO2). The Wainuiomata monitoring station collects PM10 data only. Results of air quality monitoring for PM10 are printed below. Information on NO2 and CO for Lower Hutt for the year ending 30 June 2007 will not be available until the end of the year, however results are not expected to be significantly different from last year.



Pollution Incidents

Greater Wellington Regional Council monitors pollution within Hutt City. In the 2006/07 financial year there were 221 pollution incidents within Hutt City, a decrease from the figure of 306 reported last year. The summary of pollution incidents shows that incidents relating to odour continue to be the most common incident type by far, with 72 reported incidents. Other incidents involved liquid waste (37), hydrocarbons (30), unconsented works (13), dust (11), sediment (11), solid waste (11), sewage (9), natural occurrences (9), hazardous material (6), vehicles (5), smoke (3), miscellaneous incidents affecting water or land (2), unauthorised burning (1) and chemical spray (1).

Incidents in Hutt City comprised 20% of the Wellington region's incidents for the year. Greater Wellington Regional Council's Annual Report will provide more detail about the incident and enforcement trends for the past year.

Water Quality

The Macroinvertebrate Index (MCI) was developed in New Zealand and is widely used to measure water quality. The MCI is measured annually as most invertebrates have annual life cycles. The results of the MCI reflect the quality of the water over a number of months, as invertebrates must survive in the waterway for their entire life cycle. MCI scores are expected to decrease as sampling sites move downstream due to differences in stream habitats (ie. warmer water, less shading).

Greater Wellington Regional Council has two sampling sites on the Wainuiomata River, one on the Orongorongo River near the river mouth, and three on the Hutt River near Manor Park, Melling and Boulcott.

Greater Wellington Regional Council will be reporting on the results of sampling in their annual freshwater quality monitoring report which will be published by the end of September 2007.

Noise

Environmental Health Officers have noticed an increase in noise complaints over the past 3 years regarding residential heat pumps. Heat pumps have become a popular form of heating, primarily due to their efficiency and low running costs. Unfortunately they can cause noise problems for neighbours when sited inappropriately on the property. In most cases investigated, the heat pump owner has been required to reduce noise levels, often by constructing a shield around the unit, in addition to isolating the mounting points to reduce vibration.

Council has attempted to raise awareness of this issue by various means, including a Hutt News article, letter to industry (manufacturers and installers of heat pumps) and also by a display at Council's Expo.

A further trend is an increase in applications for resource consents for Child Care Centres. These are often proposed to be located within residential areas and, in most cases, require acoustic treatments and noise management plans in order to comply with District Plan noise performance standards. Environmental Health Officers review these applications and make submissions on the noise aspects of the proposal, suggesting conditions that give a high level of confidence that the relevant noise rules will be met.

Keep Hutt City Beautiful Activities

KEEP HUTT CITY BEAUTIFUL WEEK 2006

A significant amount of litter was cleared from Hutt City during this annual Clean Up Week. Nearly 6,000 people including 27 schools and 21 groups from businesses, community groups and families, participated. Over 1,400 rubbish bags were distributed for the collection.

The "Why do people litter?" – "Why should I care?" – "Write a litter slogan" competitions for schools attracted some interesting entries. The winning entries were from Hutt Valley High School, Wa Ora Montessori, Sts Peter & Paul, Belmont and Randwick schools. The entries were featured in a promotion at Westfield Queensgate and at a display in the Central Library.

The library display included litter bin posters created by Hutt Valley High School art students.

BEACH CLEANUPS

The East Harbour Environmental Association and the Global Volunteer Network undertook beach clean-ups of the Pencarrow Coast, removing mainly washed up plastic. Friends of Petone Beach, church groups and scouting/guide groups have done one-off clean-ups of sections of Petone Beach.



ARCHITECTURE WEEK 2006

Architecture Week 2006 was celebrated on 8 October on Petone Beach with a Sandcastle Competition. The Petone Settlers Museum provided an ideal venue.

There were many worthwhile entries and there were heaps of prizes. However, first place was awarded to the O'Sullivan family, including Mum, Dad and children.

Participants braved cold winds



Winning entry Part 1



Winning entry Part 2



WELLINGTON CROSS COUNTRY VEHICLE CLUB BEACH CLEAN UP

The impressive efforts of the Wellington Cross Country Vehicle Club resulted in 19 members clearing five car wrecks and other rubbish from the Wainuiomata coast beach. Staff from Hutt City Council and Greater Wellington Regional Council supported this initiative.

*Wellington Cross Country Vehicle Club members
Wainuiomata Coast Road
28 January 2007*

DRAINS TO STREAMS/DRAINS TO SEA

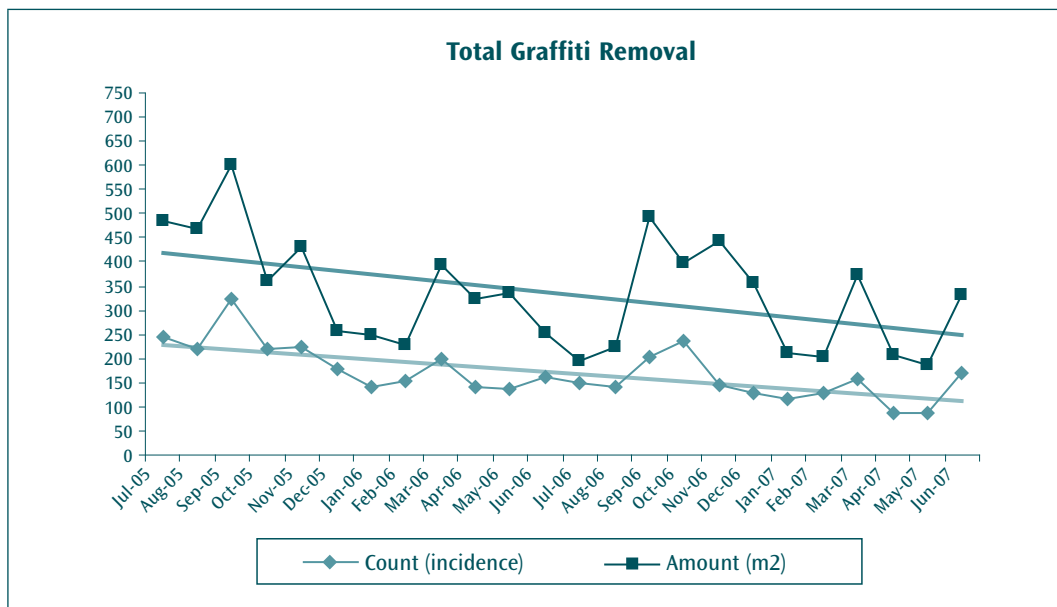
Several Hutt City businesses took the initiative to install these plaques on their own premises. The Drains to Streams and Drains to Sea plaques are sold from Hutt City Council's Cashiers Office.

Graffiti in Our City

This year Council's contractor removed 1,748 graffiti "hits" totalling 3,618.5 m2 of area cleared of graffiti. All tags were recorded for identification purposes. A total of 973 permission forms have been received from property owners since the commencement of the free removal service.

Graffiti is removed from Council and privately owned buildings and properties and within 24 hours of the property owner's permission being granted, subject to weather conditions. Sites with a large backlog of historical graffiti often require significant resources to remove tagging. These areas, including alleyways and reserve fences, are treated as special projects. Our contractor has to date undertaken 41 special projects.

The retailers' voluntary code restricting sale of spray paint cans and ensuring that cans are less accessible to be stolen appears to be helping to prevent use of spray cans of paint for tagging. Taggers continue to etch and to use felt tip pens. Although graffiti tends to increase during the school holidays the graph below indicates that incidences and volumes of graffiti are trending downwards.



The above graph shows total incidences and area amount of graffiti removed by Council's contractor from both Council and private properties.

Art 4 Change

RANDWICK SCHOOL, MOERA

Randwick School students created individual works of art on litterbins located in the area of the Moera shopping centre. Working with a skilled artist facilitator, this project resulted in an increased sense of community pride and ownership amongst the children who participated.

ST. BERNADETTE'S SCHOOL, NAENAE

Our artist facilitator worked with all the students in the school to create a huge mural that covered the length of an often graffitied back wall.

AWHINA TE KAHUI NOHINOHI KOHANGA REO

This facility, located adjacent to Naenae Primary School and providing early childhood learning in the Maori language, wished to participate in a mural project that reflected the age and culture of their children.



TE WHARE KOA, ITI HOKI

The Te Reo Maori version of *The Happy Little House* was launched on 13 October 2006 at Koraunui Marae in Stokes Valley. The translation was undertaken by the Ministry of Education, in partnership with the Hutt City Council. *Te Whare Koa, Iti Hoki* has been distributed to Maori language educational institutions throughout New Zealand, including university libraries. This project resulted from the launch of *The Happy Little House* in February 2006. Both storybooks are available for sale from the Council's office.

Sustainable Schools Programmes

ENVIROSCHOOLS

Currently seventeen schools are involved in the Enviroschools programme. Of these, six are involved in the facilitated programme sponsored by Hutt City Council: Wa Ora Montessori, Naenae Primary, Wainuiomata Intermediate, Randwick School, Dyer Street School and Muritai School.

The Enviroschools programme is a whole school approach to environmental education and facilitates staff and students to create a sustainable school.

ENVIROSCHOOLS AWARDS

Ten schools in Hutt City have achieved Enviroschools Awards that acknowledge levels of attainment. Bronze achievers include Dyer Street, Eastern Hutt, Hutt Valley High, Raphael House Rudolph Steiner, and St Bernadette's. Silver Award achievers include Muritai, Naenae Primary, Randwick, Wa Ora Montessori and Wainuiomata Intermediate.

ENVIROSCHOOLS EVENT

Sharing of ideas and improvements between schools is a critical part of the Enviroschools programme. In 2006 Hutt City Council hosted an event that was held in the Horticultural Hall attended by 200 students. In the follow up evaluation the students and their teachers responded that the entire day was well worthwhile.

Naenae Primary School Maori Immersion students performing at Enviroschools regional event held in the Horticultural Hall on 30 August 2006.



SAM'S WORD ON WASTE – WOW TOURS

Council has facilitated 17 WOW tours during this financial year involving 12 schools. A further 10 tours are organised for later this year.

The tours start with a visit to the AllBrites recycling facility, then continue to the Silverstream landfill and end with a tour of the Earthlink 'WasteSmart' repair service and shop.

Feedback from schools has been positive and Council will continue making this tour available to schools during the 2007/08 year.

St Claudine's students viewing the plastic/glass/cans sorting line at AllBrites

Business Environmental Management Programmes

ENVIROSMART

EnviroSmart is a national programme which builds on the BusinessCare programme Council has run over the past few years. The EnviroSmart programme focuses on improving the environmental performance of businesses. The EnviroSmart® programme asks each participating business to commit to achieving all the EnviroSmart objectives:

1. to implement a resource efficiency programme
2. to implement environmental procurement policies for suppliers and contractors
3. to adhere to relevant environmental accords, best practice, codes of practice
4. to achieve Enviro-Mark®NZ Level 3 Gold certification.

Initially, five Hutt City businesses joined the two-year programme. Of those, Booker-Spalding has achieved Bronze certification. Formway Furniture is well on its way towards achieving Silver and Bronze certification. Macaulay Metals, Label & Litho and French Maid Foods are currently working towards Bronze certification.

There are a further five Hutt City businesses joining the programme from 1 July 2007.

GET SUSTAINABLE CHALLENGE

The Challenge, our second programme, is promoted by the Sustainable Business Network (SBN). Businesses joining the Challenge assess their sustainability with the help of the SBN facilitator and receive a full report with recommendations on how they can improve. Last year three Hutt City businesses gained recognition: Resene Paints, The Colour Guy and Commonsense Organics. Council sponsorship has helped promote the Awards in our area with a goal of at least seven businesses in Hutt City taking part. The entrants for this year have yet to be finalised.

ENVIRONMENTAL MANAGEMENT PLANS AND E-LEARNING

Council is embarking on a programme that is designed to assist its contractors in reducing their potential risks to cause pollution and be prosecuted. This will be undertaken in collaboration with local educational institutes using E-Learning methods to be cost effective. Using this programme, our contractors should be able to write and implement their own Environmental Management Plans. Council incorporates the requirement for environmental management plans in its contract documents.

Hazardous Waste Collection

HOUSEHOLD HAZARDOUS WASTE COLLECTION

On 26 and 27 August 2006 Hutt City Council and Upper Hutt City Council jointly undertook Household Hazardous Waste collections. The collections were undertaken to provide residents with an environmentally acceptable way of disposing of household hazardous waste. The number of Hutt City residents attending the collections increased again this year with 415 households attending. The total weight of waste collected this year was very much the same as last year with 8,900 kg of waste collected.



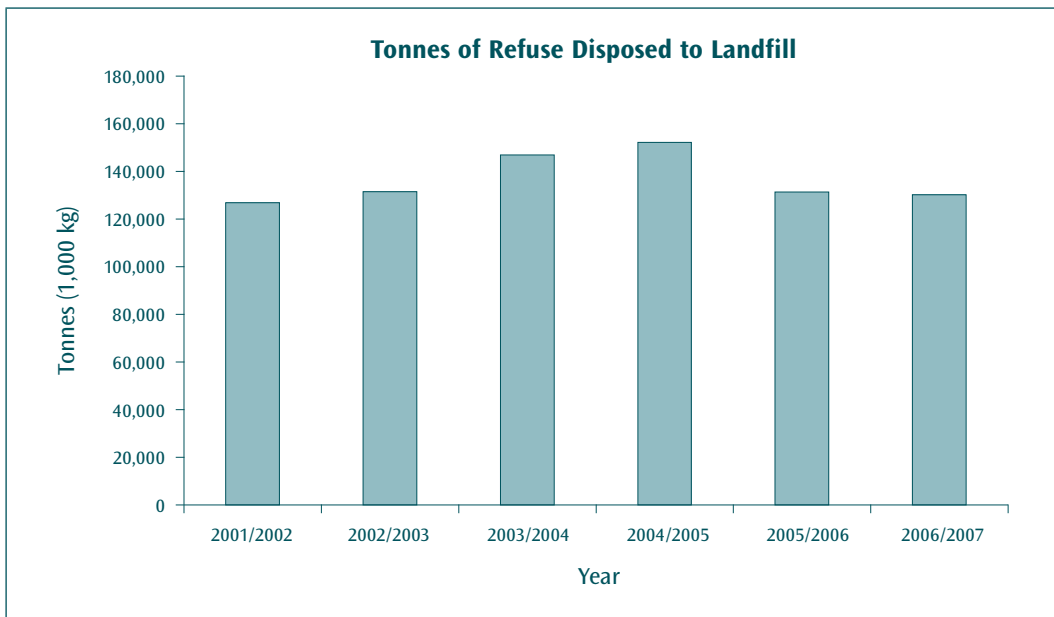
Vehicles queuing at the Hazardous Waste Collection

FLUORESCENT BULB COLLECTION

Council is running a trial to encourage businesses that sell compact and commercial fluorescent light bulbs to recycle the bulbs and tubes. Council is providing the first collection box free of charge to the 20 retailers participating. This enables retailers to determine whether or not the service works for them.

Solid Waste

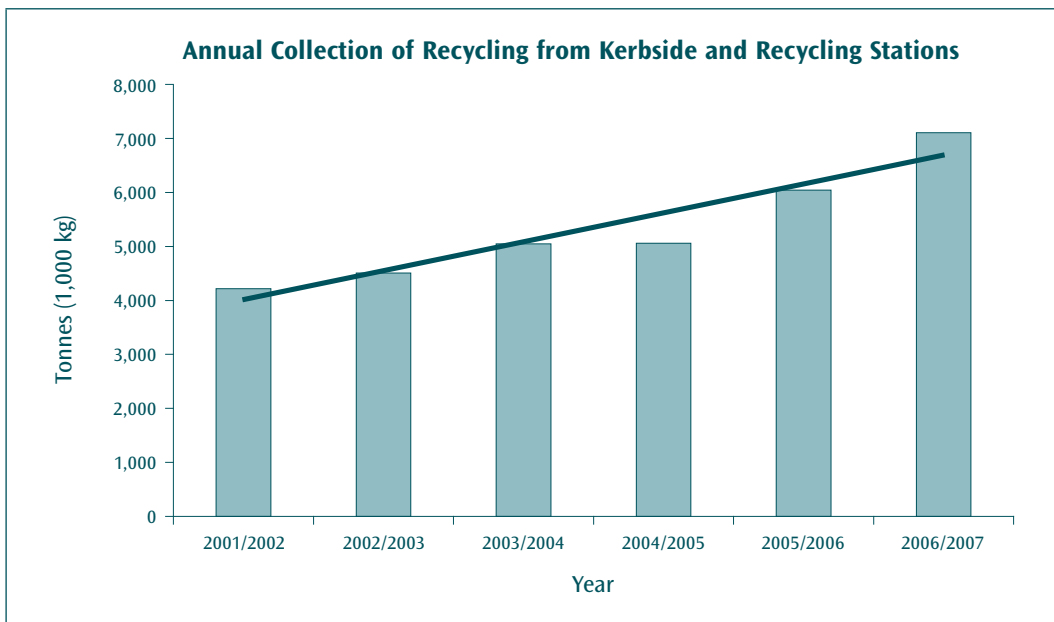
Council continues to work towards the targets outlined in the Hutt Valley Waste Management Plan.



The graph above shows a total of 130,768 tonnes of waste was deposited into Hutt City Council landfills during the 2006/07 financial year. This is a 1%, 1,131 tonne, decrease in the amount of disposed waste compared to the previous year.

RECYCLING

All Hutt City residents have access to free recycling services, both through the residential kerbside collection and/or the community recycling stations located throughout the City. Hutt City residents recycled more during the past year than in any previous year. A survey conducted in January 2007 showed that 66% of households use the kerbside recycling collection service with 39% of households putting their recycling bin out in any one week.



A total of 7,129 tonnes of recyclables were collected from kerbside and recycling stations this year. This is an increase of 18%, or 1,065 tonnes, compared to last year. The volume of recyclables collected at kerbside and recycling centres has steadily increased since 1998. Recycling helps reduce the demand for new materials and diverts materials from being deposited in a landfill.



EARTHLINK AND WASTESMART

Over the last year Earthlink has removed and repaired/reused/recycled 224 tonnes of material from the landfill.

At WasteSmart you will find preloved treasures that have been restored and repaired by skilled Earthlink staff. You can drop off items for WasteSmart at the Silverstream landfill recycling area or you can contact Earthlink to arrange a collection.

If you are looking to find a few treasures for yourself you can visit WasteSmart at 24 Goodshed Road, Upper Hutt. WasteSmart – Smart for the Environment and Smart for your budget.

Inside WasteSmart shop

Energy Management

Energy and Technical Services (ETS) is contracted to monitor Council's energy use, providing the ability to recognise areas for improvement. The data recorded is used to identify ways in which the Council can reduce its energy consumption.

For 2006 Council facilities including street lights used 24,854,390 kWh of gas/electricity. Council facilities' energy consumption equates to approximately 7.2 million kg of CO₂ into the atmosphere. Potential to make cost savings as well as reducing Council's environmental impact are being investigated (see below).

LEVEL 1 ENERGY AUDIT

During the year ETS carried out a Level 1 Energy Audit. This baseline audit, essentially a desktop audit, provided an overview of energy use by Council's facilities including street lights, and offered some direction for further investigation.

Findings from this audit suggested further investigation at a number of Council facilities including: Huia Pool, Stokes Valley Pool, Wainuiomata Pool, Town Hall, and Central Library.

LEVEL 2 ENERGY AUDIT

Using the findings from the Level 1 Energy Audit, Montgomery Watson Harza (MWH) has recently undertaken a Level 2 energy management audit of the facilities identified in the Level 1 investigation. This detailed investigation could provide recommendations for energy and cost saving measures. This audit is expected to be completed by August 2007.



Report on Financial Policies

Council's Community Plan contains financial and other policies required by the Local Government Act 2002. While not a requirement of the legislation, Council considers it important to report its performance against the financial policies contained in the Community Plan.

Development and Financial Contributions Policy Report

BACKGROUND

The Development and Financial Contributions Policy describes what financial contributions Council will require from developers when their property developments impose increased demand on Council services. Council has previously chosen to rely on the financial contributions specified in chapter 12 of the District Plan. The new policy came into effect as from 1 July 2006.

SUMMARY OF FINANCIAL CONTRIBUTIONS

Council received \$0.582 million in reserve and development contributions from developers during the year.

Liability Management Policy Report

BACKGROUND

The Liability Management Policy states Council's policies in relation to interest rate exposure, liquidity, credit exposure, debt repayment, specific borrowing limits and the giving of security.

OVERALL PERFORMANCE

Council monitors compliance with the liability management policy on a monthly basis. There was 100% compliance with Policy limits during 2006/07.

Full details of the Council's debt, its maturity dates and interest costs are disclosed in note 15 of the Financial Statements. Further information in relation to interest rate risk and fair values of the Council's debt are disclosed in note 20 of the Financial Statements.

BORROWING LIMITS

The table below shows the limits on borrowing contained in the Council's Liability Management Policy and the actual position at 30 June 2007.

Ratio	Actual 30 June 2007	Policy Limit
Net debt to equity	10%	Below 20%
Net debt to income	73%	Below 150%
Net interest to income	5%	Below 10%
Net interest to rates income	8%	Below 15%
Liquidity	104%	Above 100%
Net debt	\$77 million	Below \$100 million
Net debt per capita	\$806	Below \$1,000
Maturity of committed funds:		
0 to 3 years	59%	10% - 60%
3 to 5 years	29%	20% - 60%
5 years plus	12%	10% - 60%
Maturity of fixed rate instruments:		
Overall fixed proportion	76%	55% - 95%
1 to 3 years	47%	20% - 50%
3 to 5 years	24%	20% - 50%
5 to 10 years	29%	15% - 50%
Total financial guarantees	\$0.44 million	Not more than \$1.2 million
Largest single financial guarantee	\$0.24 million	Not more than \$0.3 million

Investment Policy Report

BACKGROUND

The Investment Policy states Council's objectives in relation to financial and equity investments, and policies in relation to investment mix, acquisition, risk assessment, management, and reporting.

OVERALL PERFORMANCE

Council is a net borrower, and as such has minimised the amount of investments held to those necessary to meet specific business objectives. No breaches of the Investment Policy were reported during the 2006/07 financial year.

INVESTMENT LIMITS

The Investment Policy does not contain specific financial limits against investment classes, but does refer to the following counterparty credit limits.

Counterparty	Minimum credit rating	Actual 30 June 2007	Policy Limit
NZ Government	A-	\$0.1 million	unlimited
State Owned Enterprises	A-	Nil	\$5.0 million
NZ Registered Banks:			
WestpacTrust	A-	\$9.7 million	\$15.0 million
ANZ National	A-	\$8.9 million	\$15.0 million
Bank of New Zealand	A-	\$7.4 million	\$15.0 million
Corporate Bonds	A-	Nil	\$2.0 million
Local Authority Bond Trust		Nil	\$2.0 million
Local Government Finance Corporation		Nil	\$2.0 million
Local Government Stock – rated	A-	Nil	\$2.0 million
Local Government Stock – unrated		Nil	\$0.5 million

Credit risk on interest rate risk management instruments is estimated by the following formula: Credit risk = notional value x years to maturity x 4.0%

Revenue and Financing Policy Report

BACKGROUND

The Revenue and Financing Policy contains Council's policies in respect of funding operating and capital expenditure from available sources. It is an important policy as it determines who pays for Council's activities.

SUMMARY OF COST ALLOCATIONS

The summary shows each Council activity and the proportion of costs that Council's Revenue and Financing Policy determines should be funded by various private and public funding sources. Private funding sources are generally user pays, whereas public funding comes from general rates.

The summary compares these policy funding proportions against actual funding sources for 2006/07, with explanations for variances over 5%.

REVENUE AND FINANCING POLICY: SUMMARY OF COST ALLOCATIONS

ACTIVITY	REVENUE AND FINANCING POLICY INDICATIVE ALLOCATION OF COSTS										ACTUAL 2006/07 PRIVATE FUNDING %	
	PRIVATE FUNDING %				PUBLIC FUNDING %						Private Total	Variance from Target
	Fees & Charges	Operating Subsidies	Other Revenue	Targeted Rates	Private Total	Residential & Other	Business	Utilities	Rural	Public Total		
1. Libraries	7	-	-	-	7	74	15	3	1	93	7	-
2. Museums*	5	-	15	-	20	52	25	2	1	80	52	32
3. Aquatics and Recreation	30	-	5	-	35	52	10	2	1	65	34	(1)
4. Parks and Reserves	10	-	-	-	10	71	16	3	-	90	9	(1)
5. Community Support	1	-	7	-	8	73	15	3	1	92	10	2
6. Community Property*	61	-	-	-	61	31	6	1	1	39	44	(17)
7. Roading and Traffic	15	15	-	-	30	17	44	9	-	70	33	3
8. Water Supply	18	-	-	82	100	-	-	-	-	-	100	-
9. Wastewater	4	14	-	82	100	-	-	-	-	-	100	-
10. Stormwater	-	-	-	-	-	58	40	2	-	100	-	-
11. Solid Waste*	140	-	-	-	140	(32)	(6)	(1)	(1)	(40)	160	20
12. Environmental Management*	53	-	-	-	53	7	40	-	-	47	60	7
13. Emergency Management	-	7	-	-	7	74	15	3	1	93	7	-
14. Local Urban Design	-	-	-	-	-	9	90	1	-	100	-	-
15. Economic Development*	-	-	-	-	-	-	92	8	-	100	21	21
16. Elected Members	-	-	-	-	-	79	16	3	2	100	2	2
17. Advice and Support	-	-	-	-	-	79	16	3	2	100	-	-

* Explanations of significant variances in private funding percentages:

MUSEUMS

The private funding target was exceeded mainly due to grants and donations received in conjunction with The New Dowsse redevelopment.

COMMUNITY PROPERTY

The private funding target was not achieved. The full effect of the rental review to increase private funding levels to policy requirements has not yet taken full effect, and extra expenditure was incurred in setting up a CCTO.

SOLID WASTE

The private funding target was exceeded by 20% as a result of increased volumes to landfills and increased pricing to maintain regional relativity.

ENVIRONMENTAL MANAGEMENT

The private funding target was exceeded by 7% due to greater than expected licence fee revenue.

ECONOMIC DEVELOPMENT

The private funding target was exceeded by 21% as a result of external funding being obtained to support events, and incorporating the revenue and expenditure of the Visitor Information Centre in this activity.

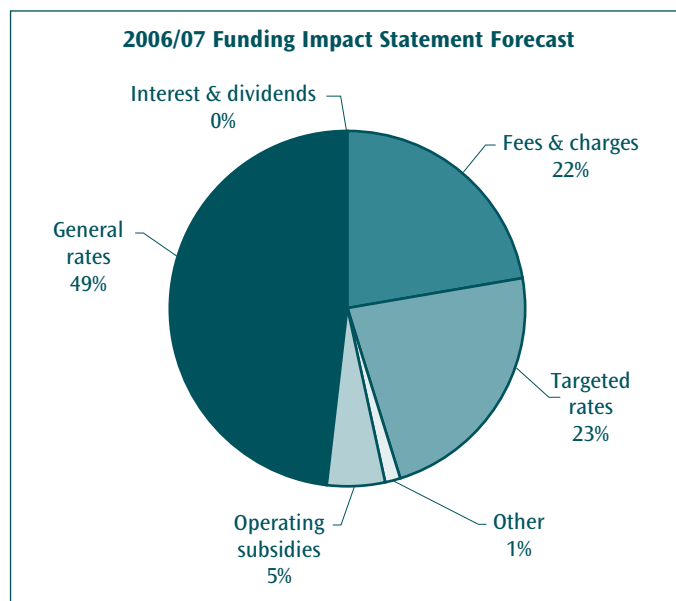
Funding Impact Statement Report

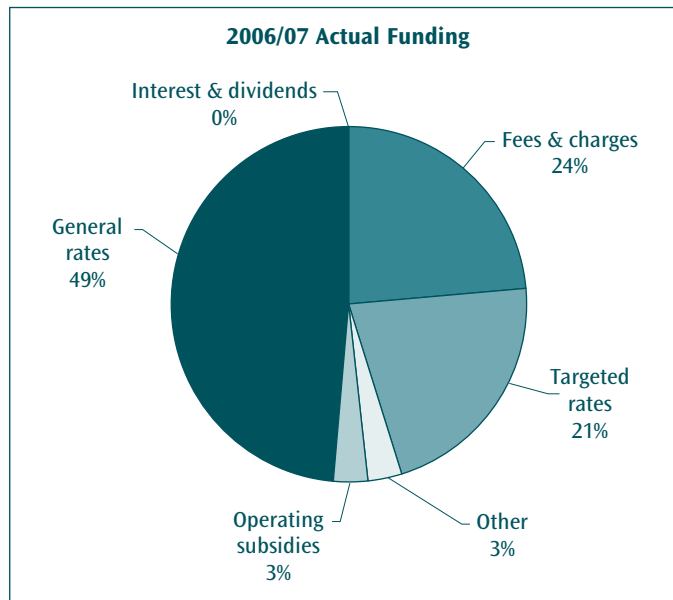
BACKGROUND

The Funding Impact Statement describes the funding mechanisms the Council intends using each year to achieve the funding proportions indicated by the Revenue and Financing Policy. Among other things, this Statement explains in detail how rates are to be calculated.

SPECIFIC TARGETS

The following pie graphs show the proportion of funding forecast from each mechanism in the Funding Impact Statement and the actual funding received in 2006/07.





Rates Remission and Postponement Policies Report

BACKGROUND

Council has adopted policies in relation to the remission and postponement of rates. There are a number of circumstances in which applications are considered. Circumstances include where the ratepayer is a sporting or community organisation, a church, a school, a kindergarten or play centre, or a hospital, provided the property is used for the benefit of the community and not for profit. Remissions are also granted on privately owned land protected for conservation purposes, or to businesses for economic development reasons i.e. to encourage new businesses, increase the investment of existing businesses and to promote employment.

SUMMARY OF REMISSIONS AND POSTPONEMENTS

RATES REMISSIONS		
	Actual 30 June 2007 \$000	Actual 30 June 2006 \$000
Economic development remissions	1,037	358
School remissions	167	150
Church remissions	29	27
Hospital remissions	17	15
Kindergarten/playcentre remissions	19	18
Sports body remissions	2	2
Flooding remissions	3	3
Penalty remissions	15	22
Other remissions	8	8
Total remissions including GST	1,297	603

Financial Statements



Financial Statements

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AUDIT REPORT

TO THE READERS OF HUTT CITY COUNCIL AND GROUP'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2007

The Auditor-General is the auditor of Hutt City Council (the City Council) and group. The Auditor-General has appointed me, John O'Connell, using the staff and resources of Audit New Zealand, to carry out an audit on his behalf. The audit covers the City Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the City Council and group for the year ended 30 June 2007, including the financial statements.

UNQUALIFIED OPINION

In our opinion:

- The financial statements of the City Council and group on pages 86 to 120:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect :
 - the City Council and group's financial position as at 30 June 2007; and
 - the results of operations and cash flows for the year ended on that date.
- The service provision information of the City Council and group on pages 46 to 83 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").

The audit was completed on 10 August 2007, and is the date at which our opinion is expressed.

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

BASIS OF OPINION

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements, performance information and the other requirements did not have material misstatements, whether caused by fraud or error.

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

The audit involved performing procedures to test the information presented in the financial statements, performance information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, performance information and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements, performance information and the other requirements. We obtained all the information and explanations we required to support our opinion above.

RESPONSIBILITIES OF THE COUNCIL AND THE AUDITOR

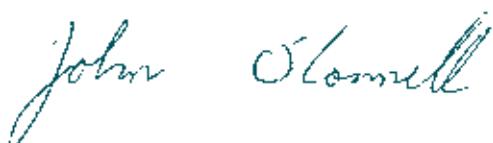
The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the City Council and group as at 30 June 2007. They must also fairly reflect the results of operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for meeting the other requirements of Schedule 10 and including that information in the annual report. The Council's responsibilities arise from Section 98 and Schedule 10 of the Local Government Act 2002.

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

INDEPENDENCE

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

Other than the audit and in conducting the audit of the Long Term Council Community Plan and subsequent amendments, we have no relationship with or interests in the City Council or any of its subsidiaries.



John O'Connell
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Significant Activity Summary

	(Deficit)/Surplus Before Tax			Rate Requirement Per Resident Actual 30 June 2007 \$	Achievement vs Performance Measures Actual 30 June 2007
	Actual 30 June 2007 \$000	Annual Plan 30 June 2007 \$000	Actual 30 June 2006 \$000		
Libraries	(5,850)	(6,134)	(5,547)	58.5	✓
Museums	(1,165)	(1,877)	261	11.7	✓
Aquatics and Recreation	(3,382)	(3,457)	(3,264)	33.8	✓✓✓
Parks and Reserves	(7,689)	(8,251)	(8,215)	76.9	✓✓✓
Community Support	(2,088)	(2,091)	(1,988)	20.9	✓✓
Community Property	(2,286)	(2,163)	(1,903)	22.9	✓
Roading and Traffic	(10,129)	(10,956)	(10,049)	138.8	✓✓
Water Supply	(10,129)	(10,956)	(10,049)	101.3	✓✓✓
Wastewater	(13,629)	(12,798)	(12,144)	136.3	✓✓✓
Stormwater	(5,312)	(5,104)	(5,279)	56.1	✓✓
Solid Waste	3,460	3,967	3,565	(34.6)	✓✓
Environmental Management	(2,539)	(3,089)	(2,650)	25.4	✓✓
Emergency Management	(640)	(605)	(602)	6.4	✓✓
Local Urban Design	(775)	(962)	(360)	7.8	✓✓
Economic Development	(2,183)	(2,121)	(2,262)	21.8	✓✓
Elected Members	(1,743)	(1,703)	(1,596)	17.4	✓
Advice and Support	(3,703)	(3,700)	(3,239)	37.0	✓✓
Managing Services	1,171	–	2,548	(11.7)	✓✓✓

The (deficit)/surplus before tax shows the net cost of the Council's activities for the year in comparison to the 2006/2007 Community Plan and the previous year.

The rate requirement per resident shows the average cost to each individual in the city for the listed Council activities. A negative value in this column indicates that the activity produced a net financial benefit to each individual.

Key for Performance Measures

- ✓✓✓ All performance measures have been achieved
- ✓✓ Most performance measures have been achieved
- ✓ Some performance measures have been achieved
- ✗ No performance measures have been achieved



Community Outcomes

Hutt City residents identified the following outcomes as being important to Hutt City's future social and cultural well-being:

- A city that is safe
- Affordable access to community facilities that include arts, cultural and recreational options
- Encouragement of arts, cultural and sports activities including local, national and international events
- Everyone has a quality standard of affordable housing
- A built environment that is attractive, safe and healthy
- A more attractive Hutt City
- Development of the uniqueness of Hutt City including its history and culture
- More and better focus on the harbour, river and recreation opportunities
- A city that is friendly and welcoming where people experience a sense of belonging
- Encouraging community involvement and engagement with civic life
- More celebrations of tangata whenua and multi-culturalism in the city
- Migrants are well adapted to New Zealand way of living
- Everyone has access to a wide range of excellent education services
- Everyone has affordable access to services that improve health
- There is a seamless integration of health services
- Residents have a high standard of living.

Significant Activity

1. Libraries	48
2. Museums	50
3. Aquatics and Recreation	52
4. Parks and Reserves	54
5. Community Support	56
6. Community Property	58

1. Libraries

WHAT WE DO

Council provides, maintains and manages one central and seven community libraries in Hutt City. These are run as a single city-wide service. Their primary role is to provide written and recorded media, such as books, videos, DVDs and access to electronic information. This material is used for many purposes including entertainment, learning and research.

WHY WE DO IT

Council's provision of services and facilities in the form of libraries means that all citizens have access to information, knowledge, and learning opportunities. The services and facilities are a collective resource that is greater than any individual or family could afford or accommodate. Libraries support community education, literacy and recreation.

HOW WE DO IT

Performance Measures	Level of Achievement	Source of Information
Resident satisfaction with library services: Equal to or above peer average	2007: Not Achieved – 97% Peer Council average 98% 2006: Not Achieved – 88% Peer Council average 92%	NRB Communitrak Survey
Number of physical visits per annum: 1,560,000	2007: Not Achieved – 1,124,969 2006: Achieved 2,010,869 library visits or virtual visits	Monthly Management Reports
Number of virtual visits per annum: 650,000	2007: Achieved 683,320 2006: Achieved 2,010,869 library visits or virtual visits	Monthly Management Reports
Available library items per capita: 3	2007: Not Achieved – 2.98 (national mean 3.01)	NZ Public Library Statistics (LIANZA)
Books issued per capita: Equal to or above the national mean (NZ Metropolitan Library Comparative Data)	2007: Achieved 17.44 (national mean 11.99)	NZ Public Library Statistics (LIANZA)
Percentage of residents who have used library services during the year: 80%	2007: Achieved 81% 2006: Achieved 81%	NRB Communitrak Survey
Hours per week that libraries are open: 100% Central = 66 hours Eastbourne = 45 hours Petone = 46.5 hours Taita = 42 hours Naenae = 44 hours Moera = 39.5 hours Stokes Valley = 45 hours Wainuiomata = 51.5 hours	2007: Not Achieved – 99.5% (Closed for Planning Day) 2006: Achieved 100%	Monthly Management Reports
Library stock turnover – Equal to or above the national mean (NZ Metropolitan Library Comparative Data)	2007: Achieved 5.85 (national mean 3.82)	NZ Public Library Statistics (LIANZA)

LIBRARIES – INCOME STATEMENT

For the year ended 30 June 2007

	Actual 30 June 2007 \$000	Plan 30 June 2007 \$000	Actual 30 June 2006 \$000
REVENUE			
User charges	446	399	418
Other revenue	–	1	(4)
Total revenue	446	400	414
EXPENDITURE			
Employee costs	2,792	2,717	2,544
Support costs	2,006	2,006	1,990
Operating costs	771	697	576
Interest expense	46	46	44
Depreciation	681	1,068	807
Total expenditure	6,296	6,534	5,961
DEFICIT BEFORE TAX	(5,850)	(6,134)	(5,547)
CAPITAL EXPENDITURE	815	941	690

SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE LTCCP

There were no significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.

2. Museums

WHAT WE DO

Council operates two museums. The Dowse Art Museum (which was upgraded and reopened as TheNewDowse in February 2007) collects and displays fine art as well as decorative and applied arts, and celebrates a wide range of creative activities from music to design and film. The Petone Settlers Museum specialises in the social history of the lower Hutt Valley and Petone. These institutions are open to the public at no charge, other than for special exhibitions.

WHY WE DO IT

Council's provision of museums means that people have access to arts and cultural facilities that enrich, inspire and offer a range of lifelong learning opportunities. The museums act as a focal point for the community, enhance cultural life and diversity, and promote public pride and community values.

HOW WE DO IT

Performance Measures	Level of Achievement	Source of Information
Resident satisfaction with Hutt City museums: Equal to or above peer average	2007: Not Achieved – Achieved 91% for TheNewDowse and 89% for Petone Settlers Museum. NOTE: The survey was conducted within one month of TheNewDowse reopening. Peer Council average 92% 2006: Achieved 91% for The Dowse and 95% for Petone Settlers Museum 2006 measure was 80% of residents, not related to peer group average	NRB Communitrak Survey
Number of visits per annum: 120,000 (baseline & increasing)	2007: Not Achieved – 107,799 visitors achieved across both museums with TheNewDowse only open from 17 February 2007 2006: Achieved 10,984 visitors to the Dowse before closure in Sept 2005, achieved 19,237 visitors to the Petone Settlers Museum	Monthly Management Reports
Percentage of households visiting Petone Settlers Museum in the last 12 months: 30%	2007: Not measured until 2008 2006: Not measured	
Percentage of residents who agree there is a level of cultural richness and diversity in the city (perception): 60%	2007: Not measured until 2008 2006: Not measured	
Percentage of visitors who attend learning programmes or public programmes: 35%	2007: Not Achieved – 11% 2006: Not measured	Monthly Management Reports

Performance Measures	Level of Achievement	Source of Information
Upgrade of Dowse Museum: Completed on time to budget and to the required standard	<p>2007: The building was completed and fitted out in time for the scheduled opening in February 2007. The project budget variance over and above the HCC total contribution agreed in 2005/06 was \$243,000 taking the HCC contribution to \$2.67m. The building won an excellence award in the prestigious 2007 Rider Levett Bucknall Property Awards</p> <p>2006: A variance of \$500,000 was agreed, taking the HCC contribution to \$2.25m</p>	Monthly Management Reports

MUSEUMS – INCOME STATEMENT

For the year ended 30 June 2007

	Actual 30 June 2007 \$000	Plan 30 June 2007 \$000	Actual 30 June 2006 \$000
REVENUE			
User charges	97	197	11
Capital subsidies	905	250	1,970
Other revenue	247	188	203
Total revenue	1,249	635	2,184
EXPENDITURE			
Employee costs	821	952	687
Support costs	501	494	471
Operating costs	839	760	569
Interest expense	70	70	67
Depreciation	183	236	129
Total expenditure	2,414	2,512	1,923
DEFICIT BEFORE TAX	(1,165)	(1,877)	261
CAPITAL EXPENDITURE	4,098	3,264	2,857

SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE LTCCP

	Actual 30 June 2007 \$000	Plan 30 June 2007 \$000	Actual 30 June 2006 \$000
Dowse Upgrade (\$135,000 carried over to 2007/2008)	3,744	2,848	2,800

The Dowse is being upgraded to extend and improve exhibition and public space. The project commenced in the 2005 financial year and continued into the 2006 and 2007 financial years. The original total project cost was \$5.250 million, with external contributions of \$3.500 million, leaving a total Council contribution of \$1.750 million. The final project costs are now expected to be \$6.820 million, with external contributions of \$3.803 million, leaving a total Council contribution of \$3.017 million.

There were no other significant asset acquisitions or replacements, and no other significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.

3. Aquatics and Recreation

WHAT WE DO

Council provides and maintains six swimming pools in Hutt City as part of its portfolio of recreational facilities. It provides quality and accessible tuition in essential water safety and life skills. Recreational programmes are community-based and designed to encourage residents to engage in a range of recreational activities.

WHY WE DO IT

Participation in recreation, sports, fitness and cultural activities positively affects people's lives. Providing these high quality services at a low user cost makes them available to the whole community. Quality recreation services are essential to the quality of life for Hutt City citizens. Aquatics and recreational programmes also make an important contribution to creating an attractive area for people and businesses considering moving to Hutt City.

HOW WE DO IT

PERFORMANCE MEASURES	LEVEL OF ACHIEVEMENT	SOURCE OF INFORMATION
Resident satisfaction with pools: Equal to or above peer average	2007: Achieved 93% 2007 Peer average 88% 2006: 92%	NRB Communitrak Survey
Resident use of pools: Equal to or above peer average	2007: Achieved 65% 2007 Peer average 61% 2006: 68%	NRB Communitrak Survey
OSCAR accreditation for holiday programmes: Maintained	2007: Achieved – Accreditation Maintained 2006: Achieved	Annual MSD Audit
POOLS SAFE accreditation for swimming pools: Maintained	2007: Achieved – Accreditation Maintained 2006: Achieved	Annual ACC/Water Safety NZ Audit
Average net cost per user per visit: \$3.96	2007: Achieved \$3.70 2006: Achieved \$3.52	Operational expenditure against user numbers

AQUATICS AND RECREATION – INCOME STATEMENT

For the year ended 30 June 2007	Actual 30 June 2007 \$000	Plan 30 June 2007 \$000	Actual 30 June 2006 \$000
REVENUE			
User charges	1,571	1,452	1,410
Other revenue	182	178	192
Total revenue	1,753	1,630	1,602
EXPENDITURE			
Employee costs	1,885	1,928	1,873
Support costs	579	578	475
Operating costs	1,969	1,879	1,867
Interest expense	72	72	68
Depreciation	630	630	583
Total expenditure	5,135	5,087	4,866
DEFICIT BEFORE TAX	(3,382)	(3,457)	(3,264)
CAPITAL EXPENDITURE	587	747	174

SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE LTCCP

There were no significant asset acquisitions or replacements, and no significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.

4. Parks and Reserves

WHAT WE DO

Council provides and maintains active and passive recreational facilities in Hutt City for the enjoyment and well-being of the public. These are largely free of charge. Recreation areas are natural and built with the majority of effort targeted at maintenance and returning areas to their natural state. "Parks and Reserves" also includes Council's cemeteries.

WHY WE DO IT

The provision and maintenance of parks, reserves and street gardens creates a pleasant environment in which to live, work and play, which is an important part of the Vision for the city. Providing and maintaining these areas at high quality and low user cost makes them available to the whole community.

HOW WE DO IT

PERFORMANCE MEASURES	LEVEL OF ACHIEVEMENT	SOURCE OF INFORMATION
Resident satisfaction with sports grounds: Equal to or above peer average	2007: Achieved 98% Peer Council average 94% 2006: Achieved 95% Peer Council average 94%	NRB Communitrak Survey
Resident satisfaction with parks, reserves and gardens: Equal to or above peer average	2007: Achieved 98% Peer Council average 97% 2006: Achieved 98% Peer Council average 98%	NRB Communitrak Survey
Resident satisfaction with cemeteries: Equal to or above peer average	2007: Achieved 95% Peer Council average 91% 2006: Achieved 94% Peer Council average 88%	NRB Communitrak Survey
Programmes (Opex) and projects (Capex) delivered on time and to quality: 90%	2007: Achieved 90% 2006: Achieved	Monthly Management Reports
Sports fields meet the standard agreed with sports codes: 95%	2007: Achieved 98% 2006: Achieved 97%	Complaints from users during 2006/07 and sportsground audits
Area of parks and reserves per thousand of population: 53 hectares	2007: Achieved 53 hectares 2006: Achieved 53 hectares	Reserves Strategy
Percentage of households that have used or visited parks, reserves or gardens in the last 12 months: 85%	2007: Achieved 89% 2006: Achieved 91%	NRB Communitrak Survey
Playgrounds maintained and developed to meet the agreed quality and safety standards as stated in Councils 'Contract for Service': 100%	2007: Achieved 100% 2006: Achieved	Playground Audits
Street gardens, parks and reserves and cemeteries maintained and developed to meet the agreed quality and safety standards as stated in Councils 'Contract for Service': 100%	2007: Achieved 100% 2006: Achieved	Parks Audits

PARKS AND RESERVES – INCOME STATEMENT

For the year ended 30 June 2007	Actual 30 June 2007 \$000	Plan 30 June 2007 \$000	Actual 30 June 2006 \$000
REVENUE			
User charges	782	883	777
Operating subsidies	6	–	–
Capital Contributions	553	160	–
Other revenue	7	6	8
Total revenue	1,348	1,049	785
EXPENDITURE			
Employee costs	567	534	495
Support costs	496	496	413
Operating costs	6,736	6,690	6,692
Interest expense	563	563	537
Depreciation	675	1,017	863
Total expenditure	9,037	9,300	9,000
DEFICIT BEFORE TAX	(7,689)	(8,251)	(8,215)
CAPITAL EXPENDITURE	1,550	3,229	1,992

SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE LTCCP

For the year ended 30 June 2007	Actual 30 June 2007 \$000	Plan 30 June 2007 \$000	Actual 30 June 2006 \$000
Hutt Park Development (\$1,805,000 carried over to 2007/2008)	343	1,758	79

Hutt Park is being upgraded to make better use of this large area of recreational space. While Council will incur costs in relation to public space on facilities on Hutt Park, the substantive investment in new buildings will be funded by Pelorus Trust. Work at Hutt Park has not progressed as rapidly as planned and remaining funding will be carried over to the 2007/08 financial year. Additional expenditure of \$0.400 million is expected following the decision of the New Zealand Greyhound Racing Association not to invest in a track redevelopment at the site.

There were no other significant asset acquisitions or replacements, and no other significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.

5. Community Support

WHAT WE DO

Council seeks to support its community through appropriately responding to community needs. This support includes facilitation, advocacy, consultation and service provision, and allocation of grants to community organisations and groups. These services are carried out through Council's Community Development Division or through private contracts. Council has increased focus on working with Government Agencies and utilising funding from externally sourced contracts to provide services to the community.

WHY WE DO IT

Council has a policy of understanding and identifying its communities and their issues. Through greater knowledge of local needs, Council is able to suitably respond to social issues affecting the members and groups of communities it represents. The support that Council contributes assists groups to achieve their goals where it would not otherwise have been possible owing to lack of resources.

HOW WE DO IT

Performance Measures	Level of Achievement	Source of Information
Customers are satisfied with the level of information and advice received from Community Development: 90%	2007: Not Achieved – 78% (based on 15 responses) 2007: Achieved 98% 2006: Not measured	NRB Communitrak Survey Customer Evaluation Survey
Inter-agency (e.g. Central Government) contracts are negotiated in a timely manner: 100%	2007: All four government agency contracts have been negotiated in a timely manner 2006: All four government agency contracts were negotiated in a timely manner	Government Agency Contracts
Service specifications have been achieved to standard and within budget: As outlined in inter-agency contracts	2007: All four government agency service specifications have been achieved to standard and within budget 2006: All four government agency service specifications were achieved to standard and within budget	Government Agency Contracts
Inter-agency programmes of action or strategic plans have been developed and implemented with key milestones achieved (e.g. Department of Labour – Strengthen Services and Support to New Settlers): At least 3 programmes or plans	2007: Three interagency programmes of action or strategic plans have been developed and implemented with key milestones achieved 2006: Four interagency programmes of action or strategic plans were developed and implemented with key milestones achieved	Crime Prevention Action Plan 2004-2007 New Settlers Strategic Plan 2006 – 2009 Theft from Car Project Plan 2007

COMMUNITY SUPPORT – INCOME STATEMENT

For the year ended 30 June 2007	Actual 30 June 2007 \$000	Plan 30 June 2007 \$000	Actual 30 June 2006 \$000
REVENUE			
User charges	22	20	15
Operating subsidies	51	–	73
Other revenue	165	185	170
Total revenue	238	205	258
EXPENDITURE			
Employee costs	593	581	539
Support costs	448	444	340
Operating costs	1,285	1,271	1,367
Total expenditure	2,326	2,296	2,246
DEFICIT BEFORE TAX	(2,088)	(2,091)	(1,988)
CAPITAL EXPENDITURE	–	–	–

SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE LTCCP

There were no significant asset acquisitions or replacements, and no significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.

6. Community Property

WHAT WE DO

Council manages a variety of properties for use by the community. The main portfolios are community and civic halls and venues, public toilets, community houses, Council's administration building, and housing units for the elderly and socially disadvantaged. On 1 May 2007, the Council transferred its social housing assets and property management functions to Urban Plus Limited (previously Hutt Holdings Limited) and the company was re-established as a CCTO for this purpose.

Progressive reviews of these facilities ensure they remain efficient and meet changing public requirements.

WHY WE DO IT

Community and civic halls and venues provide an environment for a diverse range of social, cultural and community-based activities, including clubs, indoor sports, band practice, arts and theatre. Public toilets are provided which are physically accessible, appropriately located, designed and built, and cleaned and maintained to standards that safeguard public health. Council continues to assess its property needs in terms of the properties it currently owns and occupies. This may result in upgrades of properties and sales of surplus assets from time to time.

HOW WE DO IT

PERFORMANCE MEASURES	LEVEL OF ACHIEVEMENT	SOURCE OF INFORMATION
Sales targets established within the assets sales programme by Council: Achieved (Sales Target \$4,760,000)	2007: Not Achieved – \$4,593,000 2006: Not measured	Monthly Management Reports
Resident satisfaction with public halls: Equal to or above peer average	2007: Achieved 94% Peer Council average 91% 2006: Achieved 94% Peer Council average 93%	NRB Communitrak Survey
Resident satisfaction with public toilets: Equal to or above peer average	2007: Not Achieved – 58% Peer Council average 76% 2006: Not Achieved – 65% Peer Council average 77%	NRB Communitrak Survey
Tenant satisfaction with Council accommodation: 90%	2007: Not measured until 2008 2006: Achieved 92%	Internal Survey
Occupancy rate of rental housing: 90%	2007: Achieved 94% 2006: Achieved 95%	Monthly Management Reports
Percentage of housing units occupied by elderly and socially disadvantaged (in accordance with Council Policy): 90%	2007: Not Achieved – 85% as required by the Statement of Intent for Urban Plus Limited 2006: Not measured	Internal Records
Rentals are set at the market rate: 100%	2007: Achieved 100% 2006: Not measured	Independent valuation

COMMUNITY PROPERTY – INCOME STATEMENT

For the year ended 30 June 2007	Actual 30 June 2007 \$000	Plan 30 June 2007 \$000	Actual 30 June 2006 \$000
REVENUE			
User charges	1,776	1,749	1,682
Other Revenue	(2)	–	–
Total revenue	1,774	1,749	1,682
EXPENDITURE			
Employee costs	208	257	235
Support costs	(1,184)	(1,176)	(1,159)
Operating costs	2,990	3,062	2,792
Interest expense	338	338	322
Depreciation	1,708	1,431	1,395
Total expenditure	4,060	3,912	3,585
DEFICIT BEFORE TAX	(2,286)	(2,163)	(1,903)
CAPITAL EXPENDITURE	1,123	1,457	605

SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE LTCCP

There were no significant asset acquisitions or replacements, and no significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.

Community Outcomes

Hutt City residents identified the following outcomes as being important to Hutt City:

- Effective and efficient public transport that results in increased use of public transport
- Enhanced roading systems particularly State Highway 2, Cross Valley Link, State Highway 1 and Hutt CBD
- Continual upgrade and provision for growth to make Hutt City interesting and attractive to people
- More investment in sustainable transportation solutions – public transport, car pools, bicycle lanes
- Affordable access to community facilities that include arts, cultural and recreational options
- A diverse natural environment that is accessible, enjoyable and safe
- Everyone has a quality standard of affordable housing
- Roothing, water and waste (including recycling) work and are accessible to all
- Maintenance and continual upgrade of services to allow for security and growth.

Significant Activity

7. Roothing and Traffic	61
8. Water	63
9. Wastewater	65
10. Stormwater	67
11. Solid Waste	69

7. Roading and Traffic

WHAT WE DO

This activity includes the professional and technical work involved in providing ongoing management of the city's roading network. It also provides for improvement and day-to-day operation and maintenance of footpaths, road pavement/reconstruction/upgrades, traffic signals, signs, street lighting, parking services, bridge maintenance and various road safety activities. These initiatives are supported through policy development, forward planning, road safety co-ordination, and various quality and safety management systems.

WHY WE DO IT

Public ownership of the road corridor ensures appropriate property access and freedom of travel throughout the area for all citizens. Sealed roads, footpaths and street lights are provided for the efficient and safe travel of motor vehicles, bicycles and pedestrians.

HOW WE DO IT

PERFORMANCE MEASURES	LEVEL OF ACHIEVEMENT	SOURCE OF INFORMATION
Resident satisfaction with street lighting: Equal to or above peer average	2007: Not Achieved – 87% Peer Council average 89% 2006: Not Achieved – 88% Peer Council average 89%	NRB Communitrak Survey We believe 87% is an excellent result and, although nominally below the peer average, the differential is within the margin of error.
Resident satisfaction with road and gutters being free of litter: Equal to or above peer average	2007: Achieved 86% Peer Council average 76% 2006: Achieved 89% Peer Council average 78%	NRB Communitrak Survey
Resident satisfaction with traffic control: Equal to or above peer average (new measure from 2006/07)	2007: Achieved 82% No peer Council average available 2006: Achieved 83%	NRB Communitrak Survey Although no peer group measure is available, this measure is achieved relative to the historic 80% benchmark.
Resident satisfaction with footpaths: Equal to or above peer average	2007: Achieved 81% Peer Council average 79% 2006: Achieved 89% Peer Council average 74%	NRB Communitrak Survey
Resident satisfaction with roads: Equal to or above peer average	2007: Not Achieved – 74% Peer Council average 80% 2006: Achieved 76% Peer Council average 71%	NRB Communitrak Survey We question the validity of the apparent significant improvement of the peer group survey on this measure. Historically they have scored around 71%.
Resident satisfaction with parking in and around Hutt City: Equal to or above peer average	2007: Achieved 71% Peer Council average 61% 2006: Achieved 71% Peer Council average 55%	NRB Communitrak Survey
Programmes (Opex) and Projects (Capex) delivered on time and to quality: 90%	2007: Achieved 90% 2006: Achieved	Monthly Management Reports

PERFORMANCE MEASURES	LEVEL OF ACHIEVEMENT	SOURCE OF INFORMATION
Percentage of residents satisfied with the safety and convenience of movement around city streets: Equal to or above peer average	2007: Achieved 82% No peer Council average available 2006: Achieved 83%	NRB Communitrak Survey Although no peer group measure is available, this measure is achieved relative to the historic 80% benchmark. This measure is a duplication of the traffic control measure outlined above.
Road Condition Index (measures – cracking, flushing, potholes and ravelling –chip surfaced): Hold or improve rating	2007: 2.7 2006: 2.7	Data from LTNZ
Smooth Travel Exposure (nationally accepted measure of road roughness): Hold or improve rating	2007: 75% 2006: 74%	Data from LTNZ
Accident trend: Reducing trend over 10 years	2007: Achieved 2006: Achieved	Accident data supplied by Land Transport New Zealand

ROADING AND TRAFFIC – INCOME STATEMENT

For the year ended 30 June 2007	Actual 30 June 2007 \$000	Plan 30 June 2007 \$000	Actual 30 June 2006 \$000
REVENUE			
User charges	2,726	2,650	2,668
Operating subsidies	3,380	2,823	2,592
Capital subsidies	3,749	3,225	3,741
Capital contributions	345	130	–
Other revenue	539	530	566
Total revenue	10,739	9,358	9,567
EXPENDITURE			
Employee costs	930	935	995
Support costs	1,895	1,895	1,962
Operating costs	9,519	8,624	8,092
Interest expense	1,788	1,788	1,704
Depreciation	6,736	7,072	6,863
Total expenditure	20,868	20,314	19,616
DEFICIT BEFORE TAX	(10,129)	(10,956)	(10,049)
CAPITAL EXPENDITURE	9,169	8,303	8,583

SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE LTCCP

There were no significant asset acquisitions or replacements, and no significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.

8. Water

WHAT WE DO

We provide a sustainable and high quality water supply to the community for domestic and commercial use. Council purchases bulk water from Greater Wellington Regional Council, which it distributes to the community through the city's water supply system. Council monitors water quality and plans for the future water supply needs of the city including maintenance and upgrades to assets to maintain required service levels.

WHY WE DO IT

The supply of high quality, affordable water contributes to:

- The health of the community
- Community safety through the fire-fighting capability of the water supply system
- Industrial and residential development.

HOW WE DO IT

Performance Measures	Level of Achievement	Source of Information
Resident satisfaction with water supply: Equal to or above peer average	2007: Achieved 97% Peer Council average 94% 2006: Achieved 96% Peer Council average 91%	NRB Communitrak Survey
Programmes (Opex) and Projects (Capex) delivered on time and to quality: 90%	2007: Achieved 100% 2006: Achieved	Management Reports
NZ drinking water: Full compliance with NZ Drinking Water Standards	2007: Achieved full compliance 2006: Achieved	Potable Water Testing Contract Reports
Water supply reliability: Fewer than 4 unplanned supply cuts per 100 connections	2007: Achieved fewer than 0.2 unplanned supply cuts 2006: Achieved	Incident Reports
Water supply quality: To maintain a 'B' grading from the Ministry of Health for the Hutt City water supply distribution (B means satisfactory, low level of risk. Most of Hutt City water supply is unchlorinated. Chlorination of the water supply would be required to achieve an 'A' grading)	2007: Achieved 'B' grading 2006: Not measured	Management Report
Water pressure and flow: At least 95% of properties achieve target standards for pressure and flow (individual properties deemed to comply except where investigation shows non compliance)	2007: Achieved greater than 95% 2006: Not measured	Management Report
Responsiveness to water supply disruptions: 96% of requests responded to within 1 hour of notification	2007: Achieved 99% 2006: Not measured	Management Report
Maintain the average un-metered water consumption in Hutt City: Less than 350 litres per head per day	2007: Achieved less than 325 litres 2006: Not measured	Management Report

WATER SUPPLY – INCOME STATEMENT

For the year ended 30 June 2007

	Actual 30 June 2007 \$000	Plan 30 June 2007 \$000	Actual 30 June 2006 \$000
REVENUE			
User charges	2,219	2,355	2,095
Operating subsidies	(28)	–	–
Capital subsidies	–	–	(56)
Capital contributions	172	46	–
Total revenue	2,363	2,401	2,039
EXPENDITURE			
Employee costs	7	7	5
Support costs	300	300	330
Operating costs	8,350	8,892	8,480
Interest expense	617	617	589
Depreciation	2,517	2,499	2,417
Total expenditure	11,791	12,315	11,821
DEFICIT BEFORE TAX	(9,428)	(9,914)	(9,782)
CAPITAL EXPENDITURE	2,624	2,411	1,895

SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE LTCCP

There were no significant asset acquisitions or replacements, and no significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.

9. Wastewater

WHAT WE DO

Council provides a piping network which takes household and commercial effluent to the Seaview treatment plant which treats the effluent to meet public health and environmental standards. The Seaview treatment plant has been operating since November 2001 and has resulted in a significant improvement to the environment. Council undertakes maintenance and upgrades to assets to maintain required service levels.

WHY WE DO IT

Through collecting, treating and disposing of wastewater, Council provides a service to residents and businesses, which supports development in the city, and protects the physical environment and the health of the community.

HOW WE DO IT

Performance Measures	Level of Achievement	Source of Information
Resident satisfaction with sewage system: Equal to or above peer average	2007: Achieved 96% Peer Council average 94% 2006: Achieved 92% Peer Council average 90%	NRB Communitrak Survey
Programmes (Opex) and Projects (Capex) delivered on time to quality: 90%	2007: Achieved 94% 2006: Achieved	Management Reports
Comply with resource consent conditions: 100%	2007: Achieved 100% 2006: Achieved	Compliance reports from Greater Wellington
Wastewater system reliability: Fewer than 1.8 wastewater reticulation incident reports per km of pipeline	2007: Achieved 0.7 incidents 2006: Achieved	Incident Reports
Responsiveness to blockages or overflows: The contractor is on-site within one hour of notification, 95% of the time	2007: Achieved 99% 2006: Not measured	Management Reports

WASTEWATER – INCOME STATEMENT

For the year ended 30 June 2007

	Actual 30 June 2007 \$000	Plan 30 June 2007 \$000	Actual 30 June 2006 \$000
REVENUE			
User charges	773	761	831
Operating subsidies	(20)	–	(47)
Upper Hutt City Council operating contribution	1,897	1,998	1,845
Capital subsidies	–	120	–
Capital contributions	196	175	–
Other Revenue	16	–	–
Total revenue	2,862	3,054	2,629
EXPENDITURE			
Employee costs	10	10	10
Support costs	807	807	739
Operating costs	8,875	8,991	8,380
Interest expense	1,154	1,154	1,101
Depreciation	5,645	4,890	4,543
Total expenditure	16,491	15,852	14,773
DEFICIT BEFORE TAX	(13,629)	(12,798)	(12,144)
CAPITAL EXPENDITURE	3,381	6,431	10,838

SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE LTCCP

For the year ended 30 June 2007

	Actual 30 June 2007 \$000	Plan 30 June 2007 \$000	Actual 30 June 2006 \$000
Trunk Network and Asset Development (Subsidy:32%) (\$2,060,000 carried over to 2007/2008)	198	2,255	–

Work has commenced on the Ava-Barber Grove pipeline project. The bulk of the funding for this project has been deferred to 2007/08 to co-ordinate with Regional Council stopbank work.

There were no other significant asset acquisitions or replacements, and no significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.

10. Stormwater

WHAT WE DO

Council provides a stormwater drainage system to manage surface water run-off from urban catchments. Council’s objective is to achieve an optimum balance between the level of protection and the cost to the community. In doing this Council undertakes maintenance and upgrade to assets to maintain required service levels.

WHY WE DO IT

Hutt City has most of its development concentrated on flat valley plains where there is potential for flooding. The effective control of stormwater is necessary to protect the health and safety of the community and to minimise property damage. The most efficient means of achieving this is through a comprehensive stormwater system.

HOW WE DO IT

Performance Measures	Level of Achievement	Source of Information
Resident satisfaction with stormwater drainage: Equal to or above peer average	2007: Not Achieved – 80% Peer Council average 89% 2006: Not Achieved – 67% Peer Council average 77%	NRB Communitrak Survey
Programmes (Opex) and Projects (Capex) delivered on time to quality: 90%	2007: Achieved 92% 2006: Achieved	Management Report
Reticulation incidents per km of public stormwater drains: Less than one	2007: Achieved 0.12 incidents 2006: Achieved	Incident Reports
Watercourse water quality at main recreational beaches: Median water quality over daylight saving period complies with Recreational Water Quality Standards	2007: Achieved Recreational Water Quality Standards 2006: Achieved	Management Report
Responsiveness to blockages in the stormwater pipe: The contractor shall be on-site within one hour of notification, 95% of the time	2007: Achieved 99% 2006: Achieved	Management Report

STORMWATER – INCOME STATEMENT

For the year ended 30 June 2007

	Actual 30 June 2007 \$000	Plan 30 June 2007 \$000	Actual 30 June 2006 \$000
REVENUE			
User charges	3	–	2
Operating subsidies	(211)	5	(425)
Capital contributions	297	93	–
Other revenue	9	–	9
Total revenue	98	98	(414)
EXPENDITURE			
Employee costs	11	11	10
Support costs	325	325	333
Operating costs	2,347	2,379	2,170
Interest expense	691	691	659
Depreciation	2,036	1,796	1,693
Total expenditure	5,410	5,202	4,865
DEFICIT BEFORE TAX	(5,312)	(5,104)	(5,279)
CAPITAL EXPENDITURE	4,673	5,035	3,773

SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE LTCCP

	Actual 30 June 2007 \$000	Plan 30 June 2007 \$000	Actual 30 June 2006 \$000
Black Creek Wainuiomata	896	1,000	1,493
Gracefield Pump Station (\$780,000 carried over to 2007/2008)	1,549	1,900	–
Opahu Stream pumping station construction	1,006	900	1,002

Stage 2 of the Black Creek project was completed; being the continuation of a programme of works designed to improve levels of flood protection in Wainuiomata.

The Gracefield pump station is well underway, but difficulties in finding a suitable site, and in obtaining Resource Consent for the project, resulted in a carry-over into next financial year, and a forecast overspend.

The Opahu pump station was commissioned during the year, aimed at improving flood protection in the central Hutt area.

There were no other significant asset acquisitions or replacements, and no significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.

11. Solid Waste

WHAT WE DO

Council manages contracts for the collection of the city's refuse and recycling. It also owns and operates two landfills to provide for the disposal of residual waste. Work being undertaken on Silverstream Stage Two is to provide for maintenance of current service levels when the area currently being used at Silverstream is full.

WHY WE DO IT

Solid waste management is necessary for the health and quality of life of the community, the local economy and the environment. Council wishes to promote recycling and waste reduction, and to provide for the disposal of the city's solid waste.

HOW WE DO IT

Performance Measures	Level of Achievement	Source of Information
Resident satisfaction with recycling: Equal to or above peer average	2007: Not Achieved – 86% Peer Council average 91% 2006: Achieved 92% Peer Council average 86%	NRB Communitrak Survey
Resident satisfaction with rubbish collection: Equal to or above peer average	2007: Achieved 93% Peer Council average 89% 2006: Not Achieved – 90% Peer Council average 91%	NRB Communitrak Survey
Resident satisfaction with refuse disposal: Equal to or above peer average	2007: Achieved 87% Peer Council average 83% 2006: Achieved 84% Peer Council average 81%	NRB Communitrak Survey
Programmes (Opex) and Projects (Capex) delivered on time and to quality: 90%	2007: Achieved 90% 2006: Achieved	Monthly Management Reports
Resource consent requirements: Full compliance with requirements	2007: Achieved 100% 2006: Achieved	Compliance reports from Greater Wellington

SOLID WASTE – INCOME STATEMENT

For the year ended 30 June 2007	Actual 30 June 2007 \$000	Plan 30 June 2007 \$000	Actual 30 June 2006 \$000
REVENUE			
User charges	9,024	9,116	8,860
Other Revenue	(31)	–	–
Total revenue	8,993	9,116	8,860
EXPENDITURE			
Employee costs	56	56	40
Support costs	148	148	103
Operating costs	4,893	4,565	4,863
Depreciation	436	380	289
Total expenditure	5,533	5,149	5,295
SURPLUS BEFORE TAX	3,460	3,967	3,565
CAPITAL EXPENDITURE	4,548	3,760	3,881

SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE LTCCP

For the year ended 30 June 2007	Actual 30 June 2007 \$000	Plan 30 June 2007 \$000	Actual 30 June 2006 \$000
Silverstream Landfill Stage Two (Includes \$400,000 Carryover)	4,534	3,600	3,847

Stage one of Silverstream landfill is approaching the end of its design life. Work is well underway on a major project to develop stage two of the landfill, and to provide a facility which will cater for the residual waste disposal needs of the city for the next 50 years. The project will be staged such that work will be ongoing for many years, with \$17m budgeted in the next ten years. As a result of programme changes identified within the current contract, approval was given for an overspend in this year's capital programme, offset by predicted cost reductions in future years.

There were no other significant asset acquisitions or replacements, and no significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.



Community Outcomes

Hutt City residents identified the following outcomes as being important to Hutt City's future environmental well-being:

- Having clean air, water and land
- Continued protection and conservation of our environment
- Efficient use and conservation of energy resources
- A city that is safe
- A diverse natural environment that is accessible, enjoyable and safe
- Good information on how to be prepared for an emergency
- A more attractive Hutt City
- Developing the uniqueness of Hutt City including its history and culture.

Significant Activity

12. Environmental Management	72
13. Emergency Management	74

12. Environmental Management

WHAT WE DO

Council develops, implements and monitors the District Plan, relevant by-laws and other environmental policies and plans for the sustainable development of Hutt City. Council's statutory resource management and building consent and inspection functions, environmental health and animal control are also included under this activity. Regular inspections are carried out to ensure compliance with legislative requirements, the District Plan, resource consent and building consent conditions as well as by-law requirements.

Inspections of business and food premises, certification, liquor licensing, pollution control, trade waste and monitoring of beaches are also undertaken to promote and protect public health and safety in Hutt City. Noise and hazardous substances also fall under this activity.

WHY WE DO IT

This activity is fundamental to achieving a clean, healthy, attractive and sustainable environment. There is also a legal requirement for this activity.

HOW WE DO IT

Performance Measures	Level of Achievement	Source of Information
Resident satisfaction with animal control: Equal to or above peer average	2007: Achieved 82% Peer Council average 79% 2006: Achieved 81% Peer Council average 76%	NRB Communitrak Survey
Resident satisfaction with inspection services (e.g. permits, licences etc): Equal to or above peer average	2007: Achieved 78% Peer Council average 67% 2006: Achieved 89% Peer Council average 67%	NRB Communitrak Survey
Resident satisfaction with requests for service: Equal to or above peer average	2007: Not Achieved – 88% Peer Council average 89% 2006: Achieved 89% Peer Council average 67%	NRB Communitrak Survey
LIM's processed to comply with statutory requirements: 90% of LIM's processed within 9 working days	2007: 448 (92% within 9 days) 2006: 503 (100% within 10 days)	Monthly Management Reports
Building consent/project information and resource consents processed to comply with the Building Code and District Plan requirements respectively: 80% of non-notified land use consents processed within 18 working days	2007: Building Consents: 1686 (87% -1470 – within 15 working days) 2007: Land Use Consents: 434 (85% - 413 – within 18 working days) 2006: Achieved 83% Note: Measure for 2006 was 15 working days (the Act specifies 20 working days)	Computer Database Records
Plan changes and environmental policies researched, proposed, consulted and reported on as required by Council in accordance with the relevant statutory provisions: All District Plan changes processed and completed in accordance with statutory requirements	2007: Proposed Plan Change 8 delayed pending the outcome of High Court Appeal to be heard 8 November 2007 relating to Environment Court Declaration Plan Change 9 completed in accordance with relevant statutory provisions	Monthly Management Reports

Performance Measures	Level of Achievement	Source of Information
Premises (e.g. food outlets and liquor outlets) registered or licensed within 30 days of application: 90%	2007: Achieved 97% 2006: Achieved 97%	Computer Database Records
Code Compliance Certificates issued to comply with statutory requirements in the Building Act: 100%	2007: Not Achieved – 98% 2006: Not measured	Indicative only. Results for only part of the year.
Building inspections under ISO 17020 Standard certified per year: 9,900 certified	2007: Not Achieved – 7,500 2006: Not measured	Monthly Management Reports
Dog pound open 7 days per week except for public holidays: 100%	2007: Achieved 100% 2006: Not measured	Monthly Management Reports
Dog complaints are responded to within required timeframes: 100%	2007: Achieved 100% 2006: Not measured	Indicative only
Noise complaints are responded to within required timeframes: 100%	2007: Achieved 100% 2006: Not measured	Indicative only

ENVIRONMENTAL MANAGEMENT – INCOME STATEMENT

For the year ended 30 June 2007	Actual 30 June 2007 \$000	Plan 30 June 2007 \$000	Actual 30 June 2006 \$000
REVENUE			
User charges	3,691	2,831	2,959
Other revenue	166	89	201
Total revenue	3,857	2,920	3,160
EXPENDITURE			
Employee costs	3,654	3,509	3,473
Support costs	1,126	1,122	860
Operating costs	1,612	1,374	1,473
Depreciation	4	4	4
Total expenditure	6,396	6,009	5,810
DEFICIT BEFORE TAX	(2,539)	(3,089)	(2,650)
CAPITAL EXPENDITURE	–	–	–

SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE LTCCP

There were no significant asset acquisitions or replacements, and no significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.

13. Emergency Management

WHAT WE DO

Council develops, implements and monitors city-wide emergency management plans, and promotes community preparedness for emergencies. Under the 2002 Civil Defence Emergency Management Act, Council must work co-operatively with other authorities in the region to plan for and respond to hazards, risks and emergencies. Council also has plans in place for dealing with and preventing rural fires. Council maintains the in-house capacity to co-ordinate responses to civil defence and rural fire emergencies.

WHY WE DO IT

This activity is fundamental to achieving city-wide preparedness for emergencies. There is also a legal requirement for this activity under the Forest and Rural Fires Act and the Civil Defence Emergency Management Act. The Hutt City Council works under the auspices of Reduce, Readiness, Response and Recovery.

HOW WE DO IT

Performance Measures	Level of Achievement	Source of Information
Percentage of households that are prepared for a Civil Defence emergency: 60%	2007: Not Achieved – 56% 2006: Achieved 60%	NRB Communitrak Survey
Emergencies are responded to in accordance with the Wellington Region Civil Defence Emergency Management Group Plan and the Civil Defence Emergency Management Act 2002: 100%	2007: Achieved 100% 2006: Achieved	Management Reports and Debrief Notes
Rural fires are responded to in accordance with the Hutt City Rural Fire Plan and the Forest and Rural Fires Act 1977 and the Forest and Rural Fires Regulations 2005: 100%	2007: Achieved 100% 2006: Achieved	Wellington Regional Rural Fire Committee Records

EMERGENCY MANAGEMENT – INCOME STATEMENT

For the year ended 30 June 2007	Actual 30 June 2007 \$000	Plan 30 June 2007 \$000	Actual 30 June 2006 \$000
REVENUE			
Operating subsidies	39	40	4
Upper Hutt City Council operating contribution	119	–	–
Other revenue	13	–	13
Total revenue	171	40	17
EXPENDITURE			
Employee costs	250	263	224
Support costs	225	225	231
Operating costs	315	144	150
Depreciation	21	13	14
Total expenditure	811	645	619
DEFICIT BEFORE TAX	(640)	(605)	(602)
CAPITAL EXPENDITURE	–	–	–

SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE LTCCP

There were no significant asset acquisitions or replacements, and no significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.



Community Outcomes

Hutt City residents identified the following outcomes as being important to Hutt City's future economic well-being:

- A local economy that is attractive to both business and residents
- Retention of business achievers and people critical for business
- Attraction and nurturing of high quality businesses
- Local businesses being supported and promoted
- A skilled workforce that meets local business' needs
- Good telecommunications systems
- A growing number of entrepreneurial companies located in Hutt City
- Creation of an exciting, dynamic city so entrepreneurs want to live and work here
- Encouragement of enterprise and innovation including incentives to attract research, development and application industries
- Making the most of the CRIs by attracting the kind of people with the entrepreneurial nous to build on these R&D outcomes
- Attraction of tourists to Hutt City
- A built environment that is attractive, safe and healthy
- A more attractive city
- Developing the uniqueness of Hutt City including its history and culture.

Significant Activity

14. Local Urban Design	76
15. Economic Development	78

14. Local Urban Design

WHAT WE DO

Council aims to develop an urban environment that will help attract people and investment, as well as enhance the city's image. Council also recognises the role Hutt City's heritage and features play in the city's image. Council implements environmental policies and plans for the sustainable development of Hutt City, including environmental education and promotion. An annual waste minimisation programme is run to promote the concept of "reduce, reuse, recycle" to business and citizens.

WHY WE DO IT

The public space of Hutt City is managed and developed by Council on behalf of the community. It is important that urban design and infrastructure support and provide for modern business environment requirements. The whole community can benefit from the preservation of buildings of architectural, heritage and historic value, as often the work required is of no benefit to the owner or occupier. Solid waste management is necessary for the health and quality of life of the community. Council promotes recycling and waste reduction.

HOW WE DO IT

Performance Measures	Level of Achievement	Source of Information
Resident satisfaction with the feel and overall look of the city: Equal to or above previous results	2007: Not Achieved – 86% 2006: Not Achieved 90%	NRB Communitrak Survey
Business satisfaction with the feel and overall look of the city: Equal to or above previous results	2007: Achieved 76% 2004: Achieved 50%	Business Survey
Resident satisfaction with litter control: Equal to or above peer average	2007: Achieved 86% Peer Council average 76% 2006: Achieved 89% Peer Council average 78%	NRB Communitrak Survey
Resident satisfaction with levels of graffiti: Equal to or above peer average (new measure from 2006/07)	2007: Achieved 84% No peer measure 2006: Achieved 84% No peer measure	NRB Communitrak Survey
Development projects are progressed on agreed project timeframes: 90%	2007: Achieved 90% 2006: Partly Achieved	Management Records
Percentage of households that have used the recycling service in the last 12 months: 70%	2007: Achieved 79% 2006: Achieved 88%	NRB Communitrak Survey
All residents have access to community recycling facilities: 95%	2007: Achieved 100% 2006: Achieved 100%	Management Records
Tonnes of recycling per annum: Increasing	2007: Achieved 7,129 tonnes 2006: Achieved 6,066 tonnes	Management Records

LOCAL URBAN DESIGN – INCOME STATEMENT

For the year ended 30 June 2007	Actual 30 June 2007 \$000	Plan 30 June 2007 \$000	Actual 30 June 2006 \$000
REVENUE			
Capital subsidies	1	6	–
Other Revenue	(25)	–	–
Total revenue	(24)	6	–
EXPENDITURE			
Employee costs	148	162	32
Support costs	136	136	98
Operating costs	257	375	123
Interest expense	5	5	5
Depreciation	205	290	102
Total expenditure	751	968	360
DEFICIT BEFORE TAX	(775)	(962)	(360)
CAPITAL EXPENDITURE	619	1,300	1,379

SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE LTCCP

For the year ended 30 June 2007	Actual 30 June 2007 \$000	Plan 30 June 2007 \$000	Actual 30 June 2006 \$000
CBD Masterplan (\$700,000 carried over to 2007/2008)	299	1,000	1,131

Council is undertaking a range of improvements in the CBD designed to better integrate the city with the new Westfield Queensgate development and make the environment more attractive to shoppers.

There were no other significant asset acquisitions or replacements, and no significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.

15. Economic Development

WHAT WE DO

Council has a leading role in fostering Hutt City's growth in a number of ways. These include creating a business-friendly environment, facilitating the expansion and creation of local businesses and employment, increasing tourism and events in Hutt City, and contributing to regional growth through regional economic development.

WHY WE DO IT

Individual businesses generally have insufficient incentives to explore opportunities that benefit Hutt City as a whole, as well as themselves. Hutt City's businesses and residents benefit from Council's support of the business sector as well as from the promotion and recognition of Hutt City as a business location and vibrant city.

HOW WE DO IT

Performance Measures	Level of Achievement	Source of Information
Business satisfaction with economic development programmes: 80%	2007: Achieved 85% 2004: Achieved 80%	Business Survey
Resident satisfaction with the visitor information services and special events: 80%	2007: Achieved 91% 2006: Achieved 94%	NRB Communitrak Survey
Economic ranking of Hutt City relative to peer group of NZ cities as per annual Economic Development Strategy (EDS) Report to Council (which includes such measures as number of businesses, number of FTE and GDP): Improvement	2007: Not Achieved – 7th ranked job growth: 3rd ranked GDP growth 2006: Achieved – 5th ranked job growth: 5th ranked GDP growth	Business Economic Research Limited

ECONOMIC DEVELOPMENT – INCOME STATEMENT

For the year ended 30 June 2007	Actual 30 June 2007 \$000	Plan 30 June 2007 \$000	Actual 30 June 2006 \$000
REVENUE			
User charges	358	175	169
Operating subsidies	159	180	157
Other revenue	47	12	128
Total revenue	564	367	454
EXPENDITURE			
Employee costs	499	462	415
Support costs	316	315	551
Operating costs	1,917	1,696	1,735
Interest expense	15	15	15
Total expenditure	2,747	2,488	2,716
DEFICIT BEFORE TAX	(2,183)	(2,121)	(2,262)
CAPITAL EXPENDITURE	450	530	256

SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE LTCCP

There were no significant asset acquisitions or replacements, and no significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.

Group Organisation



Community Outcomes

All the Community Outcomes are relevant for this group of activities, which provides management support and advice to elected members and Council officers. It also ensures that high levels of service are maintained, and that customers and staff are valued.

The role of the elected members and community representatives as part of this group is of the utmost importance. They represent the views of the community when decisions are being considered by Council.

Significant Activity

16. Elected Members	80
17. Advice and Support	81
18. Managing Services	82

16. Elected Members

WHAT WE DO

Elected members provide a governance role for the city, set the strategic direction of the Council including determining the activities the Council undertakes (within legal parameters) and monitor the Council's performance on behalf of the city residents and ratepayers. Community Boards and Ward Committees are part of the Council's governance structure and provide local input into the Council's decision-making process.

WHY WE DO IT

To ensure good governance and good decision-making, and to meet legal requirements.

HOW WE DO IT

Performance Measures	Level of Achievement	Source of Information
Residents' satisfaction with performance of Mayor and Councillors: Equal to or above peer average	2007: Not Achieved – 88% Peer Council average 89% 2006: Achieved 91% Peer Council average 84%	NRB Communitrak Survey
Residents' satisfaction with the way rates are spent: Equal to or above peer average	2007: Achieved 81% Peer Council average 79% 2006: Achieved 85% Peer Council average 79%	NRB Communitrak Survey

ELECTED MEMBERS – INCOME STATEMENT

For the year ended 30 June 2007	Actual 30 June 2007 \$000	Plan 30 June 2007 \$000	Actual 30 June 2006 \$000
REVENUE			
User charges	4	–	3
Other revenue	25	–	40
Total revenue	29	–	43
EXPENDITURE			
Employee costs	907	941	927
Support costs	620	620	551
Operating costs	245	142	161
Total expenditure	1,772	1,703	1,639
DEFICIT BEFORE TAX	(1,743)	(1,703)	(1,596)

SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE LTCCP

There were no significant asset acquisitions or replacements, and no significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.

17. Advice and Support

WHAT WE DO

This activity comprises those processes that support the Council's decision-making, for example, strategic planning, policy development, and monitoring and reporting.

WHY WE DO IT

Professional advice and support are necessary to assist Council, Community Boards and Ward Committees to make informed decisions on behalf of the community.

HOW WE DO IT

Performance Measures	Level of Achievement	Source of Information
Councillors are satisfied or more than satisfied with the formal advice received from officers: 80%	2007: Achieved 100% 2006: Achieved 91.7%	Survey of Elected Members
Community Board and Ward Committee members are satisfied or more than satisfied with the formal advice received from officers: 80%	2007: Not Achieved – 72.5% 2006: Not measured	Survey of Elected Members
Projects identified in annual work programme progressed as per agreed timeframes: 90%	2007: Achieved 90% 2006: Not measured	Monthly Management Reports

ADVICE AND SUPPORT – INCOME STATEMENT

For the year ended 30 June 2007	Actual 30 June 2007 \$000	Plan 30 June 2007 \$000	Actual 30 June 2006 \$000
REVENUE			
Other revenue	–	–	–
Total revenue	–	–	–
EXPENDITURE			
Support costs	3,625	3,625	3,204
Operating costs	78	75	35
Total expenditure	3,703	3,700	3,239
DEFICIT BEFORE TAX	(3,703)	(3,700)	(3,239)

SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE LTCCP

There were no significant asset acquisitions or replacements, and no significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.

18. Managing Services

WHAT WE DO

Managing services incorporates the organisational support functions that help Council to provide its other activities in the most efficient and effective manner. It includes:

- Customer Relations
- Corporate Planning
- Finance
- General Administration
- Human Resources
- Information Management
- Office of the Chief Executive (including Communications)
- Legal & Secretariat Services
- Strategic Development
- Monitoring and Reporting.

WHY WE DO IT

This activity contributes to all Community Outcomes by supporting all of Council's other activities.

HOW WE DO IT

Performance Measures	Level of Achievement	Source of Information
Overall satisfaction ratings of resident surveys: Equal to or above peer average	2007: Achieved 87% Peer Council average 84% 2006: Achieved 87% Peer Council average 84%	NRB Communitrak Survey
Satisfaction ratings in staff survey: Equal to or above peer organisational average	2007: Achieved 68.4% Peer organisational average 66.7% 2006: Achieved 66.7%	Best Places to Work Survey
Staff turnover: Less than 15%	2007: Achieved 12% 2006: Achieved 14%	Monthly Management Reports
Legal and policy requirements: No significant instances of non-compliance	2007: Achieved – No significant non-compliance instances reported 2006: Achieved – No significant non-compliance instances reported	Monthly Compliance Reports
Work-related accidents: Less than six resulting in time off work	2007: Achieved – 5 work related accidents resulted in time off work during the year 2006: Achieved – 3 work related accidents resulted in time off work during the year	Monthly Management Reports

Performance Measures	Level of Achievement	Source of Information
Award received from the NZ Business Excellence Foundation: Achievement Award	2007: New Zealand Business Excellence Achievement (Silver) Award 2006: No application made	
Number of organisation improvements reported by staff: More than 500	2007: Achieved 514 improvements, as reported by staff (target 500, focus on quality) 2006: Achieved 742 improvements, as reported by staff	Monthly Management Reports

MANAGING SERVICES – INCOME STATEMENT

For the year ended 30 June 2007	Actual 30 June 2007 \$000	Plan 30 June 2007 \$000	Actual 30 June 2006 \$000
REVENUE			
User charges	977	788	847
Operating subsidies	46	45	44
Capital contributions	–	–	1,269
Interest income	82	–	101
Profit on sale of assets	–	–	535
Other revenue	21	67	219
Total revenue	1,126	900	3,015
EXPENDITURE			
Employee costs	6,141	6,147	5,228
Operating costs	6,449	5,773	6,176
Interest expense	118	–	(465)
Depreciation	1,109	1,340	1,107
Total expenditure	13,817	13,260	12,046
Deficit before adjustments	(12,691)	(12,360)	(9,031)
Net costs allocated to significant activities	12,420	12,360	11,579
Gain on revaluation of financial instruments	1,442	–	–
Surplus before tax	1,171	–	2,548
Tax expense	–	–	–
SURPLUS AFTER TAX	1,171	–	2,548
CAPITAL EXPENDITURE	2,647	3,149	1,279

SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE LTCCP

There were no significant asset acquisitions or replacements, and no significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.

Five-Year Financial Summary

	Actual 30 June 2007	Budget 30 June 2007	Actual 30 June 2006	Actual 30 June 2005	Actual 30 June 2004	Actual 30 June 2003
Notes	\$000	\$000	\$000	\$000	\$000	\$000
FINANCIAL PERFORMANCE						
Rates revenue	71,710	71,094	68,493	65,825	62,400	60,022
Other revenue (i)	37,762	33,824	37,617	34,443	32,392	30,793
Total revenue	109,472	104,918	106,110	100,268	94,792	90,815
Depreciation	22,587	22,665	20,809	20,198	19,566	19,092
Interest expense	5,568	5,450	4,735	5,227	5,220	5,916
Other expenditure	76,351	74,174	72,185	73,118	68,887	64,350
Total expenditure	104,506	102,289	97,729	98,543	93,673	89,358
Surplus before adjustments	4,966	2,629	8,381	1,725	1,119	1,457
Property plant and equipment adjustments (i)	–	–	–	–	–	1,877
Gain on revaluation of financial instruments	1,442	–	546	–	–	–
Income tax expense	–	–	–	–	–	–
Net surplus after tax	6,408	2,629	8,927	1,725	1,119	3,334
Capital expenditure	36,534	39,297	38,287	22,017	22,901	15,868
FINANCIAL POSITION						
Cash and cash equivalents	7,442	2,269	5,041	5,529	4,960	6,730
Sinking funds	252	134	233	216	201	1,148
Property, plant and equipment	1,027,215	832,136	1,039,969	800,813	801,550	806,868
Other assets	42,581	15,521	19,436	22,309	21,615	11,930
Borrowings	(82,376)	(84,198)	(74,455)	(73,556)	(70,624)	(72,737)
Other liabilities	(28,678)	(21,990)	(30,196)	(23,725)	(26,777)	(22,546)
Equity	966,436	743,872	960,028	731,586	730,925	731,393
FINANCIAL RATIOS						
Net borrowings to total assets	7.2%	9.6%	6.7%	8.4%	8.3%	8.2%
Interest expense to total revenue	5.1%	5.2%	4.5%	5.2%	5.5%	6.5%
Increase in inflation adjusted rates revenue	2.0%	1.1%	0.1%	2.5%	1.5%	5.0%

KEY FINANCIAL RESULTS

The surplus after tax for the year ended 30 June 2007 of \$6.4 million was \$3.8 million above budget. Capital expenditure for the year ended 30 June 2007 of \$36.5 million was \$2.7 million below budget. Funding has been carried over to the next financial year for completion of certain capital projects.

Borrowings increased by \$7.9 million during the financial year.

EXPLANATORY NOTES:

- (i) Capital subsidies received have been reported as part of revenue from 1 July 2003. Previously they were reported with property plant and equipment adjustments. Contributions towards bulk wastewater capital projects received from Upper Hutt City Council have been excluded from capital subsidies received from 1 July 2002.

Statement of Compliance



The Council and management of Hutt City Council hereby confirm that all statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, have been complied with.

A handwritten signature in black ink that reads "David Ogden".

DAVID OGDEN
Mayor
10 August 2007

A handwritten signature in black ink that reads "Tony Stallinger".

TONY STALLINGER
Chief Executive
10 August 2007

A handwritten signature in black ink that reads "Peter Collins".

PETER COLLINS
Acting General Manager Business Services
10 August 2007

Financial Statements

INCOME STATEMENT

For the twelve months ended 30 June 2007	Notes	Actual	Budget	Actual	Actual	Actual
		Council	Council	Group	Council	Group
		30 June 2007	30 June 2007	30 June 2007	30 June 2006	30 June 2006
		\$000	\$000	\$000	\$000	\$000
REVENUE						
Rates revenue	3	71,710	71,094	71,710	68,493	68,493
User charges	3	24,999	23,592	26,162	23,281	24,232
Subsidies received	3	10,090	8,686	10,090	9,898	9,898
Other revenue	3	2,673	1,546	2,661	4,438	4,430
Total revenue		109,472	104,918	110,623	106,110	107,053
EXPENDITURE						
Employee costs		19,477	19,472	19,847	17,732	17,884
Operating costs		56,874	54,704	57,439	54,427	54,899
Finance costs		5,568	5,450	5,618	4,761	4,764
Depreciation		22,587	22,665	22,835	20,809	20,963
Total expenditure	4	104,506	102,291	105,739	97,729	98,510
Surplus before revaluation gains and losses		4,966	2,627	4,884	8,381	8,543
Gain on revaluation of financial instruments		1,442	–	1,442	546	546
Surplus before tax		6,408	2,627	6,326	8,927	9,089
Income tax expense	5	–	–	–	–	–
SURPLUS AFTER TAX		6,408	2,627	6,326	8,927	9,089

EXPLANATION OF THE COUNCIL'S SURPLUS AFTER TAX

Council made a surplus after tax of \$6.408 million compared with a budgeted surplus after tax of \$2.627 million. The operating result was therefore \$3.781 million better than budget. Major budget variations are explained in note 24.

The surplus after tax has been used to repay debt after adjusting for items not having a cash flow nature and items supporting capital expenditure.

STATEMENT OF CHANGES IN EQUITY

For the twelve months ended 30 June 2007	Notes	Actual	Budget	Actual	Actual	Actual
		Council	Council	Group	Council	Group
		30 June 2007	30 June 2007	30 June 2007	30 June 2006	30 June 2006
		\$000	\$000	\$000	\$000	\$000
Surplus after tax		6,408	2,627	6,326	8,927	9,089
Other recognised revenues and expenses (Decrease)/increase in revaluation reserves and other movements	7	–	–	–	220,323	220,323
Total recognised revenue and expenses for the year		6,408	2,627	6,326	229,250	229,412
Equity at beginning of the year		960,028	741,245	960,826	730,778	731,414
EQUITY AT END OF THE YEAR	7	966,436	743,872	967,152	960,028	960,826

The accompanying accounting policies and notes form an integral part of these Financial Statements

BALANCE SHEET

As at 30 June 2007		Actual Council 30 June 2007 Notes \$000	Budget Council 30 June 2007 \$000	Actual Group 30 June 2007 \$000	Actual Council 30 June 2006 \$000	Actual Group 30 June 2006 \$000
EQUITY						
Accumulated funds	7	728,303	733,957	729,019	722,557	723,355
Council created reserves	7	12,934	9,863	12,934	12,275	12,275
Restricted reserves	7	57	52	57	54	54
Asset revaluation reserves	7	225,142	–	225,142	225,142	225,142
TOTAL EQUITY		966,436	743,872	967,152	960,028	960,826
<i>Represented by:</i>						
CURRENT ASSETS						
Cash and cash equivalents	6	7,442	2,269	7,502	5,041	5,078
Trade and other receivables	8	8,070	7,915	7,254	9,319	9,305
Inventories		14	16	16	8	16
Other assets	13	153	134	153	142	142
Assets held for sale		–	3,190	–	–	–
Total current assets		15,679	13,524	14,925	14,510	14,541
NON-CURRENT ASSETS						
Property, plant and equipment	9	1,027,215	832,136	1,046,658	1,039,969	1,042,518
Intangible assets	10	1,447	859	1,474	1,421	1,421
Assets under construction	9	14,830	413	14,853	4,755	5,579
Investment in subsidiaries	11	14,545	2,769	–	2,545	–
Investment in associates	12	224	–	224	224	224
Derivative financial instruments	2	2,714	–	2,714	791	791
Other	13	836	359	836	464	464
Total non-current assets		1,061,811	836,536	1,066,759	1,050,169	1,050,997
TOTAL ASSETS		1,077,490	850,060	1,081,684	1,064,679	1,065,538
CURRENT LIABILITIES						
Bank overdraft (unsecured)		2,583	–	2,583	2,012	2,012
Borrowings	15	47,110	59,198	51,410	49,085	49,085
Trade and other payables		5,761	5,477	5,840	5,831	5,857
Provisions	17	1,412	1,142	1,453	1,271	1,271
Other liabilities	18	14,071	12,133	13,129	16,670	16,705
Total current liabilities		70,937	77,950	74,415	74,869	74,930
NON-CURRENT LIABILITIES						
Borrowings	15	35,266	25,000	35,266	25,370	25,370
Provisions	17	3,341	3,238	3,341	3,383	3,383
Derivative financial instruments	2	1,510	–	1,510	1,029	1,029
Other liabilities	18	–	–	–	–	–
Total non-current liabilities		40,117	28,238	40,117	29,782	29,782
TOTAL LIABILITIES		111,054	106,188	114,532	104,651	104,712
NET ASSETS		966,436	743,872	967,152	960,028	960,826

The accompanying accounting policies and notes form an integral part of these Financial Statements

CASH FLOW STATEMENT

For the twelve months ended 30 June 2007

	Actual Council 30 June 2007 Notes	Budget Council 30 June 2007 \$000	Actual Group 30 June 07 \$000	Actual Council 30 June 2006 \$000	Actual Group 30 June 2006 \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Cash was provided from:</i>					
Rates revenue	71,625	71,094	71,625	68,328	68,328
User charges and other income	38,656	33,534	39,916	36,544	37,541
Interest received	153	90	153	174	175
Net GST received from Inland Revenue	262	–	262	–	–
Regional council rates	12,825	11,100	12,825	12,828	12,828
	123,520	115,818	124,780	117,874	118,872
<i>Cash was applied to:</i>					
Payments to suppliers and employees	(80,707)	(75,174)	(81,885)	(68,331)	(68,947)
Interest paid	(5,587)	(5,450)	(5,577)	(4,598)	(4,588)
Net GST paid to Inland Revenue	–	–	–	(268)	(268)
Regional council rates	(10,971)	(11,100)	(10,971)	(12,819)	(12,819)
	(97,265)	(91,724)	(98,433)	(86,016)	(86,622)
Net cash flows from operating activities	19 26,255	24,094	26,347	31,858	32,250
CASH FLOWS FROM INVESTING ACTIVITIES					
<i>Cash was provided from:</i>					
Sale of property, plant and equipment	16,595	4,760	16,595	2,757	2,757
Other investment receipts	16	–	16	109	232
	16,611	4,760	16,611	2,866	2,989
<i>Cash was applied to:</i>					
Purchase and construction of property, plant and equipment	(36,025)	(39,297)	(52,333)	(35,409)	(35,897)
Purchase of intangible assets	(509)	–	(570)	(562)	(562)
Investment in subsidiary	(12,000)	–	–	–	–
Other payments and investments	(423)	–	(423)	(20)	(20)
	(48,957)	(39,297)	(53,326)	(35,991)	(36,479)
Net cash flows from investing activities	(32,346)	(34,537)	(36,715)	(33,125)	(33,490)
CASH FLOWS FROM FINANCING ACTIVITIES					
<i>Cash was provided from:</i>					
Funds raised from public debt	298,541	212,753	302,841	222,424	222,424
<i>Cash was applied to:</i>					
Repayment of public debt	(290,620)	(204,740)	(290,620)	(221,525)	(221,525)
Net cash flows from financing activities	7,921	8,013	12,221	899	899
Net increase/(decrease) in cash balance	1,830	(2,430)	1,853	(368)	(341)
Cash, cash equivalents and bank overdrafts at the beginning of the year	3,029	4,699	3,066	3,397	3,407
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR	4,859	2,269	4,919	3,029	3,066
<i>Cash balance at end of the year comprises:</i>					
Cash and on call deposits	7,442	2,269	7,502	5,041	5,078
Bank overdraft (unsecured)	(2,583)	–	(2,583)	(2,012)	(2,012)
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR	4,859	2,269	4,919	3,029	3,066

The accompanying accounting policies and notes form an integral part of these Financial Statements

Statement of Accounting Policies



For The Year Ended 30 June 2007

1. Reporting entity

The Hutt City Council (referred to as 'Council') is a territorial local authority governed by the Local Government Act 2002. Council was first formed as Lower Hutt City Council on 1 November 1989 by the amalgamation of five local authorities. The name was changed to The Hutt City Council by a special Act of Parliament on 8 October 1991.

The Group consists of Council, its subsidiaries, Seaview Marina Limited and Hutt Holdings Limited (both 100% owned), Hutt Valley Youth Health Trust (an insubstance subsidiary), the Silverstream Gas Joint Venture (7% owned) and associate Wellington Water Management Limited.

The primary objective of Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, Council has designated itself and the Group as public benefit entities for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of Council are for the year ended 30 June 2007. The financial statements were authorised for issue by Council on 10 August 2007.

BASIS OF PREPARATION

These financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with NZ IFRS and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

This is the first set of financial statements prepared using NZ IFRS. Comparatives for the year ended 30 June 2006 have been restated to NZ IFRS. Reconciliations of equity and net surplus for the year ended 30 June 2006 under NZ IFRS to the balances reported in the 30 June 2006 financial statements are detailed in note 2.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS balance sheet as at 1 July 2005 for the purposes of the transition to NZ IFRS.

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

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of Council is New Zealand dollars. Foreign currency transactions are translated into the 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 income statement.

There are no standards, interpretations, and amendments that have been issued, but are not yet effective, that Council has not yet applied other than NZ IFRS 7, *Financial Instruments Disclosures*. Council has applied NZ IAS 32, *Financial Instruments Presentation*.

SUBSIDIARIES

Council consolidates as subsidiaries in the Group financial statements all entities where Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists where Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by 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.

Council measures the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, in exchange for control of the subsidiary plus any costs directly attributable to the business combination.

Any excess of the cost of the business combination over Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the difference will be recognised immediately in the income statement.

These Group financial statements include Council and its subsidiaries, except for Hutt Valley Youth Health Trust, which has not been consolidated. The effect of not consolidating Hutt Valley Youth Health Trust is immaterial.

All subsidiaries have 30 June balance dates except for Hutt Valley Youth Health Trust, which has a 30 September balance date.

BASIS OF CONSOLIDATION

The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intra-group balances, transactions, income and expenses are eliminated on consolidation.

Council's investments in its subsidiaries are carried at cost in the Council's own "parent entity" financial statements.

ASSOCIATES

Council accounts for an investment in an associate in the group financial statements using the equity method. An associate is an entity over which Council has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise Council's share of the surplus or deficit of the associate after the date of acquisition. Council's share of the surplus or deficit of the associate is recognised in Council's income statement. Distributions received from an associate reduce the carrying amount of the investment.

If Council's share of deficits of an associate equals or exceeds its interest in the associate, Council discontinues recognising its share of further deficits. After Council's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that Council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, Council will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Council's share in the associate's surplus or deficits resulting from unrealised gains on transactions between the Council and its associates is eliminated.

Council's investments in associates are carried at cost in Council's own "parent entity" financial statements.

Council has one associate, Wellington Water Management Limited, which has a balance date of 30 June. Unaudited financial statements of Wellington Water Management Limited have been used in preparing Council's Group financial statements.

JOINT VENTURE

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. For jointly controlled operations Council recognises in its financial statements the assets it controls, the liabilities and expenses it incurs, and the share of income that it earns from the joint venture.

Council has a 7% interest in the Silverstream Gas Joint Venture, which has a balance date of 30 June. Unaudited financial statements of the Silverstream Gas Joint Venture have been used in preparing Council's Group financial statements.

REVENUE

Revenue is measured at the fair value of consideration received.

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 the rates have been set. Rates revenue is recognised when payable.

Water billing revenue is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Traffic and parking infringements are recognised when tickets are issued.

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

Revenue from the rendering of services is recognised 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.

Sales of goods are recognised when a product is sold to the customer. 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.

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

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established.

The revenue recognition point for development and financial contributions is at the later of the point when Council is ready to provide the service for which the contribution was levied, or the event that will give rise to a requirement for a development or financial contribution under the legislation.

CONSTRUCTION CONTRACTS

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to balance date as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the Group's construction activities in general.

An expected loss on construction contracts is recognised immediately as an expense in the income statement.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under other liabilities.

BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred.

GRANT EXPENDITURE

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where 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 Council's decision.

GOODS AND SERVICES TAX (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of 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 and contingencies are disclosed exclusive of GST.

INCOME TAX

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantially enacted by balance date.

Current tax and deferred tax is charged or credited to the statement of financial performance, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

LEASES

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, Council recognises finance leases as assets and liabilities in the balance sheet at the lower of the fair value of the leased item or the present value of the minimum lease payments.

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

Operating leases

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

EQUITY

Equity is the community's interest in Council as measured by total assets less total liabilities. Equity is classified into a number of reserves to enable clearer identification of the specified uses that Council makes of their accumulated surpluses. The components of equity are:

- Accumulated funds
- Council created reserves
- Restricted reserves
- Asset revaluation reserves.

Reserves represent a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

Council created reserves are established by Council. They may be altered without reference to any third party or the courts. Transfers to and from these reserves are at the discretion of Council.

Restricted reserves are subject to specific conditions accepted as binding by Council, which may not be revised by Council without reference to the courts or third party. Transfers from these reserves may be made only for specified purposes or when certain conditions are met.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown in current liabilities in the balance sheet.

SINKING FUNDS

Funds have been set aside to meet future repayments of certain loans. These funds are invested with the Sinking Fund Commissioners of the City of Lower Hutt and the National Provident Fund. Interest earned on sinking funds is recognised as revenue in the income statement.

Sinking Funds are valued at amortised cost in Council's balance sheet. However, if evidence of any impairment loss exists, the carrying value of the investment is reduced to the present value of estimated future cash flows. The amount of any resulting reduction in carrying value is recognised as an expense in the income statement.

TRADE AND OTHER RECEIVABLES

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

Loans, including loans to community organisations made by Council at nil, or below-market 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 the face value and present value of expected future cash flows of the loan is recognised in the income statement as a grant.

A provision for impairment of receivables is established when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of receivables. 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.

INVENTORIES

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost and current replacement cost.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the FIFO method.

The write down from cost to current replacement cost or net realisable value is recognised in the income statement.

FINANCIAL ASSETS

Council classifies its financial assets into the following four categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and financial assets at fair value through equity. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the income statement.

Purchases and sales of investments are recognised on trade-date, the date on which Council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The four categories of financial assets are:

- **Financial assets at fair value through profit or loss**

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 remeasurement are recognised in the income statement.

Financial assets in this category include interest rate swaps and options.

- **Loans and receivables**

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the income statement. Loans and receivables are classified as “trade and other receivables” in the balance sheet.

- **Held to maturity investments**

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that Council has the positive intention and ability to hold to maturity.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the income statement.

Investments in this category include sinking funds.

- **Financial assets at fair value through equity**

Financial assets at fair value through equity are those that are designated as fair value through equity or are not classified in any of the other categories above.

This category encompasses:

- Investments that Council intends to hold long-term but which may be realised before maturity; and
- Shareholdings that Council holds for strategic purposes. Council’s investments in its subsidiary and associate companies are not included in this category as they are held at cost (as allowed by NZ IAS 27 Consolidated and Separate Financial Statements and NZ IAS 28 Investments in Associates) whereas this category is to be measured at fair value.

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

Gains and losses are recognised directly in equity except for impairment losses, which are recognised in the statement of financial performance. In the event of impairment, any cumulative losses previously recognised in equity will be removed from equity and recognised in the statement of financial performance even though the asset has not been derecognised.

On derecognition the cumulative gain or loss previously recognised in equity is recognised in the income statement.

ACCOUNTING FOR DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Council uses derivative financial instruments to hedge exposure to foreign exchange and interest rate risks arising from financing activities. In accordance with its treasury policy, Council does not hold or issue derivative financial instruments for trading purposes.

However, Council’s derivative financial instruments are not designated as hedging instruments for accounting purposes. Accordingly, derivative financial instruments are reported as financial instruments at fair value through profit or loss.

IMPAIRMENT OF FINANCIAL ASSETS

At each balance sheet date Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the income statement.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale 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 costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the income statement. Any increases in fair value (less costs 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. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of:

- **Infrastructure assets.** The fixed utility systems owned by Council and include resource consents. Each asset type includes all items that are required for the network to function. For example, sewerage reticulation includes reticulation piping and sewer pump stations.
- **Operational assets.** These include land, buildings, improvements, library books, plant and equipment, and motor vehicles.
- **Restricted assets.** Parks and reserves owned by Council that cannot be disposed of because of legal or other restrictions and provide a benefit or service to the community.

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

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to 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.

Assets under construction are included at cost. The total cost of a project is transferred to the relevant capital class on its completion and then depreciated. Borrowing costs are not capitalised.

Costs incurred in obtaining any resource consents are capitalised as part of the asset to which they relate. If a resource consent application is declined then all capitalised costs are written off.

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 Council and the cost of the item can be measured reliably.

Costs that do not meet the criteria for capitalisation, or are below the thresholds of \$1,000 for information technology hardware and \$2,500 for other items, are charged to operating expenditure.

Disposal

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 statement of financial performance. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives, except that art, museum collections and land are not depreciated.

The expected useful economic lives have been estimated as follows:

Estimated economic lives	Years
Operational assets	
Buildings	50 – 80
Piers at Seaview Marina	25
Parking meters	15
Office equipment	10
Plant	10
Pay and display	10
Recycling depots	5 – 10
Playground equipment	5 – 10
Computer equipment	3 – 5
Infrastructure assets	
Bridges	75 – 100
Drainage including manholes and drainpipe	50 – 80
Kerbing	80
Footpaths	50
Unsealed pavement (base course and sub base)	50
Street lights	29

Estimated economic lives	Years
Wharves	15
Road surface	20
Traffic signals and signs	16
Reservoirs	80
Storm water pipe network assets	60 – 100
Water pipe network assets	60 – 90
Seaview wastewater treatment plant	20
Milliscreen plant	26
Pump and gauging stations	20 – 50
Sewerage pipe network assets	40 – 80
Gauging and reservoir equipment	15
Pump station control equipment	8 – 10
Resource consents	consent term

Revaluation

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

- Land and buildings have been valued at either optimised depreciated replacement cost or fair value.
- Infrastructure assets have been valued at optimised depreciated replacement cost. The exceptions are:
 - wharves, which are valued at indemnity value, reflecting their minimum residual value
 - traffic signs, which are stated at cost
 - land under roads, which is valued at 45% of the average market value of adjacent land.
- Library literary assets are valued at depreciated replacement cost in accordance with draft guidelines released by the New Zealand Library Association and the National Library of New Zealand.
- Vested assets are recognised within their respective asset classes at fair value. Vested assets are those assets where ownership and control is transferred to the Council from a third party (for example; infrastructure assets constructed by developers and transferred to the Council on completion of a subdivision). Fair value is determined on a basis consistent with the valuation of existing assets within the class. Vested infrastructure assets result in revenue being recognised in the income statement.

All revaluations are carried out by independent valuers who specialise in the asset classes listed above. The exception is library literary assets, which are valued by staff with specialist knowledge in this area.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the income statement. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the income statement will be recognised first in the income statement up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Upper Hutt City Council's interest in the bulk wastewater system

The Hutt Valley and Wainuiomata bulk wastewater system is managed by Council. Upper Hutt City Council pays an annual levy to the Hutt City Council based on an apportionment formula equating to between 26% and 31% of the funding requirements. While Upper Hutt City Council does not have legal ownership of the bulk wastewater system, it is entitled to a share of the proceeds from any sale of the assets.

Upper Hutt City Council's interest in the bulk wastewater system assets is deducted from the value of property, plant and equipment recognised in the Balance Sheet. Funding contributions from Upper Hutt City Council are recognised as revenue in the Income Statement if the contributions are for the operation of the bulk wastewater system. Funding contributions for capital work are recognised as an increase in Upper Hutt City Council's interest in the bulk wastewater system assets.

INTANGIBLE ASSETS

Goodwill

NZ IFRS 3.51 Goodwill is initially measured at its cost, being the excess of the cost of the acquisition over Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill on acquisition of subsidiaries is included in intangible assets by applying the purchase method. Goodwill on acquisition of associates is included in investments in associates by applying the equity method.

Goodwill arising in business combinations is not amortised. Instead, goodwill is tested for impairment annually. After initial recognition, Council measures goodwill at cost less any accumulated impairment losses.

An impairment loss recognised for goodwill will not be reversed in any subsequent period.

Goodwill is allocated to cash generating units for the purposes of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by Council are recognised as an intangible asset.

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 income statement.

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

Computer software 3 – 5 years

INVESTMENT PROPERTY

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 cost, including transaction costs. After initial recognition, Council measures all investment property at fair value as determined annually by an independent valuer. Gains or losses arising from a change in the fair value of investment property are recognised in the income statement.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in 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.

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

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

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

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in income statement, a reversal of the impairment loss is also recognised in the income statement. For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the income statement.

EMPLOYEE ENTITLEMENTS

Short-term benefits

Employee benefits that Council expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

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

Council recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term benefits

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- the present value of the estimated future cash flows. A discount rate of 7.0%, and an inflation factor of 4.0% were used. The discount rate is based on Council's long-term cost of funds. The inflation factor is based on the expected long-term increase in remuneration for employees.

SUPERANNUATION SCHEMES

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the income statement as incurred.

Defined benefit schemes

Council belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

PROVISIONS

Council recognises a provision 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 not recognised for future operating losses.

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. The increase in the provision due to the passage of time is recognised as an interest expense.

Financial guarantee contracts

A financial guarantee contract is a contract that requires Council to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received a provision is recognised based on the probability Council will be required to reimburse a holder for a loss incurred, discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation. However if Council assesses that it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

Landfill post closure costs

As operator of the Silverstream and Wainuiomata landfill sites, Council has an obligation to ensure the ongoing maintenance and monitoring services at these landfill sites after closure. Council also has an obligation to monitor closed landfill sites previously operated by local authorities subsequently amalgamated to form the Hutt City Council.

A site restoration and aftercare provision has been recognised as a liability in the Balance Sheet. Provision is made for the present value of closure and post closure costs when the obligation for post closure arises. The calculated cost is based on estimates of closure costs and future site trade waste charges and monitoring costs. The estimated length of time needed for post closure care is Silverstream 30 years, and Wainuiomata 28 years.

The calculations assume no change in the legislative requirements or technological changes for closure and post closure treatment. The discount rate used is a pre tax rate that reflects current market assessments of the time value of money and the risks specific to Council.

Amounts provided for closure and post closure costs are capitalised to the landfill asset where they give rise to future economic benefits, or if they are incurred to enable future economic benefits to be obtained. The capitalised landfill asset is depreciated over the life of the landfill based on the capacity used.

BORROWING

Borrowing is recognised in the balance sheet on a fair value basis. Valuation gains and losses are recognised in the income statement.

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 Community Planning process. The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by Council for the preparation of these financial statements.

OPERATING STATEMENTS INCLUDED IN THE STATEMENT OF SERVICE PERFORMANCE

The operating statements report the net cost of services for significant activities of Council. Council has derived the net cost of services for each significant activity using the cost allocation system outlined below.

- Direct costs are charged directly to significant activities. Indirect costs are charged to the significant activities based on cost drivers and related activity or usage information.
- Each significant activity has been charged an internal interest cost. The net interest cost incurred by Council is allocated to each significant activity based on the net book value of property, plant and equipment used by the activity.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements 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 that are not visible, for example storm water, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- estimating any obsolescence or surplus capacity of an asset; and

- estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the income statement. To minimise this risk Council's 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 Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

CRITICAL JUDGEMENTS IN APPLYING COUNCIL'S ACCOUNTING POLICIES

Management has not been required to exercise any critical judgements in applying the Council's accounting policies for the period ended 30 June 2007.

EXPLANATION OF TRANSITION TO NZ IFRS

Transition to NZ IFRS

Hutt City Council's financial statements for the year ended 30 June 2007 are the first financial statements that comply with NZ IFRS. Hutt City Council has applied NZ IFRS 1 in preparing these financial statements.

Hutt City Council's transition date is 1 July 2005. Hutt City Council prepared its opening NZ IFRS balance sheet at that date. The reporting date of these financial statements is 30 June 2007. The Hutt City Council NZ IFRS adoption date is 1 July 2006.

In preparing these consolidated financial statements in accordance with NZ IFRS 1, Hutt City Council has applied the mandatory exceptions and certain optional exemptions from full retrospective application of NZ IFRS.

Exemptions from full retrospective application elected by Hutt City Council

Hutt City Council has elected to apply the following optional exemptions from full retrospective application:

A Business combinations exemption

Hutt City Council has applied the business combinations exemption in NZ IFRS 1. It has not restated business combinations that took place prior to 1 July 2005 transition date.

B Fair value as deemed cost exemption

Hutt City Council has elected to measure land under roads, infrastructure assets, land and buildings at fair value as at 1 July 2006 and use that fair value as the deemed cost at that date.

C Designation of financial assets and financial liabilities exemption

Hutt City Council designated various securities as financial assets at fair value through equity at the date of transition to NZ IFRS.

Hutt City Council is required to make the following mandatory exception from retrospective application

A Estimates exception

Estimates under NZ IFRS at 1 July 2005 are consistent with estimates made for the same date under previous NZ GAAP.

Notes to the Financial Statements



2. EXPLANATION OF TRANSITION TO NZ IFRS

Reconciliation of equity – Council

		Previous NZ GAAP 1 July 2005 \$000	Effect on transition to NZ IFRS 1 July 2005 \$000	NZ IFRS 1 July 2005 \$000	Previous NZ GAAP 1 July 2006 \$000	Effect on transition to NZ IFRS 1 July 2006 \$000	NZ IFRS 1 July 2006 \$000
Assets							
Current assets							
Cash and cash equivalents		5,529	–	5,529	5,041	–	5,041
Sinking funds		132	–	132	142	–	142
Trade and other receivables		8,599	–	8,599	9,319	–	9,319
Inventories		16	–	16	8	–	8
Properties Intended for resale	a	3,518	–	3,518	2,679	(2,679)	–
Total current assets		17,794	–	17,794	17,189	(2,679)	14,510
Non current assets							
Property, plant and equipment	b, c	800,813	(859)	799,954	802,004	237,965	1,039,969
Assets under construction	b	7,048	–	7,048	21,694	(16,939)	4,755
Interest rate swaps and options	d	–	824	824	–	791	791
Intangible assets	e	–	859	859	–	1,421	1,421
Investment in subsidiaries		2,545	–	2,545	2,545	–	2,545
Investment in associates		224	–	224	224	–	224
Sinking funds		84	–	84	91	–	91
Other assets		359	–	359	373	–	373
Total non current assets		811,073	824	811,897	826,931	223,238	1,050,169
Total Assets		828,867	824	829,691	844,120	220,559	1,064,679
Liabilities							
Current liabilities							
Bank overdraft (unsecured)		2,132	–	2,132	2,012	–	2,012
Borrowings		48,153	–	48,153	49,085	–	49,085
Trade and other payables		5,477	–	5,477	5,831	–	5,831
Employee benefits	f	1,142	24	1,166	1,247	24	1,271
Deposits held		337	–	337	408	–	408
Other liabilities		11,399	–	11,399	16,262	–	16,262
Total current liabilities		68,640	24	68,664	74,845	24	74,869
Non-current liabilities							
Borrowings		25,403	–	25,403	25,370	–	25,370
Derivative financial instruments	d	–	1,608	1,608	–	1,029	1,029
Employee benefits		522	–	522	570	–	570
Other liabilities		2,716	–	2,716	2,813	–	2,813
Total non current liabilities		28,641	1,608	30,249	28,753	1,029	29,782
Total Liabilities		97,281	1,632	98,913	103,598	1,053	104,651
Net Assets		731,586	(808)	730,778	740,522	219,506	960,028
Equity							
Accumulated funds	a,b,c,d,e,f	402,540	316,943	719,483	410,187	312,370	722,557
Council created reserves		11,243	–	11,243	12,275	–	12,275
Restricted reserves		52	–	52	54	–	54
Asset revaluation reserves	b,c	317,751	(317,751)	–	318,006	(92,864)	225,142
Total equity attributable to Hutt City Council		731,586	(808)	730,778	740,522	219,506	960,028

Reconciliation of equity – Group						
		Effect on		Effect on		
	Previous	transition to	NZ IFRS	Previous	transition to	NZ IFRS
	NZ GAAP	NZ IFRS	NZ IFRS	NZ GAAP	NZ IFRS	NZ IFRS
	1 July 2005	1 July 2005	1 July 2005	1 July 2006	1 July 2006	1 July 2006
	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	5,539	–	5,539	5,078	–	5,078
Sinking funds	132	–	132	142	–	142
Trade and other receivables	8,723	–	8,723	9,305	–	9,305
Inventories	23	–	23	16	–	16
Properties Intended for resale	a 3,518	–	3,518	2,679	(2,679)	–
Total current assets	17,935	–	17,935	17,220	(2,679)	14,541
NON CURRENT ASSETS						
Property, plant and equipment	b,c 803,807	(859)	802,948	805,376	237,965	1,043,341
Assets under construction	b 7,093	–	7,093	21,695	(16,939)	4,756
Interest rate swaps and options	d –	824	824	–	791	791
Intangible assets	e –	859	859	–	1,421	1,421
Investment in subsidiaries	–	–	–	–	–	–
Investment in associates	224	–	224	224	–	224
Sinking funds	84	–	84	91	–	91
Other assets	359	–	359	373	–	373
Total non current assets	811,567	824	812,391	827,759	223,238	1,050,997
TOTAL ASSETS	829,502	824	830,326	844,979	220,559	1,065,538
LIABILITIES						
CURRENT LIABILITIES						
Bank overdraft (unsecured)	2,132	–	2,132	2,012	–	2,012
Borrowings	48,153	–	48,153	49,085	–	49,085
Trade and other payables	5,493	–	5,493	5,857	–	5,857
Employee benefits	f 1,142	24	1,166	1,247	24	1,271
Deposits held	337	–	337	408	–	408
Other liabilities	11,382	–	11,382	16,297	–	16,297
Total current liabilities	68,639	24	68,663	74,906	24	74,930
NON-CURRENT LIABILITIES						
Borrowings	25,403	–	25,403	25,370	–	25,370
Derivative financial instruments	d –	1,608	1,608	–	1,029	1,029
Employee benefits	522	–	522	570	–	570
Other liabilities	2,716	–	2,716	2,813	–	2,813
Total non current liabilities	28,641	1,608	30,249	28,753	1,029	29,782
TOTAL LIABILITIES	97,280	1,632	98,912	103,659	1,053	104,712
NET ASSETS	732,222	(808)	731,414	741,320	219,506	960,826
EQUITY						
Accumulated funds	a,b,c,d,e,f 403,176	316,943	720,119	410,985	312,370	723,355
Council created reserves	11,243	–	11,243	12,275	–	12,275
Restricted reserves	52	–	52	54	–	54
Asset revaluation reserves	b 317,751	(317,751)	–	318,006	(92,864)	225,142
Total equity attributable to Hutt City Council	732,222	(808)	731,414	741,320	219,506	960,826

EXPLANATORY NOTES – RECONCILIATION OF EQUITY

a. Properties held for resale

Properties previously classified as intended for resale no longer meet the definition of property intended for resale under NZ IFRS, Book value of \$2,679,000 has been transferred back to Property Plant and Equipment.

b. Deemed cost/Property Plant and Equipment

Hutt City Council has applied the deemed cost exemption that is available under NZ IFRS, for Infrastructure assets, land under roads, land, buildings and library books. This exemption allows Hutt City Council to measure an item of property, plant and equipment at its fair value as its deemed cost on transition to NZ IFRS. The effect of this change is to transfer revaluation reserves attributed to Infrastructure assets, land, buildings, land under roads and library books of \$317,751,000 to retained earnings as at 30 June 2005.

Infrastructure assets, land, buildings, land under roads and library books were revalued at 30 June 2006. This was not previously recognised in the financial statements to 30 June 2006. The reduction in revaluation reserve balance at 30 June 2006 of \$92,041,000 consists of the 2005 deemed cost adjustment of \$317,751,000, asset revaluation reserve movements for 2006 of \$255,000 and revaluation of Infrastructure assets, land, buildings, land under roads and library books movement of \$225,965,000.

c. Correction of prior period error

Hutt City Council was issued with a qualified audit opinion for the financial statements for the year ended 30 June 2006. The qualification related to possible understatement of asset values due to the Council not revaluing fixed assets to take account of rising replacement costs. To rectify this Council revalued its fixed assets at 30 June 2006. The effect of this was to increase asset values by \$225,142,000.

d. Financial derivatives

Financial derivatives were not recognised in the Balance Sheet under previous GAAP. NZ IFRS requires financial derivatives to be recognised in the Balance Sheet at their fair value.

e. Intangible assets

Computer software was classified as part of property plant and equipment under previous NZ GAAP. The net book value of computer software reclassified as an intangible asset on transition to NZ IFRS is \$859,000 and at 30 June 2006, \$1,421,000.

f. Sick leave

Sick leave was not recognised as a liability under previous NZ GAAP. NZ IAS 19 requires Hutt City Council to recognise employees unused sick leave entitlement that can be carried forward at balance date, to the extent that Hutt City Council anticipates it will be used by staff to cover future absences.

Reconciliation of surplus for the year ended 30 June 2006						
	Council			Group		
	Previous NZ GAAP 1 July 2006 \$000	Effect on transition to NZ IFRS 1 July 2006 \$000	NZ IFRS 1 July 2006 \$000	Previous NZ GAAP 1 July 2006 \$000	Effect on transition to NZ IFRS 1 July 2006 \$000	NZ IFRS 1 July 2006 \$000
INCOME						
Rates Revenue	68,493	–	68,493	68,493	–	68,493
Revenue from activities	33,179	–	33,179	34,130	–	34,130
Other revenue	4,438	–	4,438	4,430	–	4,430
Total income	106,110	–	106,110	107,053	–	107,053
Operating expenditure	97,729	(546)	97,183	98,510	(546)	97,964
Operating surplus before tax	8,381	(546)	8,927	8,543	(546)	9,089
Income tax expense	–	–	–	–	–	–
Surplus after tax	8,381	(546)	8,927	8,543	(546)	9,089

a. Financial derivatives

Movements in financial derivatives were not recognised in the Income Statement under previous GAAP. NZ IFRS requires financial derivatives to be recognised in the Balance Sheet at their fair value.

3. REVENUE

	Actual Council Year Ended 30 June 2007 \$000	Budget Council Year Ended 30 June 2007 \$000	Actual Group Year Ended 30 June 2007 \$000	Actual Council Year Ended 30 June 2006 \$000	Actual Group Year Ended 30 June 2006 \$000
RATES REVENUE					
General rates	48,692	48,274	48,692	46,510	46,510
Targeted rate – water supply	9,611	9,528	9,611	9,177	9,177
Targeted rate – wastewater	12,302	12,196	12,302	11,751	11,751
Uniform annual general charge	1,105	1,096	1,105	1,055	1,055
Total rates	71,710	71,094	71,710	68,493	68,493
USER CHARGES					
User charges	18,404	18,166	19,567	17,324	18,275
Regulatory revenue	4,654	3,657	4,654	4,077	4,077
Penalties	1,941	1,769	1,941	1,880	1,880
Total user charges	24,999	23,592	26,162	23,281	24,232
SUBSIDIES RECEIVED					
Operating subsidies	133	135	133	91	91
LTNZ	6,879	5,945	6,879	5,882	5,882
Upper Hutt City Council	2,015	1,998	2,015	1,844	1,844
Other government	92	328	92	(215)	(215)
Capital subsidies	971	280	971	2,296	2,296
Total subsidies received	10,090	8,686	10,090	9,898	9,898
OTHER REVENUE					
Interest revenue	172	90	160	191	183
Profit on sale of property, plant and equipment	–	–	–	1,901	1,901
Dividends	29	–	29	–	–
Vested assets	982	–	982	602	602
Miscellaneous revenue	1,490	1,456	1,490	1,744	1,744
Total other revenue	2,673	1,546	2,661	4,438	4,430
TOTAL REVENUE	109,472	104,918	110,623	106,110	107,053

Rates revenue is reported in these financial statements on a net basis after deducting rates remitted under Council's rate remission policies totalling \$1,153,000 (2006: \$536,000) Council's policy (set out in the LTCCP) enables consideration of rates remissions in a number of circumstances including where the ratepayer is a sporting or community organisation, a church, school, kindergarten, or play centre, or a hospital provided the property is used for community benefit and not for profit. Rates remissions can also be considered for economic development reasons or where privately owned land is protected for conservation purposes.

4. EXPENDITURE

	Actual Council Year Ended 30 June 2007 \$000	Budget Council Year Ended 30 June 2007 \$000	Actual Group Year Ended 30 June 2007 \$000	Actual Council Year Ended 30 June 2006 \$000	Actual Group Year Ended 30 June 2006 \$000
Auditors' fees					
– for auditing the financial statements	132	115	123	135	145
– for auditing the Community Plan	21	40	21	59	59
– for auditing NZ IFRS transition	22	–	22	–	–
Bad debt expense	16	60	28	2	2
Depreciation	22,587	22,665	22,835	20,809	20,963
Directors' fees	–	–	62	–	30
Employee costs					
– Salary and wages	18,230	19,472	18,701	16,945	17,097
– Redundancy	103	–	103	107	107
Entertainment	97	79	97	81	81
Grants and donations	26	24	26	21	21
Insurance expenses	1,022	1,008	1,072	942	981
Interest expense	5,568	5,450	5,618	4,735	4,735
Landfill aftercare provision discount unwinding	(36)	–	(36)	169	169
Movement in provision for doubtful debts	–	–	–	(67)	(67)
Remuneration to councillors	634	636	637	634	634
Loss on sale of property, plant and equipment	143	–	143	–	–
Rent and lease expenses	774	666	785	686	686
Subscriptions	69	56	69	67	67
Other expenses	55,084	52,020	55,419	52,573	52,969
TOTAL EXPENDITURE	104,506	102,291	105,739	97,729	98,510

5. TAXATION

	Actual Council 30 June 2007 \$000	Actual Group 30 June 2007 \$000	Actual Council 30 June 2006 \$000	Actual Group 30 June 2006 \$000
Net surplus/(deficit) before tax	6,408	6,326	8,927	9,086
Prima facie tax @ 33%	2,115	2,088	2,946	2,998
Non taxable income	(2,064)	(2,064)	(2,944)	(2,947)
Losses not recognised	(51)	(24)	(2)	(51)
Temporary differences not recognised/(previously recognised)	–	–	–	–
Prior period adjustments	–	–	–	–
INCOME TAX EXPENSE	–	–	–	–
<i>Tax expense comprises:</i>				
Current taxation	–	–	–	–
Deferred taxation	–	–	–	–
INCOME TAX EXPENSE	–	–	–	–
DEFERRED TAX LIABILITY				

5. TAXATION

	Actual Council 30 June 2007 \$000	Actual Group 30 June 2007 \$000	Actual Council 30 June 2006 \$000	Actual Group 30 June 2006 \$000
Balance at beginning of the year	–	–	–	–
Movements during the year	–	–	–	–
BALANCE AT END OF THE YEAR	–	–	–	–
IMPUTATION CREDIT ACCOUNT				
Balance at beginning of the year	–	–	–	–
Income tax refund	–	–	–	–
Interest withholding tax paid	–	–	–	–
Other movements during the year	–	–	–	–
BALANCE AT END OF THE YEAR	–	–	–	–

Unrecognised deferred tax assets

	Actual Council 30 June 2007 \$000	Actual Group 30 June 2007 \$000	Actual Council 30 June 2006 \$000	Actual Group 30 June 2006 \$000
Deferred tax assets have not been recognised in respect of the following items:				
Doubtful debts provision	–	9	–	9
Tax losses	3,078	21,237	3,027	21,106

6. CASH AND CASH EQUIVALENTS

	Actual Council 30 June 2007 \$000	Actual Group 30 June 2007 \$000	Actual Council 30 June 2006 \$000	Actual Group 30 June 2006 \$000
Cash at bank and in hand	(341)	(281)	(621)	(584)
Short term deposits maturing three months or less from date of acquisition	5,200	5,200	3,650	3,650
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR	4,859	4,919	3,029	3,066

7. EQUITY

	Actual Council 30 June 2007 \$000	Actual Group 30 June 2007 \$000	Actual Council 30 June 2006 \$000	Actual Group 30 June 2006 \$000
ACCUMULATED FUNDS				
Balance at beginning of the year	722,557	723,355	719,483	720,119
Net surplus/(deficit) after tax	6,408	6,326	8,927	9,089
Interest allocated to reserves	(833)	(833)	(749)	(749)
Other movements	–	–	(4,819)	(4,819)
Net transfers from reserves	171	171	(285)	(285)
BALANCE AT END OF THE YEAR	728,303	729,019	722,557	723,355
COUNCIL CREATED RESERVES				
Balance at beginning of the year	12,275	12,275	11,243	11,243
Transfers to accumulated funds	(884)	(884)	(976)	(976)
Transfers from accumulated funds	712	712	1,261	1,261
Interest earned	831	831	747	747
BALANCE AT END OF THE YEAR	12,934	12,934	12,275	12,275
RESTRICTED RESERVES				
Balance at beginning of the year	54	54	52	52
Transfers to accumulated funds	–	–	–	–
Transfers in	1	1	–	–
Interest earned	2	2	2	2
	57	57	54	54
ASSET REVALUATION RESERVES				
Balance at beginning of the year	225,142	225,142	–	–
Changes in asset value	–	–	225,142	225,142
Valuation gains taken to equity	–	–	–	–
BALANCE AT END OF THE YEAR	225,142	225,142	225,142	225,142
Asset revaluation reserves consist of:				
Operational Assets				
Library books	706	706	706	706
Buildings	6,252	6,252	6,252	6,252
Land	13,283	13,283	13,283	13,283
Infrastructure Assets				
Land	60,074	60,074	60,074	60,074
Wastewater	45,134	45,134	45,134	45,134
Stormwater	39,859	39,859	39,859	39,859
Water	19,489	19,489	19,489	19,489
Road	9,040	9,040	9,040	9,040
Restricted Assets				
Land	31,305	31,305	31,305	31,305
Total	225,142	225,142	225,142	225,142
TOTAL EQUITY				
Balance at beginning of the year	960,028	961,649	730,778	731,414
Movements during the year	6,408	6,326	229,250	229,412
BALANCE AT END OF THE YEAR	966,436	967,975	960,028	960,826

8. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	Actual Council 30 June 2007 \$000	Actual Group 30 June 2007 \$000	Actual Council 30 June 2006 \$000	Actual Group 30 June 2006 \$000
Trade receivables	1,047	893	1,656	1,753
Rates receivable	1,922	1,698	1,826	1,826
Due from subsidiary Company	(144)	–	98	–
Prepayments	761	761	367	369
Sundry debtors	3,992	3,902	4,797	4,797
GST receivable	1,009	–	1,132	1,132
Provision for doubtful debts	(517)	–	(557)	(572)
TOTAL ACCOUNTS RECEIVABLE AND PREPAYMENTS	8,070	7,254	9,319	9,305

9. FIXED ASSETS: PROPERTY, PLANT AND EQUIPMENT

	Operational Assets \$000	Infra- structure Assets \$000	Restricted Assets \$000	Joint Venture Assets \$000	Capital Work In Progress \$000	Total Parent \$000	Total Group \$000
1 July 2006							
Cost or valuation	132,437	833,376	85,523	152	4,755	1,056,243	1,060,019
Accumulated depreciation	(9,660)	(1,837)	–	(22)	–	(11,519)	(11,922)
Carrying amount	122,777	831,539	85,523	130	4,755	1,044,724	1,048,097
Twelve months ended 30 June 2007							
Carrying amount at 1 July 2006	122,777	831,539	85,523	130	4,755	1,044,724	1,048,097
Additions	–	–	–	–	36,950	36,950	53,291
Transfers from capital work in progress	7,339	19,536	–	–	(26,875)	–	–
– Less UHCC interest in bulk wastewater assets	–	(416)	–	–	–	(416)	(416)
Disposals and assets held for resale	(16,400)	(157)	(69)	–	–	(16,626)	(16,626)
Assets held for resale	–	–	–	–	–	–	–
Revaluations	–	–	–	–	–	–	–
– Less UHCC interest in bulk wastewater assets	–	–	–	–	–	–	–
Depreciation	(5,465)	(18,322)	–	(19)	–	(23,806)	(24,054)
– Less UHCC interest in bulk wastewater assets	–	1,219	–	–	–	1,219	1,219
Carrying amount 30 June 2007	108,251	833,399	85,454	111	14,830	1,042,045	1,061,511
Cost or valuation	120,976	852,251	85,454	130	14,830	1,073,641	1,093,757
Accumulated depreciation	(12,725)	(18,852)	–	(19)	–	(31,596)	(32,246)
Carrying amount	108,251	833,399	85,454	111	14,830	1,042,045	1,061,511

9. FIXED ASSETS: PROPERTY, PLANT AND EQUIPMENT

	Operational Assets \$000	Infra- structure Assets \$000	Restricted Assets \$000	Joint Venture Assets \$000	Capital Work In Progress \$000	Total Parent \$000	Total Group \$000
1 July 2005							
Cost or valuation	117,772	696,560	54,063	343	7,048	875,786	879,073
Accumulated depreciation	(19,058)	(45,987)	(11)	(210)	–	(65,266)	(65,514)
Carrying amount	98,714	650,573	54,052	133	7,048	810,520	813,559
Year ended 30 June 2006							
Carrying amount at 1 July 2005	98,714	650,573	54,052	133	7,048	810,520	813,559
Additions	3,268	18,866	239	15	15,947	38,335	38,823
Transfers from capital work in progress	1,000	301	–	–	(1,301)	–	–
– Less UHCC interest in bulk wastewater assets	–	(2,318)	–	–	–	(2,318)	(2,318)
Disposals	(1,259)	(1)	(67)	–	–	(1,327)	(1,327)
Revaluations	26,325	185,006	31,305	–	(16,939)	225,697	225,697
Revaluations	–	(5,374)	–	–	–	(5,374)	(5,374)
– Less UHCC interest in bulk wastewater assets	–	(5,374)	–	–	–	(5,374)	(5,374)
Impairment losses	–	–	–	–	–	–	–
Depreciation	(5,271)	(16,692)	(6)	(18)	–	(21,987)	(22,141)
– Less UHCC interest in bulk wastewater assets	–	1,178	–	–	–	1,178	1,178
Carrying amount 30 June 2006	122,777	831,539	85,523	130	4,755	1,044,724	1,048,097
Cost or valuation	132,437	833,376	85,523	152	4,755	1,056,243	1,060,019
Accumulated depreciation	(9,660)	(1,837)	–	(22)	–	(11,519)	(11,922)
Carrying amount	122,777	831,539	85,523	130	4,755	1,044,724	1,048,097

VALUATION

Property, plant and equipment have been valued in accordance with the accounting policies set out on page 95. The valuations included in the above figures are as follows:

- Land and buildings were valued by Quotable Value New Zealand as at 30 June 2006. The valuer was Kerry Stewart Val Prof Urb MBA. PG Dip Env Auditing, Registered Valuer, ANZIV, SPINZ. Infrastructure assets were valued by Maunsell Limited as at 30 June 2006, with the following exceptions:
 - Wharves were valued by Ian Macallan & Co Limited as at 30 June 1990
 - Infrastructure land under roads were valued by Quotable Value New Zealand as at 30 June 2006. The valuer was Kerry Stewart Val Prof Urb MBA Env Auditing, Registered Valuer ANZIV SPINZ
- The Maunsell Limited valuer was Graeme Hughson BE (Civil) DipMgmt CPEng MIPENZ.
- Library literary assets were valued by library staff who are specialised in this area as at 30 June 2006.
- Wainuiomata and Silverstream landfills were valued by Quotable Value New Zealand as at 30 June 2006. The valuer was Kerry Stewart Val Prof Urb MBA Env Auditing, Registered Valuer ANZIV, SPINZ.

10. INTANGIBLE ASSETS

	Actual Council 30 June 2007 Software \$000	Actual Group 30 June 2007 Software \$000
Balance at 1 July 2006		
Cost	4,102	4,102
Accumulated amortisation and impairment	(2,681)	(2,681)
Opening carrying amount	1,421	1,421
Year ended 30 June 2007		
Additions	509	570
Amortisation charge	(483)	(517)
Disposals – cost	(818)	(818)
Disposals – accumulated depreciation	818	818
Balance at 30 June 2007		
Cost	3,793	3,854
Accumulated amortisation and impairment	(2,346)	(2,380)
Closing carrying amount	1,447	1,474

	Actual Council 30 June 2007 Software \$000	Actual Group 30 June 2007 Software \$000
Balance at 1 July 2005		
Cost	3,121	3,121
Accumulated amortisation and impairment	(2,233)	(2,233)
Opening carrying amount	888	888
Year ended 30 June 2006		
Additions	985	985
Amortisation charge	(452)	(452)
Disposals – cost	(4)	(4)
Disposals – accumulated depreciation	4	4
Balance at 30 June 2006		
Cost	4,102	4,106
Accumulated amortisation and impairment	(2,681)	(2,685)
Closing carrying amount	1,421	1,421

11. INVESTMENT IN SUBSIDIARIES

	Actual Council 30 June 2007 \$000	Actual Group 30 June 2007 \$000	Actual Council 30 June 2006 \$000	Actual Group 30 June 2006 \$000
SEAVIEW MARINA LIMITED				
Balance at beginning of the year	2,495	–	2,495	–
New Shares issued	–	–	–	–
BALANCE AT END OF THE YEAR	2,495	–	2,495	–
HUTT HOLDINGS LIMITED				
Balance at beginning of the year	50	–	50	–
Current year revaluation	–	–	–	–
Capital contribution	12,000	–	–	–
BALANCE AT END OF THE YEAR	12,050	–	50	–

Hutt Holdings Limited and Seaview Marina Limited are 100% owned subsidiaries.

12. INVESTMENT IN ASSOCIATES

	Actual Council 30 June 2007 \$000	Actual Group 30 June 2007 \$000	Actual Council 30 June 2006 \$000	Actual Group 30 June 2006 \$000
WELLINGTON WATER MANAGEMENT LIMITED				
Balance at beginning of the year	224	224	224	224
New Shares Issued	–	–	–	–
Share of operating surplus / (deficit)	–	–	–	–
BALANCE AT END OF THE YEAR	224	224	224	224

Wellington Water Management Limited was set up in 2004 to manage Hutt City Council and Wellington City Council water assets. Wellington Water Management Limited endeavours to break even, with all costs being funded by the two councils.

Ownership is shared by the two councils in the following proportions:

	Shares on issue	Hutt City	Wellington City
Class A shares (voting entitlements)	300	150	150
Class B shares (financial entitlements)	300	112	188

13. OTHER ASSETS

	Actual Council 30 June 2007 \$000	Actual Group 30 June 2007 \$000	Actual Council 30 June 2006 \$000	Actual Group 30 June 2006 \$000
OTHER ASSETS – CURRENT PORTION				
Sinking funds	153	153	142	142
Total other assets – current portion	153	153	142	142
OTHER ASSETS – NON-CURRENT PORTION				
NZ Local Government Insurance Company	234	234	234	234
Sinking funds	99	99	91	91
Community loans	157	157	173	173
Smartlinx 3 Limited	375	375	75	75
Other assets	265	265	145	145
Provision for community loans and other assets	(294)	(294)	(254)	(254)
Total other assets – non-current portion	836	836	464	464
TOTAL OTHER ASSETS	989	989	606	606

14. JOINT VENTURE

Council has a 7% participating interest in the Silverstream Gas Joint Venture. The principal activity of the joint venture is converting gas to electricity.

SHARE OF ASSETS EMPLOYED

The joint venture's unaudited results for the year ended 30 June 2007 are included in these Financial Statements under the classifications shown below:

	Actual Council 30 June 2007 \$000	Actual Group 30 June 2007 \$000	Actual Council 30 June 2006 \$000	Actual Group 30 June 2006 \$000
Share of revenue	55	55	91	91
Share of expenses	(81)	(81)	(70)	(70)
SHARE OF NET DEFICIT	(26)	(26)	21	21
Property, plant and equipment	111	111	130	130
Accounts receivable	72	72	75	75
Accounts payable	(6)	(6)	(2)	(2)
TOTAL SHARE OF ASSETS EMPLOYED	177	177	203	203

There were no capital commitments, contingent assets or contingent liabilities owing at balance date (2006: \$nil)

15. BORROWINGS

These are loans raised by Council for its various activities and projects. The details are:

	Actual Council 30 June 2007 \$000	Actual Group 30 June 2007 \$000	Actual Council 30 June 2006 \$000	Actual Group 30 June 2006 \$000
Current portion	47,110	51,410	49,085	49,085
Non-current portion	35,266	35,266	25,370	25,370
TOTAL BORROWING	82,376	86,676	74,455	74,455

TERM LIABILITY MATURITY PROFILE

	Actual Interest cost 30 June 2007 \$000	Actual Council 30 June 2007 \$000	Actual Group 30 June 2007 \$000	Actual Group 30 June 2006 \$000	Actual Group 30 June 2006 \$000
Years of Repayment					
2006/2007	—	—	—	49,085	49,085
2007/2008	4,015	47,110	—	70	70
2008/2009	—	13	—	18	18
2009/2010	833	15,003	—	15,005	15,005
2010/2011	2	51	—	55	55
2011 onwards	718	20,199	—	10,222	10,222
TOTAL TERM LIABILITIES	5,568	82,376	0	74,455	74,455

SECURITY

A debenture trust deed has been established and Perpetual Trust Limited appointed as Trustee. All borrowing is secured by a charge over all rating in favour of the Trustee.

16. CREDIT FACILITIES

Council has an undrawn \$25 million wholesale advance facility with WestpacTrust and an undrawn \$25 million wholesale facility with ANZ Banking Group. The Facilities are secured under the Debenture Trust Deed described in note 15.

17. PROVISIONS

	Actual Council 30 June 2007 \$000	Actual Group 30 June 2007 \$000	Actual Council 30 June 2006 \$000	Actual Group 30 June 2006 \$000
Time in lieu	14	14	10	10
Annual leave	1,356	1,397	1,237	1,237
Sick Leave	42	42	24	24
Long service leave	39	39	32	32
Retirement gratuities	599	599	538	538
Total employee entitlements	2,050	2,091	1,841	1,841
Provision for landfill aftercare**	2,703	2,703	2,813	2,813
Other provisions	–	–	–	–
TOTAL PROVISIONS	4,753	4,794	4,654	4,654
<i>Disclosed as follows:</i>				
<i>Current</i>				
Time in lieu	14	14	10	10
Annual leave	1,356	1,397	1,237	1,237
Sick leave	42	42	24	24
	1,412	1,453	1,271	1,271
<i>Non-current</i>				
Landfill aftercare	2,703	2,703	2,813	2,813
Long service leave	39	39	32	32
Retirement gratuities	599	599	538	538
	3,341	3,341	3,383	3,383
TOTAL PROVISIONS	4,753	4,794	4,654	4,654

MOVEMENTS IN PROVISIONS

	Landfill Aftercare 30 June 2007 \$000	Landfill Aftercare 30 June 2006 \$000
Balance at beginning of the year	2,813	2,716
Provisions written back during the year	(36)	169
Amounts charged to provision during the period	(74)	(72)
BALANCE AT END OF THE PERIOD	2,703	2,813

** PROVISION FOR LANDFILL AFTERCARE

Council has financial commitments for the costs associated with its future obligations for final closure and post-closure obligations with respect to landfills it owns. Estimates for final closure and post closure costs are developed using input from Council's engineers and accountants and are reviewed by management, typically at least once a year.

Closure responsibilities include final cover and application of vegetation, completing facilities for leachate collection, water quality and gas monitoring.

Post closure activities include leachate, water and gas monitoring and remedial measures such as ongoing site maintenance for drainage systems, final cover and vegetation.

Council currently operates two landfills. These are Silverstream (Stage 1) and Wainuiomata. These landfills have a remaining capacity of 150,000 (2006: 227,000) cubic metres (fifteen months) and 280,000 (2006: 332,500) cubic metres (five years) respectively. Council is also monitoring gas, leachate, and water for five closed landfills identified as potential risks.

The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted at a rate of 7.07% (2006: 6.65%). The accounting treatment of this provision is described in detail in the Statement of Accounting Policies.

18. OTHER LIABILITIES				
	Actual Council 30 June 2007 \$000	Actual Group 30 June 2007 \$000	Actual Council 30 June 2006 \$000	Actual Group 30 June 2006 \$000
OTHER LIABILITIES – CURRENT PORTION				
Accrued interest expenses	415	415	403	403
Other accrued expenses	11,373	11,440	13,693	13,728
Deposits held	405	405	408	408
Third party funds	155	155	150	150
Miscellaneous current liabilities	1,723	714	2,016	2,016
Total other liabilities – current portion	14,071	13,129	16,670	16,705
OTHER LIABILITIES – NON-CURRENT PORTION				
Total other liabilities – non-current portion	–	–	–	–
TOTAL OTHER LIABILITIES	14,071	13,129	16,670	16,705

19. RECONCILIATION OF SURPLUS AFTER TAX WITH CASH FLOWS FROM OPERATING ACTIVITIES				
	Actual Council 30 June 2007 \$000	Actual Group 30 June 2007 \$000	Actual Council 30 June 2006 \$000	Actual Group 30 June 2006 \$000
SURPLUS AFTER TAX	6,408	6,326	8,927	9,089
<i>Add/(less) non-cash items:</i>				
Depreciation	22,587	22,835	20,809	20,963
Interest income accrued to investments and special funds	17	17	(31)	(12)
Bad debt expense and other non-cash items	(1,233)	(1,233)	940	940
<i>Add/(less) movements in working capital:</i>				
Increase in accounts receivable and other assets	810	851	(876)	(836)
Increase/(decrease) in creditors	(100)	(37)	1,249	1,285
Increase/(decrease) in provisions and other liabilities	(2,129)	(2,065)	2,741	2,740
<i>Add/(less) items classified as investing activities:</i>				
Profit on sale of property, plant and equipment and other movements	(105)	(347)	(1,901)	(1,919)
NET CASH FLOWS FROM OPERATING ACTIVITIES	26,255	26,347	31,858	32,250

20. FINANCIAL INSTRUMENTS RISKS

Hutt City Council has a series of policies to manage the risks associated with financial instruments. Hutt City Council is risk averse and seeks to minimise exposures from its treasury activities. Hutt City Council has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market Risk

CREDIT RISK

Financial instruments which potentially subject Council and the Group to credit risk principally consist of cash and on cash equivalents, trade and other receivables, sinking funds, other assets, financial guarantees and interest rate swaps and options.

Credit risk is minimised as a result of several key controls:

- maintaining maximum limits for each broad class of counterparty and individual counterparties
- limiting investments to organisations with a long term Standard & Poor's credit rating of A- or better
- controlling the level and spread of trade and other receivables outstanding.

As a result of these controls there are no significant concentrations of credit risk.

The maximum exposure to credit risk as at balance date was:

	Actual Council 30 June 2007 \$000	Actual Group 30 June 2007 \$000	Actual Council 30 June 2006 \$000	Actual Group 30 June 2006 \$000
Cash and cash equivalents	7,442	7,502	5,041	5,078
Trade and other receivables	7,309	6,493	8,952	8,936
Other assets	836	836	373	373
Financial guarantees	439	439	450	450
Interest rate swaps and options	1,204	1,204	791	791

The maximum exposures shown above are net of any recognised provisions for losses on these financial instruments. Council and the Group hold security for certain amounts included in trade and other receivables and other assets.

CURRENCY RISK

Council and the Group had no exposure to currency risk at 30 June 2007 (2006: nil).

INTEREST RATE RISK

The following tables identify the periods in which interest rates are subject to review on financial instruments and provides the weighted average interest rate for each item. These tables are for Council. Group tables have not been produced because the interest rate repricing analysis would not differ materially from that of Council.

	Effective interest rates	Less than 1 year 30 June 2007 \$000	Between 1–2 years 30 June 2007 \$000	Between 2–5 years 30 June 2007 \$000	Greater than 5 years 30 June 2007 \$000	Total 30 June 2007 \$000
Assets						
Cash and cash equivalents	8.00%	7,442	–	–	–	7,442
Sinking funds	7.81%	252	–	–	–	252
		7,694	–	–	–	7,694
Liabilities						
Bank overdraft	8.00%	(2,583)	–	–	–	(2,583)
Borrowing	7.14%	(47,110)	(13)	(25,132)	(10,121)	(82,376)
		(49,693)	(13)	(25,132)	(10,121)	(84,959)
Derivatives						
Interest rate swaps and options	7.30%	47,000	(19,000)	(10,000)	(18,000)	–
NET INTEREST RATE REPRICING		5,001	(19,013)	(35,132)	(28,121)	(77,265)

	Effective interest rates	Less than 1 year 30 June 2006 \$000	Between 1–2 years 30 June 2006 \$000	Between 2–5 years 30 June 2006 \$000	Greater than 5 years 30 June 2006 \$000	Total 30 June 2006 \$000
Assets						
Cash and cash equivalents	7.25%	5,041	–	–	–	5,041
Sinking funds	7.35%	142	91	–	–	233
		5,183	91	–	–	5,274
Liabilities						
Bank overdraft	7.25%	(2,012)	–	–	–	(2,012)
Borrowing	7.03%	(49,085)	(70)	(15,078)	(10,222)	(74,455)
		(51,097)	(70)	(15,078)	(10,222)	(76,467)
Derivatives						
Interest rate swaps and options	6.54%	42,000	(5,000)	(16,000)	(21,000)	–
NET INTEREST RATE REPRICING		(3,914)	(4,979)	(31,078)	(31,222)	(71,193)

FAIR VALUE OF FINANCIAL INSTRUMENTS

The following fair value calculations are for Council. Group tables have not been produced because the fair value calculations would not differ materially from that of Council. The following methods and assumptions were used to estimate the fair value of each class of financial instrument.

Cash and cash equivalents, trade and other receivables, other assets, bank overdraft, trade and other payables, and other liabilities

The carrying value of these items approximates their fair value.

LIQUIDITY RISK

Liquidity risk is the risk that Hutt City Council will encounter difficulty raising liquid funds to meet commitments as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash, and the availability of funding through an adequate amount of committed credit facilities.

Hutt City Council aims to maintain flexibility in funding by keeping committed credit lines available.

Hutt City Council manages its borrowings in accordance with its funding and financial policies. These policies have been adopted as part of the Hutt City Council's Long Term Council Community Plan.

Hutt City Council has a policy to maintain its overdraft facility to below \$250,000 at any one time.

Hutt City Council has undrawn credit facilities totalling \$50 million (2006 \$55 million) as disclosed in note 16.

The maturity profiles of Hutt City Council's borrowings are disclosed in note 15.

21. REMUNERATION

The Chief Executive of the Hutt City Council resigned on 13 March 2007. During this time the former Chief Executive received salary including bonus of \$259,774. The former Chief Executive also received the following benefit;

Motor Vehicle: \$13,363 (2006: \$19,481)

For the year ended 30 June 2007, the total cost, including performance bonus and fringe benefit tax, of the remuneration package received by the former Chief Executive was \$273,137 (2006: \$265,599).

On 28 May 2007 a new Chief Executive was appointed.

The new Chief Executive received salary (including bonus) of \$18,847 for the year ended 30 June 2007. The Chief Executive also received the following benefit;

Motor Vehicle: \$1,012 (2006: \$nil)

For the year ended 30 June 2007, the total cost, including performance bonus and fringe benefit tax, of the remuneration package received by the Chief Executive was \$19,859 (2006: \$nil).

REMUNERATION OF ELECTED REPRESENTATIVES

	Council Remuneration	Director Fees	Total Remuneration 30 June 2007	Total Remuneration 30 June 2006
	\$	\$	\$	\$
Mayor and Councillors				
DK Ogden (Mayor)	96,999	–	96,999	95,077
RW Styles (Deputy Mayor)	55,676	10,000	65,676	56,053
WR Wallace	42,696	10,000	52,696	48,443
JMK Baird	48,998	1,688	50,686	48,103
GD Barratt	49,746	–	49,746	48,613
MJ Cousins	49,588	–	49,588	50,063
J Englebretsen	48,996	–	48,996	41,929
A Finlayson	51,518	–	51,518	49,433
D Hislop	42,876	–	42,876	41,829
VR Jamieson	54,638	–	54,638	50,709
C Milne	45,642	1,688	47,330	41,999
TE Pollard	46,963	–	46,963	45,018
Total	634,336	23,376	657,712	617,269

SEVERANCE PAYMENTS

Severance payments include any consideration (monetary or non-monetary) provided to any employee in respect of the employee's agreement to the termination of their employment with Council.

	30 June 2007	30 June 2006
Severance payments	57,102	\$nil
Number of employees	4	none

The value of each severance payment was \$4,111, \$7,646, \$13,525 and \$31,820.

22. RELATED PARTIES DISCLOSURES

	Actual Council 30 June 2007 \$000	Actual Group 30 June 2007 \$000	Actual Council 30 June 2006 \$000	Actual Group 30 June 2006 \$000
KEY MANAGEMENT PERSONNEL COSTS				
Salary and other short term benefits	1,172	1,279	1,041	1,127

The table above includes the remuneration of the Chief Executive and members of the executive management team.

The Council had the following material transactions:

WITH SEAVIEW MARINA LIMITED

During the year Council repaid advances to Seaview Marina Limited totalling \$nil (2006: Council repaid \$41,249). Total advances outstanding at 30 June 2007 amounted to \$533 (2006: \$nil). Interest is charged on outstanding advances at market rates and amounted to \$127 for the year ended 30 June 2007 (2006: \$271).

During the year Council provided loan funding for Seaview Marina Limited. Interest is payable at the 90 day bank bill rate plus 2% margin. The amount outstanding at balance date was \$nil (2006: \$103,879). Interest charged on this loan amounted to \$4,925 for the year ended 30 June 2007 (2006: \$9,308)

For the year ended 30 June 2007, the Council charged Seaview Marina Limited \$8,000 as professional service fees (2006: \$14,000).

WITH URBAN PLUS LIMITED (Formerly Hutt Holdings Limited)

During the year Urban Plus advanced to Council \$137,261 (2006: Urban Plus advanced to Council \$2,364).

Total advances outstanding at 30 June 2007 amounted to \$143,057 (2006: \$5,841). Interest is charged on outstanding advances at market rates and amounted to \$2,461 for the year ended 30 June 2007 (2006: \$441). During the year land and buildings valued at \$16.3 million was sold to Urban Plus Limited. This was partly funded by the issue of \$12 million in shares to Hutt City Council.

For the year ended 30 June 2007, the Council charged Urban Plus Limited accountancy fees \$1,850 (2006: \$nil), legal fees \$nil (2006: \$nil) and directors fees \$nil (2006: \$nil).

WITH WELLINGTON WATER MANAGEMENT LIMITED

For the year ended 30 June 2007, Council charged Wellington Water Management Limited \$8,891 (2006: \$12,287), for services provided. For the year ended 30 June 2007, Wellington Water Management Limited charged Council \$1,311,026 for professional service fees (2006: \$1,063,398).

As at 30 June 2007 Council owed Wellington Water Management Limited \$125,860 (2006: \$119,268). As at 30 June 2007 Wellington Water Management Limited owed Council \$833 (2006: \$833).

WITH COUNCILLORS AND COMMUNITY BOARD AND WARD COMMITTEE MEMBERS

During the year ended 30 June 2007, Council transacted business on normal commercial terms with Riverside Media Publisher, a business managed by Leigh Sutton, a Northern Ward Committee member, for \$31,627 (2006: \$nil). The amount payable as at 30 June 2007 was nil (2006: nil). These transactions related to the provision of publishing services.

Council has invested \$375,000 in Smartlinx 3 Limited, a company 30% owned by Hutt Mana Charitable Trust. Roger Styles, a Councillor, is a Trustee of Hutt Mana Charitable Trust.

23. COMMITMENTS AND CONTINGENCIES

CAPITAL COMMITMENTS

Commitments for capital expenditure contracted, but not provided for:

	Actual Council 30 June 2007 \$000	Actual Group 30 June 2007 \$000	Actual Council 30 June 2006 \$000	Actual Group 30 June 2006 \$000
TOTAL CAPITAL COMMITMENTS	4,998	4,998	4,397	4,397

OPERATING COMMITMENTS

Commitments for non-cancellable operating leases and other operating commitments:

	Actual Council 30 June 2007 \$000	Actual Group 30 June 2007 \$000	Actual Council 30 June 2006 \$000	Actual Group 30 June 2006 \$000
Not later than one year	1,802	1,832	1,888	1,888
Later than one year and not later than five years	1,809	1,839	4,640	4,640
Later than five years	–	–	–	–
TOTAL OPERATING COMMITMENTS	3,612	3,672	6,528	6,528

CONTINGENCIES

The Council has guaranteed the borrowings of certain sports and social clubs. The total of these guarantees as at 30 June 2007 was \$439,404 (2006: \$449,924).

Council has entered into a cancellable contract for the operation of the wastewater treatment plant and associated facilities. The remaining term of the contract is 15 years and payments are calculated based on volume. Minimum payments due under the contract in the event of cancellation total \$5.02 million (2006: \$4.9 million).

A number of legal actions are being taken against the Council. If successful, Council's financial exposure is \$150,000 (2006: minimal).

24. MAJOR BUDGET VARIATIONS

Explanations for major variations from Council's budget figures in the 2006/2007 Community Plan are as follows:

INCOME STATEMENT

The surplus after tax was \$3.7 million above budget for the year ended 30 June 2007. The components of this favourable result are explained below.

Revenue was above budget by \$4.6 million for the year ended 30 June 2007. The following major items contributed to this variance:

- Rates revenue was above budget by \$0.6 million as a result of variations in the rating base.
- Regulatory revenue was above budget by \$1.0 million as a result of increased activity in the City.
- Subsidies received from LTNZ were \$0.9 million above budget as a result of subsidies on storm related costs and favourable variations to the subsidies on various Council projects.
- Other capital subsidies were above budget by \$0.7 million as a result of recognising a greater proportion of contributions towards the development of TheNewDowse.
- Interest revenue was \$0.1 million above budget.
- Miscellaneous revenue was above budget by \$1.0 million. This is primarily the result of recognising assets vested in Council and reserve contributions from developers.

Operating expenditure was above budget by \$2.2 million for the year ended 30 June 2007. The following major items contributed to this variance:

- Unbudgeted costs of \$1.3m were incurred on storm related expenses.
- Other additional costs arose as a result of increased activity during the year. These costs were generally more than offset by additional user charge income.

A gain of \$1.4 million was recognised on revaluation of financial instruments. This gain arose because Council's financial instruments fix borrowing rates for several years into the future and the value of those instruments increased as market rates of interest rose during the year.

The net surplus after tax has been used to repay debt after adjusting for items not having a cash flow nature and items supporting capital expenditure.

STATEMENT OF CHANGES IN EQUITY

Variances in the surplus after tax have been commented on under the Income Statement above. The only other variance is due to changes in asset values during the year.

BALANCE SHEET

Asset revaluation reserves and property, plant and equipment are both above budget by approximately \$200 million. This is a result of the asset revaluation that was completed during the year and recorded as at 30 June 2006.

Assets under construction are \$12 million above budget as several large projects were incomplete at 30 June 2007 and not yet capitalised.

During the year residential rental housing land and buildings valued at \$16.2 million was transferred to a Council controlled entity, Urban Plus Limited.

The current portion of public debt is below budget by approximately \$12 million, but this is largely offset by the term portion of public debt being above budget by \$10 million. Council replaced 90-day commercial paper with longer term borrowings to aid liquidity management.

CASH FLOW STATEMENT

The budget variations explained above also contribute to budget variations in the Cash Flow Statement, particularly cash flows from operating activities.

Cash provided from the sale of property, plant and equipment was above budget by \$12 million as a result of the sale of residential property to the wholly owned subsidiary, Urban Plus Limited. This was largely offset by Council's additional equity investment of \$12 million in Urban Plus Limited.

Gross cash flows relating to public debt were above budget. This relates solely to the short-term nature of borrowings during the year and does not represent any increase in total borrowing.

25. CAPITAL MANAGEMENT

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, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Council Community Plan (LTCCP) 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 LTCCP.

Hutt City Council has the following Council created reserves:

- reserves for different areas of benefit
- self insurance reserves
- trust and bequest 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. Self insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds generally can only be approved by Council.

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to Trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

26. EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after balance date.

Financial Summary of Major Capital and Operating Projects



For the year ended 30 June 2007	Actual 30 June 2007 \$000	Plan 30 June 2007 \$000
Projects with a budget of \$100,000 or over		
LIBRARIES		
<i>Capital Projects</i>		
Library Stock Replacement	649	708
MUSEUMS		
<i>Capital Projects</i>		
Dowse Plant Replacement	279	279
Dowse Upgrade (Subsidy:56%) (\$135,000 carried over to 2007/2008)	3,744	2,848
AQUATICS AND RECREATION		
<i>Capital Projects</i>		
Huia Pool – Replace Ventilation/Heat Plant	170	170
Naenae Pool Construction Of A Health And Fitness Suite (\$300,000 carried over to 2007/2008)		300
PARKS AND RESERVES		
<i>Operating Projects</i>		
Problem Tree Removal	362	185
Korohiwa Investigations (\$100,000 carried over to 2007/2008)	4	100
<i>Capital Projects</i>		
Playground Equipment Replacement	111	110
Building Maintenance (Sportsgrounds)	143	150
Street Tree Infrastructural Repairs	134	115
Hutt Park Development (Funded From Reserve Fund) (\$1,805,000 carried over to 2007/2008)	344	1,758
Petone Hockey Training Facility (\$100,000 carried over to 2007/2008)		100
Percy Reserve SH2 Development (\$86,000 carried over to 2007/2008)		110
Walter Nash Stadium Mortgage (\$180,000 carried over to 2007/2008)		180
Whiorau Reserve (Lowry Bay Reclamation) Repair Riprap	208	150
COMMUNITY SUPPORT		
<i>Operating Projects</i>		
Community Grants Contestable Fund	203	206
Community Houses Funding	188	188
Marae Funding	99	100
Youth Centre	117	117
Safety Initiatives (\$18,000 carried over to 2007/2008)	213	210
Settlers Centre Support	10	
Community Property		
<i>Operating Projects</i>		
Property CCO Costs	299	275
<i>Capital Projects</i>		
Halls Maintenance	97	114
Libraries Roof Replacement & Floor Coverings		107
Administration Building Improvements	619	524
Administration Building Upgrade Council Chambers	109	100
Public Toilets Upgrade (\$234,000 carried over to 2007/2008)	25	250

For the year ended 30 June 2007	Actual 30 June 2007 \$000	Plan 30 June 2007 \$000
Projects with a budget of \$100,000 or over		
ROADING AND TRAFFIC		
<i>Capital Projects</i>		
Road Reconstruction (Aurora Street) (Subsidy:16%)	399	490
Area Wide Pavement Treatment (Subsidy:46%)	806	297
Footpath Resurfacing And Replacement	200	200
Pavement Surfacing (Subsidy:46%)	3,708	4,205
Road Smoothing (Subsidy:54%)	371	398
Traffic Signal Replacement (Subsidy:46%)	128	150
Reconstruction Improvements	99	125
Moore's Valley Bridge Replacement (Subsidy:73%)	748	538
Silverstream Bridge strengthening (Subsidy:55%)	342	425
Sub-Standard Road Upgrading	251	250
Traffic Safety Improvements (Subsidy:50%)	504	500
WATER SUPPLY		
<i>Capital Projects</i>		
James Grove Main/Services	170	107
Jackson St Main/Rider/Services (Petone Ave Beach)	282	535
Hutt Rd Western Hutt Rd Link Main SH2 (\$180,000 carried over to 2007/2008)	6	180
Western Hills Pump Systems	86	115
Gracefield Reservoir Structural Upgrade	718	400
Naenae Reservoir (Seismic Update)	123	500
WASTEWATER		
<i>Capital Projects</i>		
Local Sewer Renewal Heketara Street	133	120
Local Sewer Renewal Jackson Street (With Roading Work)	236	300
Local Sewer Renewal Leighton Avenue Catchment	873	820
Local Sewer Renewal State Highway 2 (Dowse Drive) (\$100,000 carried over to 2007/2008)		100
Local Minor Works Pipes And Pumping Stations	109	170
Local Pressure Testing Of Sewers	256	300
Trunk DBO Asset Replacement Fund (Subsidy:25%)	660	650
Te Marua Pumping Station Rising Main (Subsidy:51%) (\$235,000 carried over to 2007/2008)		235
Trunk DBO Pipeline Cyclic Replacement (Subsidy:32%) (\$355,000 carried over to 2007/2008)	377	741
Malone Rd Catchment Capacity Improvement	273	540
Trunk Type A Asset Development (Subsidy:31%) (\$730,000 carried over to 2007/2008)		730
Trunk Type B Network Development (Subsidy:33%) (\$1,330,000 carried over to 2007/2008)	198	1,525
Trunk Excess Flow Management (Subsidy:31%)	198	120
STORMWATER		
<i>Capital Projects</i>		
Heketara Street/Pukatea St (Eastbourne)	160	120
Seddon Street (Naenae)	100	110
Awamutu Stream		185
Black Creek Wainuiomata	896	1,000
Gracefield Pump Station (\$780,000 carried over to 2007/2008)	1,549	1,900
Hutt River Floodplain	135	150
Jackson Street Mains Renewal	545	480
Opahu Stream pumping station construction	1,006	900
SOLID WASTE		
<i>Capital Projects</i>		
Silverstream Landfill Stage Two	4,534	3,600
Wainuiomata Landfill	15	160

For the year ended 30 June 2007	Actual 30 June 2007 \$000	Plan 30 June 2007 \$000
Projects with a budget of \$100,000 or over		
LOCAL URBAN DESIGN		
<i>Operating Projects</i>		
Rapid Response Anti-Graffiti Service	149	150
<i>Capital Projects</i>		
CBD Masterplan (\$700,000 carried over to 2007/2008)	299	1,000
Suburban Shopping Centre Improvements	314	300
ECONOMIC DEVELOPMENT		
<i>Operating Projects</i>		
Business Hutt Valley	270	270
Events Funding	262	265
Regional Economic Development Agency	410	410
Economic Development Strategy	158	150
<i>Capital Projects</i>		
Seaview/Gracefield Improvements (\$60,000 carried over to 2007/2008)	7	100
Smartlinx3	300	300
Wingate Industrial Area Development	123	100
MANAGING SERVICES		
<i>Operating Projects</i>		
Hutt City Promotion	222	200
<i>Capital Projects</i>		
Corporate Application/Hardware Replacement (\$356,000 carried over to 2007/2008)		356
Enterprise/Technical Architecture	31	100
Replace Library Software		100
PC Replacement Programme	279	250
Server Replacement Program And Disaster Recovery	264	120
Core Business Applications Enhancements	141	162
Digitisation Of Council Core Information (\$386,000 carried over to 2007/2008)	422	661
Electronic Document Management	90	100
Library Systems Replacement	527	760
Internet On Line Public Services	250	140

Seaview Marina Limited

EXTENT TO WHICH COUNCIL'S POLICIES AND OBJECTIVES IN REGARD TO OWNERSHIP AND CONTROL OF THE ORGANISATION HAVE BEEN IMPLEMENTED

This company owns and operates Seaview Marina.

NATURE AND SCOPE OF ITS ACTIVITIES

Council expects this company to own and operate the Seaview Marina as a facility for the enjoyment of the Hutt City community without compromising its commercial objectives and environmental responsibilities.

The results shown against the key performance targets below indicate that the business has been managed successfully. Public access to the Marina has been maintained throughout the year.

KEY PERFORMANCE TARGETS	LEVEL OF ACHIEVEMENT
Achieve a rate of return on shareholders funds of 7.5% before taxation	Not Achieved
Achieve the following capital development programme targets for the marina complex before 30 June 2007: <ul style="list-style-type: none"> develop enclosed maintenance facilities 	The feasibility of developing these facilities is currently being investigated, and is due to be finalised in the 2007-08 year
<ul style="list-style-type: none"> investigate the sale of all or some of the berths (whether existing or new) 	Postponed, pending the outcome of the investigations into the development of the enclosed maintenance facilities
<ul style="list-style-type: none"> investigate the construction of a new pier on the existing walkway ex Chaffer's marina 	Achieved – a development and business plan has been completed for the Board's consideration
<ul style="list-style-type: none"> continue discussions with CentrePort Wellington concerning marina facilities 	Achieved and ongoing
Comply with financial, building, technical and regulatory standards	Achieved
Ensure property and asset maintenance is carried out in accordance with asset management plans and to best applicable trade standards and practice	Achieved

Urban Plus Limited (Formerly named Hutt Holdings Limited)

EXTENT TO WHICH COUNCIL'S POLICIES AND OBJECTIVES IN REGARD TO OWNERSHIP AND CONTROL OF THE ORGANISATION HAVE BEEN IMPLEMENTED

This company was re-established in 2007 as a CCTO.

NATURE AND SCOPE OF ITS ACTIVITIES

Until May 2007, the company was essentially non-trading. In December 2006 Council resolved to transfer its social housing assets and property management functions to the company and to re-establish the company for this purpose. The transfer of the assets was completed in May 2007.

KEY PERFORMANCE TARGETS	LEVEL OF ACHIEVEMENT
Provide reports to officers in accordance with performance monitoring requirements under the Local Government Act 2002	Achieved

¹ For more information on these companies, see their statements of intent, which are available after 1 July each year.

Wellington Water Management Limited (WWML) Trading as Capacity

EXTENT TO WHICH COUNCIL'S POLICIES AND OBJECTIVES IN REGARD TO OWNERSHIP AND CONTROL OF THE ORGANISATION HAVE BEEN IMPLEMENTED

Council's objective for this company is for it to manage the provision of water services to Hutt City Council and Wellington City Council. The company has operated successfully in this capacity during the year.

NATURE AND SCOPE OF ITS ACTIVITIES

Council expects the company to manage, for the long term, the water, wastewater and stormwater assets of the shareholding councils and to operate as a successful business, managed on a non-profit basis.

The results shown against the key performance targets below indicate that the business has been managed successfully.

KEY PERFORMANCE TARGETS	LEVEL OF ACHIEVEMENT
Achieve total overall savings of \$4.175m to shareholding councils after five years	Under the service level agreement between Capacity, Hutt City Council and Wellington City Council, a savings model has to be approved by shareholders before savings can be reported. A savings model developed by Capacity has been reviewed by Hutt City Council and was approved.
Achieve targets within allocated budgets	Achieved – targets achieved within budget
Comply with financial, technical and regulatory standards	Achieved – all standards have been complied with
Develop asset management plans as required that reflect best practice or meet specific requirements for approval by the appropriate organisation	Achieved – Asset Management Plans for water, stormwater and wastewater are on target to be completed by the due date
Ensure infrastructure and asset maintenance is carried out in accordance with asset management plans and to best applicable trade standards and practice	Achieved – asset maintenance has been carried out in accordance with asset management plans
Meet the performance measures set by shareholders in service contracts or service level agreements, including managing emergencies	Achieved – all performance measures were achieved
Meet the performance measures set by councils in their Long Term Council Community Plans	Achieved – all performance measures were achieved

Wellington Regional Economic Development Trust (operating name Positively Wellington Business ('PWB'))

EXTENT TO WHICH COUNCIL'S POLICIES AND OBJECTIVES IN REGARD TO OWNERSHIP AND CONTROL OF THE ORGANISATION HAVE BEEN IMPLEMENTED

In the 2006-07 year, a major milestone was reached for the Wellington region with the adoption of the Wellington Regional Strategy (WRS). The WRS was developed by greater Wellington's nine local authorities in tandem with the business, education, research and voluntary sectors and central government.

The WRS was finalised in May 2007 and regional rate funding applies from 1 July 2007.

As a result of the WRS, a new regional economic development agency is currently being established to implement the regional economic development initiatives in the Wellington Regional Strategy and commence operations.

As a result, Positively Wellington Business which has undertaken this role since 2000 ended operations in July 2007.

POSITIVELY WELLINGTON BUSINESS REGIONAL ECONOMIC IMPACT¹ AS AT 30 JUNE 2007

Since its inception in 2001 PWB has spent: 19.49 million.
 This has had a regional economic impact of: 518.56 million.
 For every dollar spent, PWB has substantially facilitated: 26.60 dollars.

	NZ\$million		
	Current Year		Since Inception
	YTD	TARGET	CUMULATIVE to 31 Mar 2007
Economic Impact (EI)	118.22	106.23	518.56
PWB Expenditure (PE) ²	3.90	3.92	19.49
Return on Investment (= EI/PE)	30.31	27.09	26.60 ●

	NZ\$million		
	Current Year		Since Inception
	YTD	TARGET	CUMULATIVE to 31 Mar 2007
Business Development			
Economic Impact (EI)	10.13	7.70	47.51
PWB Expenditure (PE) ²	0.35	0.53	2.50
Return on Investment (= EI/PE)	29.26	14.48	18.98
Business Incubators			
Economic Impact (EI)	14.44	10.05	43.61
PWB Expenditure (PE) ²	0.90	1.02	2.25
Return on Investment (= EI/PE)	16.09	9.88	19.35
Sector Growth			
Economic Impact (EI)	58.01	57.48	207.40
PWB Expenditure (PE) ²	1.97	1.25	11.51
Return on Investment (= EI/PE)	29.46	46.13	18.02
Investment Attraction			
Economic Impact (EI)	23.94	20.00	167.74
PWB Expenditure (PE) ²	0.29	0.55	1.61
Return on Investment (= EI/PE)	81.91	36.64	104.07
Targeted Migration			
Economic Impact (EI)	11.70	11.00	52.30
PWB Expenditure (PE) ²	0.39	0.58	1.61
Return on Investment (= EI/PE)	29.63	18.95	32.48

Notes:

1. Regional economic impact calculated according to figures and formulae outlined next pages.
2. PWB expenditure includes grant income from central government agencies as well as council contributions.
3. ● = Well behind target; ● = Close to Target; ● = Ahead of Target

POSITIVELY WELLINGTON BUSINESS REGIONAL ECONOMIC IMPACT WORKSHEET

	NZ\$million		
	Current Year		Since Inception
	YTD	TARGET	CUMULATIVE to 31 Mar 2007
Business Development			
<i>Activities include training, business planning assistance and grants facilitation.</i>			
Number of GPSRDs	22		84
Value of GPSRDs	1.52	1.25	6.51
Economic impact (=value*6)	9.10	7.50	39.04
Number of other grants	12	0	77
Value of other grants	0.26	0.05	2.12
Economic impact (=value*4)	1.03	0.20	8.47
WINZ Business Startup Grant EA			1.14
Business Incubators			
<i>Activities include promotion, resident selection, business mentoring and support, and successful exits.</i>			
Number of employees	48	45	135.00
Value of new jobs	2.16	2.03	6.08
Total resident company revenues	4.48	2.00	12.12
Total capital raised	0.58	1.00	3.61
Economic impact (=(value+revenues+capital)*2)	14.44	10.05	43.61
Sector Growth			
<i>Activities include research, promotion, business cluster facilitation, export assistance, capability development, screen production marketing and support, and funding for Major Regional Initiatives.</i>			
Number of bids won	29	12	111.00
Value of bids won	14.58	7.50	60.73
Economic impact (=value*2)	29.16	15.00	121.46
Number of MRIs paid out		0.00	2.00
Total MRI investment		0.00	10.78
Economic impact (=investment*2.0)	0.00	0.00	25.87
Value of Wellington film industry	93.60	144.00	600.72
Economic impact (=value/10)	9.36	14.40	60.07
Number of foreign fee paying students	4,833	5,150.00	
Value of foreign fee paying students	97.43	140.41	638.33
Economic Impact (=value/5)	19.49	28.08	127.68
Investment Attraction			
<i>Activities include research, promotion and attendance at investment fairs.</i>			
Number of direct investments	13	10	56
Direct dollar benefit	11.97	10.00	83.87
Economic impact (=benefit*2)	23.94	20.00	167.74
Targeted Migration			
<i>Activities include research, promotion and attendance at job fairs.</i>			
Number of migrants assisted	117	110	523
Economic impact (=number*0.1)	11.70	11.00	52.30

POSITIVELY WELLINGTON BUSINESS REGIONAL ECONOMIC IMPACT WORKSHEET

	TARGET	CUMULATIVE
Economic Impact (EI)	The target figure is based on the projected activities of Positively Wellington Business in the Wellington region, including direct investment, jobs and business revenue.	The cumulative figure is the economic impact achieved through the activities of Positively Wellington Business in the Wellington region, from its inception in 2001 until the end of the current quarter of the current financial year.
PWB Expenditure (PE)	The target figure is the money budgeted to support specific activities, and includes money from stakeholder contributions, central government grants, commercial investment and sponsorship.	The cumulative figure is Positively Wellington Business' expenditure on specific activities in the Wellington region, from its inception in 2001 until end of the current quarter of the current financial year.
Return on Investment (= EI/PE)	The target figure is calculated by dividing Economic Impact by PWB Expenditure, to give the dollar benefit generated for every dollar spent by Positively Wellington Business on specific activities.	The cumulative figure is the dollar benefit generated for every dollar spent by Positively Wellington Business on specific activities in the region, from its inception in 2001 until the end of the current quarter of the current financial year.
Business Development	Activities include training, business planning assistance and grants facilitation. The economic impact is calculated by taking the value of grants obtained for businesses from government agencies; adding the investments made by the businesses themselves; and multiplying the result by two, to account for additional spin-off benefit in the region.	
Business Incubators	Activities include promotion, resident selection, business mentoring and support, and successful exits. The economic impact is calculated by taking the estimated value of the jobs created (by multiplying number of jobs by \$45,000); adding the total revenue of the resident companies and total capital raised (excluding government or council grants); and multiplying the result by two, to account for additional spin-off benefit in the region.	
Sector Growth	Activities include research, promotion, business cluster facilitation, export assistance, capability development, screen production marketing and support, international education, and funding for Major Regional Initiatives. The economic impact is calculated by taking the estimated revenue to businesses from collaborative bids won and multiplying the result by two; adding total investment in Major Regional Initiatives (including public and private funds) and multiplying the result by 2.4; and adding ten percent of the value of the Wellington region's screen production sector and twenty percent of the value of the Wellington region's international student education sector, to account for PWB's work in attracting and supporting business in these sectors.	
Investment Attraction	Activities include research, promotion and attendance at investment fairs. The economic impact is calculated by taking the estimated value of the investments directly influenced by PWB and made in the Wellington region (from elsewhere in New Zealand or overseas), and multiplying the result by two, to account for additional spin-off benefit in the region.	
Targeted Migration	Activities include research, promotion and attendance at job fairs. The economic impact is calculated by taking the number of migrants directly supported in their placement in businesses in the Wellington region, and multiplying the number by \$100,000 per migrant.	

Multipliers and Values

- BERL has recommended using a conservative multiplier of 2.0 when calculating economic impact that an investment may have on a region. We have applied a 2.0 multiplier to calculate economic impact, unless there is an existing multiplier or value for a specific industry or activity.
- The multiplier of 2.4 was used for assessing the economic impact of the Major Regional Initiative which is a soundstage for screen production. This multiplier for the film industry was provided by PriceWaterHouseCoopers.
- The value of \$45k is applied to jobs created by residents in the incubator. This figure was derived by information from resident companies.
- The estimated value of \$100k is applied to each migrant. In the absence of a commonly agreed value, PWB has applied this conservative value based on values used by Venture Southland. The Australian Government estimates the value of a migrant as \$76k.
- The total value of screen production conducted in the Wellington region is surveyed annually by SPADA. PWB has estimated that it either attracts or supports conservatively 10% businesses in this sector through its FilmWellington offices.
- Using economic multipliers calculated by Infometrics, the total economic impact of the international education sector of the Wellington region is calculated based on annual surveys by Education Wellington International. PWB has estimated that it either attracts or supports conservatively 20% businesses/institutions in this sector through its support of services of Education Wellington International, whose membership accounts for 96% of the industry.



Hutt City Profile

Hutt City (geographical name Lower Hutt) is located at the southern end of the North Island of New Zealand. It is the second largest city in the Wellington Region and borders onto the capital city Wellington. Hutt City with a population of 97,701 (Source: Statistics NZ) ranks 9th in size out of the 74 territorial authorities in New Zealand. The city has an area of around 38,000 hectares and over 40 kilometres of coastline. Hutt City has a vitality and uniqueness that is enhanced by its beautiful natural setting – a combination of hills, valleys, rivers and the sea. This setting offers residents the best of both worlds; the facilities and services provided by a major urban centre, as well as a central location for residents to enjoy a variety of outdoor pursuits.

Hutt City – A Summary Profile

Land area (hectares)		PERCENTAGE CHANGE FROM 2001
37,998		
WARDS 2006 POPULATION		
Northern	15,288	3.3%
Eastern	16,920	2.7%
Western	12,402	4.1%
Central	18,642	2.6%
Wainuiomata	17,214	0.9%
Harbour	17,235	1.0%

WARDS 2006 HOUSEHOLDS

Northern	5,259	3.2%
Eastern	6,180	1.9%
Western	4,437	5.6%
Central	7,209	3.6%
Wainuiomata	5,802	2.9%
Harbour	6,837	2.0%

Hutt City Assets

Total council assets	\$1,027,037,000
Area of parks and reserves	5,305 hectares
Number of swimming pools	6
Number of libraries	8
Length of roads	475 km
Length of footpaths	728 km
Number of street lights	13,125
Length of wastewater pipes	671 km
Length of stormwater pipes	528 km
Length of water pipes	690 km
Rating system	Capital
Rateable properties	37,509
Average rates per residential ratepayer	\$1,496
Capital value of the city	\$11,794,978,000

AGE BREAKDOWN 2006 CENSUS	LOWER HUTT	NEW ZEALAND
Under 15	22.9%	21.5%
15 to 24	13.7%	14.2%
25 to 44	29.1%	28.2%
45 to 64	23.4%	23.8%
65 and over	10.9%	12.3%

ETHNIC BREAKDOWN 2006 CENSUS	LOWER HUTT	NEW ZEALAND
European Ethnic Groups	65.0%	68.0%
Maori Ethnic Group	17.0%	15.0%
Pacific Peoples' Ethnic Groups	11.0%	7.0%
Asian Ethnic Groups	9.0%	9.0%
Middle Eastern, Latin American and African Ethnic Groups	1.0%	1.0%
Other Ethnic Groups	10.0%	11.0%

CLIMATE

- temperature: mean daily maximum temperature of 21°C in January and 11°C in July
- sunshine hours: 1,900 – 2,000 hours of sunshine per year
- rainfall: 1,350 mm – 1,450 mm of rainfall per year
- wind: predominant wind 50% of the time is from between the north and west – 30% of the time it is from between the southeast and southwest.



Definitions

These definitions are intended to define terms used in this Annual Report in plain English. For legal definitions see the Local Government Act 2002.

ASSET

Something of value that Council owns on behalf of the people of Hutt City, such as roads, drains, parks and buildings.

ASSET MANAGEMENT PLAN

A long-term plan for managing an asset to ensure that its capacity to provide a service is kept up and costs over the life of the asset are kept to a minimum.

APPROPRIATION/APPROPRIATED

Money that has been set aside from, or brought into, an operating or revenue account.

CAPITAL EXPENDITURE

Expenditure that will increase the value of Council's assets.

CAPITAL VALUE

Value of land including any improvements.

COMMUNITY BOARDS

Local elected bodies set up under the Local Government Act. Community Boards are consulted by Council and can represent community concerns to Council (see also Ward Committees). Hutt City Council has three Community Boards: Eastbourne, Petone and Wainuiomata.

COMMUNITY OUTCOME

An outcome for the community that is identified as a priority.

COUNCIL-CONTROLLED ORGANISATIONS (CCO'S)

Companies in which Council is at least 50% shareholder that independently manage facilities and deliver services and undertake developments on behalf of the Hutt City community. Where necessary, Council funds these organisations.

COUNCIL-CONTROLLED TRADING ORGANISATIONS (CCTO'S)

Council-Controlled Organisations that operate a trading undertaking for the purpose of making a profit.

EMPLOYEE COSTS

Expenditure on staff. This includes wages, salaries and related taxes, training and recruitment costs. Remuneration of elected and appointed representatives is also included under this heading.

FINANCIAL YEAR

Council's Financial Year runs from 1 July to 30 June of the following year.

LAND VALUE

Value of land, excluding any improvements.

LOCAL GOVERNMENT ACT 2002

The key legislation that defines the powers and responsibilities of local authorities like Hutt City.

LONG TERM COUNCIL COMMUNITY PLAN (LTCCP OR COMMUNITY PLAN)

A plan that describes the activities of the local authority, the Community Outcomes and long-term focus for the decisions and activities of the local authority.

FORECAST FINANCIAL STATEMENT

This is a 10-year plan for Council's revenue and expenditure, cash flows, and borrowing programme.

MAINTENANCE COSTS

Expenditure in relation to repairs and maintenance of Council's assets.

MANA WHENUA

People with the mana of the land.

NGA TEKAU O PONEKE – WELLINGTON TENTHS TRUST

Local tangata whenua with inherited land ownership in Wellington and Hutt Valley and kinship to Northern Taranaki Te Atiawa.

OPERATING EXPENDITURE

Expenditure for the normal services of Council.

OPERATING PROJECTS

Significant projects that do not result in the creation of Council assets.

PERFORMANCE MEASURE

A measure that shows how well Council is doing in achieving the goals it has set for itself.

RATES

Funds collected by Council from levies on property. These are based on the capital value of the property but the term is often used to include Uniform Annual General Charges and Targeted Rates also.

SIGNIFICANCE

Degree of importance of the issue, proposal, decision or matter as assessed by the local authority in terms of its likely consequences for the current and future social, economic, environmental, or cultural well-being of the community.

SIGNIFICANT ACTIVITIES

The Community Plan lists 18 separate significant activities including Managing Services.

SUPPLIER COSTS

Expenditure for the purchase of general goods and services.

SUPPORT COSTS

The internal allocation of expenditure incorporated in significant activity 18, Managing Services.

TAONGA

A highly prized resource.

TARGETED RATES

Any rate levied other than the general rate, targeted at users of a service such as water supply, wastewater and the Jackson Street Programme.

TE ATIWA

Local tangata whenua with inherited land ownership and kinship to Northern Taranaki Te Atiawa.

TE RUNANGANUI O TARANAKI WHANUI KI TE UPOKO O TE IKA A MAUI

A representative Maori Council made up from local tangata whenua and representing the eight Taranaki tribes within the Wellington region.

TE TAURAHERE O TE AWAKAIRANGI

The Hutt Valley branch of Runanganui o Taura Here ki te Whanganui a Tara which represents 23 tribal groups in the greater Wellington region.

USER CHARGES

Income to Council through fees paid by those who use specific services provided by Council.

WARD COMMITTEES

Local committees set up by Council. Ward Committees are consulted by Council and can represent community concerns to Council (see also Community Boards). Hutt City Council has four Ward Committees: Central, Eastern, Northern, and Western.



Source of Information for Level of Achievement

Hutt City Council's Annual Report indicates the source of information for each performance measure. This disclosure is designed to improve accountability and transparency. A more detailed discussion of the main sources of information is provided below.

NRB Communitrak Survey

The National Research Bureau Limited undertakes these annual surveys for participating local authorities. The results also include national and peer group comparisons. Hutt City Council has commissioned these surveys since 1994. Hutt City Council's Communitrak survey utilises 500 telephone interviews, 100 more than the standard Communitrak survey, to ensure adequate representation from each ward. Randomised sampling methods are used to access residents over the age of 18 and weightings are applied to reflect the ward, gender and age proportions of the area. The maximum margin of error at the 95% level of confidence for Hutt City Council's survey is +/- 4.4% and the maximum level of significant difference at the 95% level of confidence is +/- 6.2%. These maximums for the margin of error and significant difference will occur when the sample is split 50/50 on an issue. However when the split is less, for instance 80/20, the percentages for the margin of error and significant difference decrease. The level of achievement in terms of measuring satisfaction levels is calculated after excluding the responses of those unable to comment on the specific service being measured.

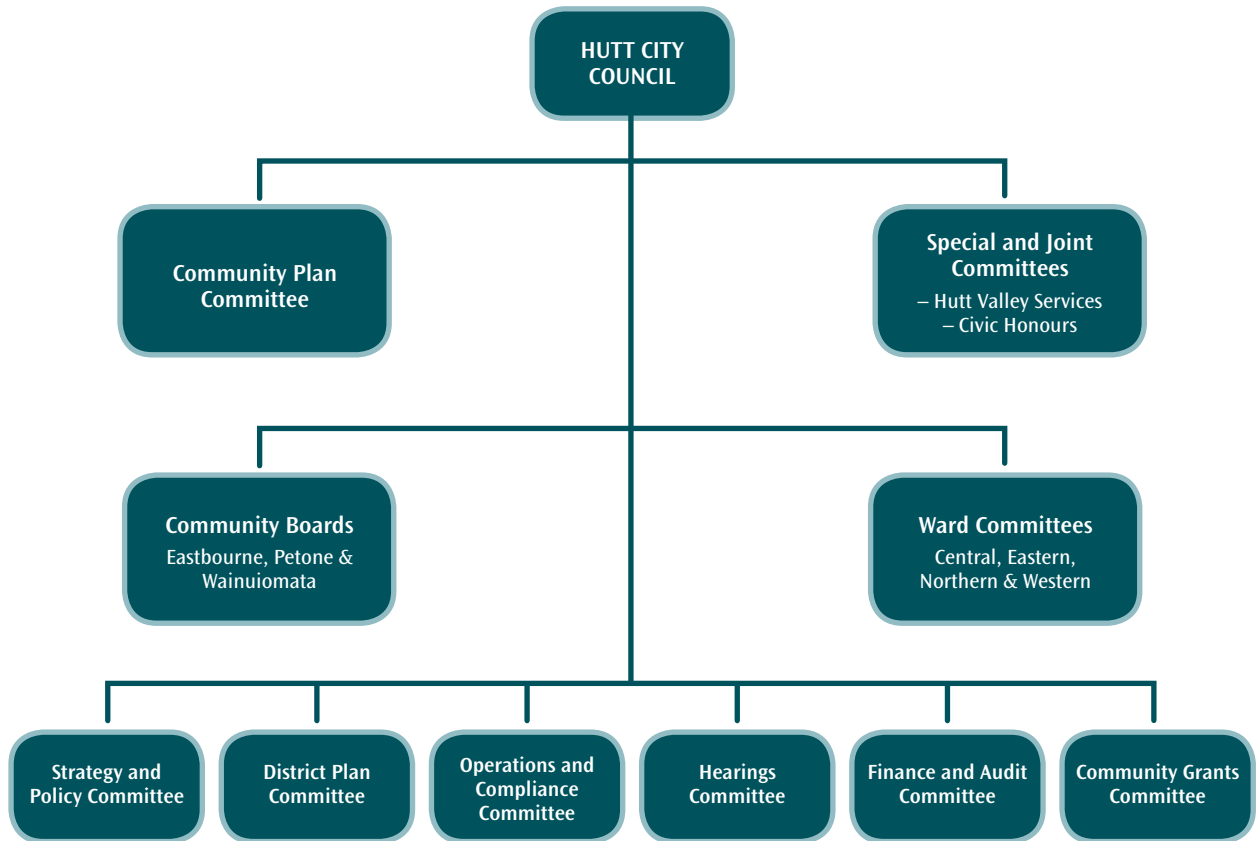
Management Reports

Management Reports encompass a range of documentation and records, such as reports from internal service providers to asset managers and reports from contractors to managers. Quality assurance in the level of performance of Council is very important. For infrastructural renewal and capital programmes, management reports include quality assurance procedures such as certificates of completion verified by third parties. These certificates confirm that the appropriate technical standards and specifications have been met. For all regulatory services, ISO systems and procedures provide quality assurance in service delivery and achievement reporting. Internal and external audits also form part of Council's quality assurance programmes.

Best Places to Work Survey

Council participates in the annual Best Places to Work Survey by John Robertson Associates. This survey provides Council with important information on how staff view Council, and how this compares with other organisations.

Political Structure





Mayor and Councillors

You can contact the Mayor or any Councillor at:

HUTT CITY COUNCIL

30 Laings Road
Private Bag 31 912
Lower Hutt

Telephone: (04) 570 6666 or 0800 HUTT CITY

Facsimile: (04) 569 4290

Email: contact@huttcity.govt.nz

Mayor David Ogden

Cr R W (Roger) Styles, Eastern Ward, Deputy Mayor

Cr JMK (Joy) Baird, Harbour Ward

Cr G (Glenda) Barratt, Eastern Ward

Cr M J (Margaret) Cousins, Western Ward

Cr J (Julie) Englebretsen, Northern Ward

Cr A (Angus) Finlayson, Northern Ward

Cr D (Deborah) Hislop, Central Ward

Cr V R (Ross) Jamieson, Harbour Ward

Cr C (Christopher) Milne, Central Ward

Cr T (Tracey) Pollard, Wainuiomata Ward

Cr W R (Ray) Wallace, Wainuiomata Ward

Community Board and Ward Committee Members



Eastbourne Community Board

G L (Geoff) Mann, Chair
I (Ian) Young, Deputy Chair
M (Murray) Gibbons
G D (Geoff) Rashbrooke
D (Derek) Wilshere
Cr JMK (Joy) Baird
Cr V R (Ross) Jamieson

Petone Community Board

M (Megan) Casey, Chair
G D (Gerald) Davidson, Deputy Chair
R (Richard) Cole
V (Vera) Ellen
M (Michael) Lulich
ENS (Neil) Newman
Cr JMK (Joy) Baird
Cr V R (Ross) Jamieson

Wainuiomata Community Board

J (Julie) Sylvester, Chair
R (Randall) Day, Deputy Chair
A (Alec) Gage
J (Jim) Goundar
R C (Reg) Moore
K (Kevin) Small
Cr T (Tracey) Pollard
Cr W R (Ray) Wallace

Central Ward Committee

B (Brian) Moylan, Chair
E (Evan) Ng, Deputy Chair
S (Sue) Lafrentz
D (Desiree) Mulligan
Cr D (Deborah) Hislop
Cr C (Christopher) Milne

Eastern Ward Committee

G (Gerry) Pallo, Chair
M (Mohammed) Bah
T (Teri) Puketapu
Cr G (Glenda) Barratt
Cr R W (Roger) Styles

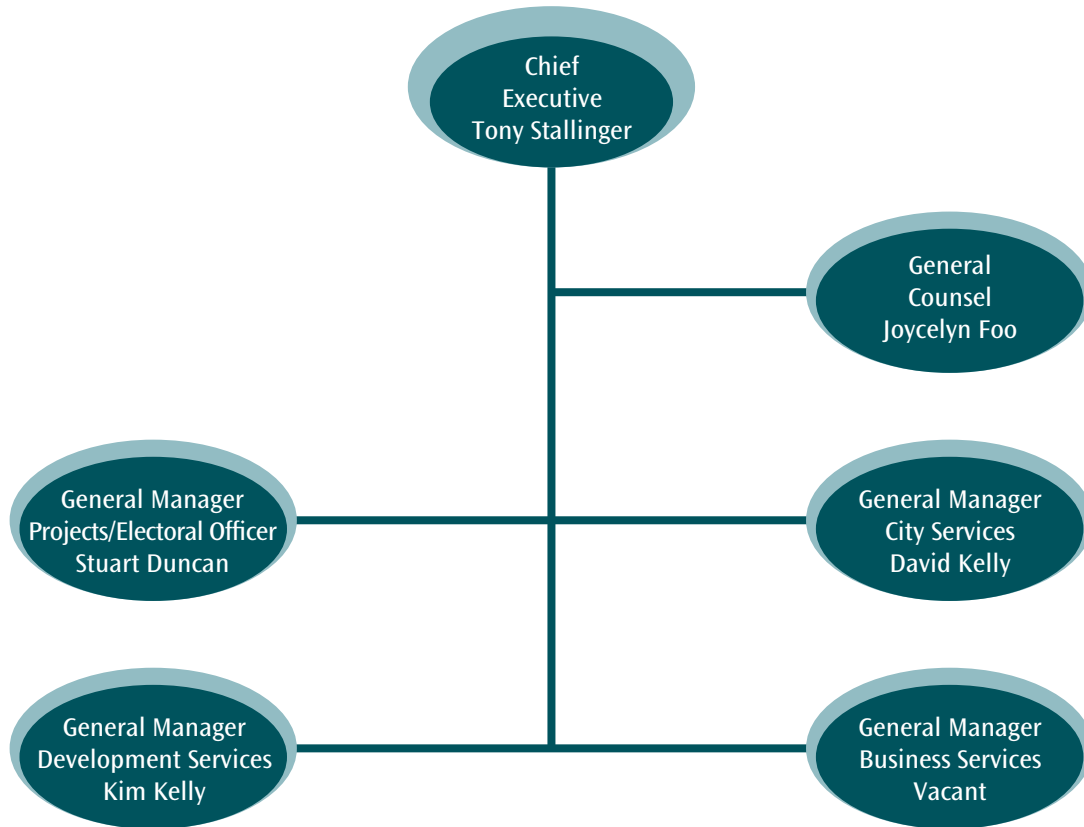
Northern Ward Committee

S (Steve) Ritchie, Chair
F M (Mena) Aukuso, Deputy Chair
D (Dina) Awarau
L (Leigh) Sutton
Cr J (Julie) Englebretsen
Cr A (Angus) Finlayson

Western Ward Committee

G (Jill) Berridge, Chair
N (Noeline) Matthews, Deputy Chair
J (John) McLellan
M J (Max) Shierlaw
Cr M J (Margaret) Cousins
Cr C (Christopher) Milne

Management Structure



Tony Stallinger, Chief Executive (from 28 May 2007 – previously General Manager Business Services)

DDI: 04 570 6773

email: tony.stallinger@huttcity.govt.nz

Rik Hart, Chief Executive (until 13 March 2007)

David Kelly, General Manager City Services

DDI: 04 570 6878

email: dave.kelly@huttcity.govt.nz

Kim Kelly, General Manager Development Services

DDI: 04 570 6949

email: kim.kelly@huttcity.govt.nz

Stuart Duncan, General Manager Projects/Electoral Officer

DDI: 04 570 6873

email: stuart.duncan@huttcity.govt.nz

Joycelyn Foo, General Counsel

DDI: 04 570 6736

email: joycelyn.foo@huttcity.govt.nz



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