

ANNUAL REPORT 2015-2016:

# MAKING OUR PLACE





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# HUTT CITY COUNCIL'S ANNUAL REPORT TO 30 JUNE 2016

A lot has been achieved over the last year and we have exciting plans for the years ahead.

This started with updating Council's vision for the city and establishing a comprehensive series of strategies and plans to achieve it.

A key component of this work has been Council decisions to embark on a period of investment to rejuvenate and revitalise the city. These decisions came with strong and increasing levels of support from the community. Most recently 87% of respondents supported the continuation of investment in rejuvenation projects in this year's Annual Plan 2016-2017. This provides us with confidence that Council's decision to further invest in our city was the right one.

This investment has required slightly higher rates increases (approximately 1% extra each year for four years) and an increase in borrowing. There have been some rejuvenation projects where initial

cost estimates have been found to be too low and budget increases were required. However, Council's overall financial results continue to be good and the independent rating agency Standard & Poor's assesses our financial management as very strong.

Importantly for our community, Hutt City Council's rate increases have been by far the lowest in the Wellington region.

I'm sure you have now started to see early results of the rejuvenation programme as several projects are now completed and many more are underway.

A particular highlight was the opening of the new Walter Nash Centre in 2015, and this is exceeding our expectations. This world-class facility in the heart of Taita is extremely popular among the community, especially our youth. This is an example of the integrated community facilities our rejuvenation programme seeks to establish.

The redevelopment of our Civic Precinct has progressed with the refurbished

and strengthened Council Building at Laings Road opening in March 2016. Construction is well underway on the other projects in this area. Our combined heritage Town Hall and new Events Centre will be an amazing facility when it opens later in 2017. The surrounding landscape and Riddiford Gardens are also being redeveloped and will connect the Dowse Art Museum, Events Centre, War Memorial Library, ANZAC Memorial and the new Sebel Suites four star-plus hotel planned for the end of High Street. Altogether, these projects will create a vibrant centre for our city and something we can all be proud of again.

While these high profile projects receive a lot of attention, much is happening on our other key strategies. Examples are programmes to provide new opportunities to those in greatest need, initiatives to grow our economy and create jobs, and work being done to build community resilience to things such as floods and earthquakes. This continuing work,

together with constantly seeking to improve the core services we provide, means it is an exciting and challenging time for all of us at Hutt City Council!



*Ray Wallace*

Ray Wallace  
MAYOR OF  
LOWER HUTT

6 October 2016



*Tony Stallinger*

Tony Stallinger  
CHIEF EXECUTIVE  
HUTT CITY COUNCIL

6 October 2016



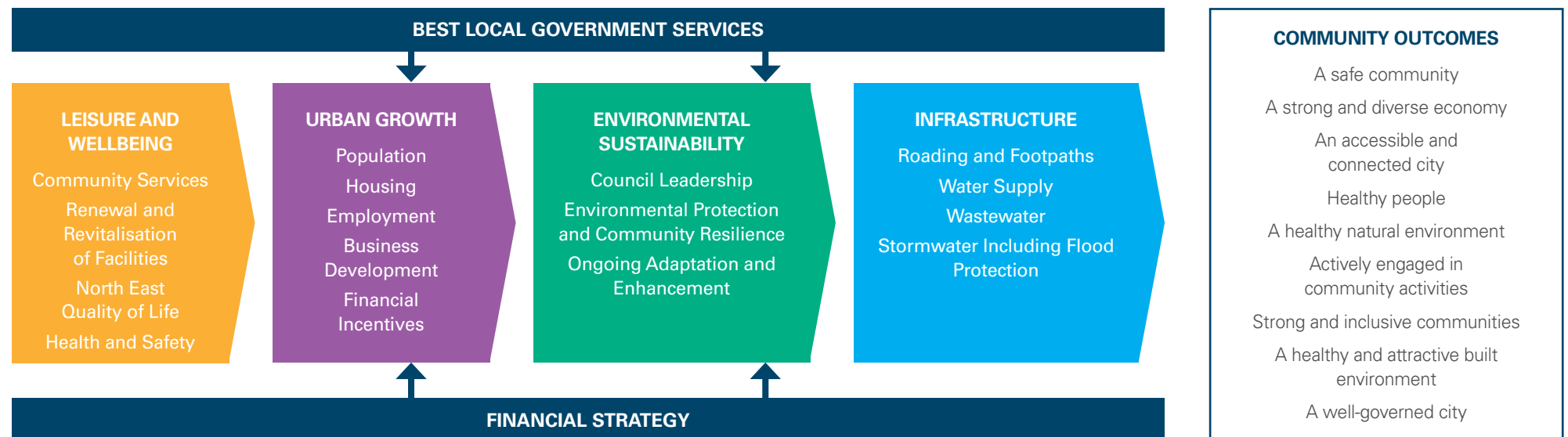
# VISION FOR THE CITY

## HUTT CITY WILL BE A GREAT PLACE TO LIVE, WORK AND PLAY

Council has a vision for the city's future that Hutt City will be a great place to live, work and play. That is, a city that people are proud to live in, where working and investing is a smart choice, and where there's always something for families to explore. Four key strategies have been developed to help achieve this vision.

### STRATEGIC DIRECTION: OUR FOUR KEY STRATEGIES

The move to rejuvenate and revitalise Lower Hutt is underpinned by four key strategies that Council developed over the last four years. The diagram below shows how these four strategies and their key objectives feed into and out of Council's Financial Strategy and organisational goals and ultimately come together to achieve the community outcomes set out in the Long Term Plan.



# MAKING OUR PLACE

## GROW

### MAKING PLACES

Hutt City's Central Business District (CBD) is the most significant business and cultural hub in Lower Hutt. To serve the community it needs to become a prosperous centre, offering a mix of activities, events and attractions. To achieve this, a comprehensive and integrated vision to plan and manage the area has been established – CBD Making Places. The long term design framework has the overall aim to create a CBD that is economically vibrant, artistically and culturally rich and people friendly. The CBD must offer an exceptional quality of life within a sustainable context. The current redevelopment of the Civic Precinct is an integral part of CBD Making Places. Future plans for a Promenade will turn the CBD to face and join with the river. The Promenade part of the RiverLink project has the potential to be a catalyst to Lower Hutt coming into its own as a more ambitious, up-beat, and self-assured city.

### EVENTS CENTRE AND HOTEL

The new design upgrades the Town Hall while retaining its heritage. The Horticultural Hall has been demolished and will be replaced with a modern, flexible space for community, conference, event and exhibition use. The facility will enable us to host events and conferences that will greatly boost the vibrancy of the

central Hutt and play a big part in driving our local economy forward. The stimulus this will give to the central city will include flow-on effects to moteliere, restaurants and retailers, the creation of new jobs, and a boost to the economy in general.

Attracting a top quality operator for our new Events Centre who is also set to bring a four star-plus hotel to the city was a coup for the city this year. In 2016 work will start on construction of the Events Centre and the hotel operator will follow suit on the hotel. With this work our Civic Precinct and the southern end of High Street will really begin to take shape.

### DWELLINGS AND PEOPLE

Under the Urban Growth Strategy Council is aiming to increase the number of dwellings in the city by 6000 and the population to 110,000 by 2032. At this stage 867 new dwellings<sup>1</sup> have been built, 104 new building consents have been issued in 2015-2016 and the population now stands at 102,000.

### MAKING IT EASIER TO DO BUSINESS

Council is always looking at how it can make it easier for people to do business with us. Improvements include:

- a new fees calculator went live at <http://www.huttcity.govt.nz/calculator>. Many of the enquiries at our front counter are about the fees for a building consent application. The

calculator makes it easier for customers to do business with us and noticeably reduces the number of weekly phone calls and counter enquiries.

- Environmental Consents has made a concerted effort to increase the number of building consents lodged online and these have increased from around 50 per cent to 80 per cent.
- In mid-May Environmental Consents hosted an evening for developers, architects and designers. After a tour of the building, Council staff spoke about our online processes and information requirements for building consents and introduced people to the consents team so they could learn about its structure and the issues the team face.

## CONNECTED

### CYCLEWAYS

Council's ongoing programme of works to improve and extend our city's cycling facilities both on and off-road continues and was given a huge boost by our success in developing a Walk and Cycle the Hutt Strategy that impressed decision makers and helped Council to secure central government funding of \$13.5 million. This funding will go towards completing the "Beltway" project (connecting the main public transport routes of the city) and the Eastern Bays Cycle/Walkway which also serves as a sea wall.

### NEW FIBRE NETWORK

The recently completed new fibre network is providing significantly faster experiences for the public using the Connect computers and Wi-Fi in and around our libraries. This new fast network will support a wide range of future digital services for our community.

### PUKEATUA BRIDGE, WAINUIOMATA

The Wainuiomata Hill Road Shared Path Project (the Shared Path Project) is one of 13 nationwide to get a slice of the Government's special urban cycleway fund for an accelerated project. The aim of the Shared Path Project is to provide a consistent, connected and safe shared path between the wider Hutt Valley and Wainuiomata by foot or bike. The construction of the iconic green Pukeatua Bridge was Phase One in the Wainuiomata cycle way project. Pukeatua Bridge at the top of the Wainuiomata Hill has been open to the public since November 2015. This bridge safely connects the Eastern Hills with the East Harbour Regional Park.

### WALTER NASH CENTRE – A PLACE TO STRENGTHEN COMMUNITY CONNECTIONS, CONNECTING PEOPLE IN THEIR COMMUNITY

The level of detail and thought that has gone into the design, layout and features of the new Walter Nash Centre are

<sup>1</sup> Included in the results are additions, demolition and removal of houses, units, townhouses, apartments, granny flats, sleep outs and retirement villages. All results are 1 July to 30 June years. Note that these are counted at the time a house/unit has been signed off by Council, e.g. actually built.

something of which we can all be proud. This world-class facility in the heart of Taita is extremely popular among the community, especially our youth. This is an example of the integrated community facilities our rejuvenation programme seeks to establish.

## RESILIENT AND SUSTAINABLE

### RISK AND RESILIENCE

Council began work on a Risk and Resilience Framework in September 2015. Our challenge is to determine those key facets of Lower Hutt life in which we need to invest to assure Lower Hutt's wellbeing in the face of shocks and stresses. We want to partner with our communities, Iwi, business, institutions and central government so that we are ready when we are confronted with the shocks and challenges. Our goal is to develop a strategy together with the people of Lower Hutt that will support us all to grow in our capacity to survive, adapt and thrive no matter what chronic stresses and shocks we experience. This work is being completed working in close collaboration with Wellington City Council's Chief Resilience Officer (CRO). The CRO is developing a resilience plan for Wellington City using the 100 Resilient Cities methodology.

### HUTT RIVER FLOOD MANAGEMENT PLAN

Since settlement began, the Hutt River has had a history of floods which have

caused emotional and financial damage to the people and businesses of the Hutt Valley. Consistent flooding has occurred since recording began in 1855 and, with the onset of climate change and the likelihood of more volatile weather, it's sure to continue into the future. The current stopbanks are mostly high enough to contain a 1-in-100 year flood but in some sections they are too weak to do so. Following public consultation the preferred option is to provide 1-in-440 year return period flood protection that includes an allowance for climate change. This will be achieved by enlarging and moving stopbanks further west into Pharazyn and Marsden Streets, which will require removal of property on those streets. This has meant that a number of people are affected on Pharazyn and Marsden Streets as businesses and houses will need to be relocated. Council recognises that this work couldn't go ahead without the cooperation of these residents and business owners and Council and fellow citizens acknowledge their sacrifice for the greater good.

### STEMM (SCIENCE, TECHNOLOGY, ENGINEERING, MANUFACTURING AND MATHEMATICS)

Council's investment in STEMM related activities is focused on providing a pathway towards a sustainable economic future for the city based on sustainably growing our already strong science and technology sector. The city is home to GNS and the Callaghan Institute and the aim is to leverage this to provide future

employment for young people in the city. A very successful Hutt STEMM Festival was held with 70 businesses participating, 42 separate events and 5000 participants. The city is home to a number of science and tech-focussed businesses. Two global companies with bases in Lower Hutt are Bostik in Wingate; a leader in adhesives and sealants for the industrial, construction and consumer markets, and Cardno in Petone; a leading provider of geotechnical and environmental services working on some huge civil projects. Both are expanding their footprint here in Lower Hutt, resulting in more specialised employment opportunities in our city. These are encouraging signs which back up Council's commitment to development in the high growth, high yield science and tech industries.

## BEAUTIFUL

### RIDDIFORD GARDENS

The upgrade of Riddiford Gardens is an extremely important project as it is an important CBD Making Places project that is almost complete and provides the context in which the civic buildings are set. The "new" gardens include a half court for basketball and a petanque piste, along with gardens, trees and paved ramps. It is a place where people from all walks of life can gather and be together – at play or at rest. There will also be a new "pavilion" building which will house the electricity sub-station, and will provide public toilets, and a community kiosk and canopy area with a barbeque.

Council has approved \$3.5 million for the next phase of the Gardens project. Most of this work will surround the Town Hall and Events Centre, and includes a continuation of the same style of paving, development of a car park area to service the new Events Centre, and upgrading of the garden areas behind the new Halls, and through to the Little Theatre and Library. We have worked closely with a wide range of interested stakeholders, including Rotary, Lower Hutt Horticultural Society, Hutt Bowling Club, and Heart of the Hutt.

### PETONE SETTLERS MUSEUM

Refurbishment of the Petone Settlers Museum led to original features of the 1940 Petone Settlers Museum building being uncovered. The building has housed a museum since 1977 but its original function was a bathing pavilion. Contractors discovered the original tiled footbaths that swimmers had to walk through to get to changing rooms, and long-covered up windows were also found intact. To mark the centennial of the arrival of the first New Zealand Company immigrant ships the Aurora and the Cuba at Petone in 1840, an organising committee decided there should be just one Wellington provincial centennial memorial. Architect Horace Massey won a design competition with his vision for a Stripped Classical/Art Deco central 'Hall of Memories', flanked on either side with changing facilities for beach-goers.

In the building's western wing, displays on Atiawa history, The Britannia settlement

diorama and other features have been improved and there is a new feature telling the story of iconic local retailer Carey's Drapery. The east wing has displays telling the story of Petone's development and industry, with the first of a series depicting the history of Petone streets focusing on Patrick Street, and the first state houses in New Zealand. The new Seaside Cabaret cafe adds to the attractions in that part of the foreshore.

### SHAPESHIFTER

Shapeshifter Sculpture was again part of the New Zealand Festival programme for 2016. There were over 50 works of contemporary sculpture from establishing and emerging New Zealand sculptors in the beautiful Civic Gardens opposite The Dowse. Shapeshifter is a fundraising initiative of the Rotary Club of Hutt City, staged in partnership with The Dowse Art Museum and the Hutt City Council. It benefits Te Omanga Hospice, The Dowse Foundation and youth programmes in the Hutt Valley.

### BLACK BIRD

Black Bird was the first major survey of 17 years of Lonnie Hutchinson's rich and varied practice. Female subjectivity and feminist narratives inspire Hutchinson's unique approach to art-making, while her Māori (Ngāi Tahu) and Samoan heritage inform her interest in pattern, the play of light and shadow, and the navigation between space and time.

### LEGACY

Legacy, one of the most beautiful exhibitions of the year, shared the stories of two exceptional local artists – Rangī Hetet and Erenora Puketapu-Hetet (1941-2006) – and their creative partnership working as contemporary pioneers of Māori art.

## PLAYFUL

### AVALON PARK

Avalon Park is the feature of many Hutt childhood memories and it's time to give local children and their families something new. We're calling it the Avalon Park playground transformation because, while some of the existing playground equipment is staying, when the work is finished the space will be the best in the region. The \$5 million project has been completed in stages with the new playground featuring water and sand areas for little ones and more adventurous equipment for older kids.

### TE WHITI RISER MOUNTAIN BIKE TRACK

The new Te Whiti Riser track was opened before Christmas. The track, behind Te Whiti Park, has been built for both mountain bikers and walkers and has opened up access to the Eastern Hills and Wainuiomata mountain bike park. It provides a terrific loop track, with stunning views across the Valley, connecting with the new Pukeatua Bridge and walkway on the top of Wainuiomata Hill.

### PETONE WINTER CARNIVAL

This year's Petone Winter Carnival saw more than 22,000 people heading to Petone Esplanade for one of the biggest days in winter. 2016 marked the tenth time the Petone Winter Carnival has been held. Favourite events like the Hutt City Council Fireworks were joined by marshmallow toasting on the beach, circus performances, bands and performances, stalls, food trucks and stalls, rides and free activities along Petone Esplanade. The Petone Settlers Museum had 600 people through its doors. The fireworks closed out Petone Winter Carnival just before the start of the Super Rugby final, and were visible from the hills around Lower Hutt and Wellington Harbour. Petone Winter Carnival capped off a bumper weekend for the Wellington region, with 39,000 attending the Super Rugby final at Westpac Stadium on Saturday evening.

## SAFE

### HAYWARD'S HILL INTERCHANGE PROJECT

Work is continuing on NZTA's SH2/58 Haywards Interchange Project. This new road will improve traffic flows, safety and access to Manor Park train station and will include a pedestrian over bridge and significant improvements for cyclists.

### EXPANDING OUR CCTV NETWORK

Several years ago the community asked

Council to do more towards making Lower Hutt a safer place to live, work and play. Since that time Council has invested in a city-wide CCTV network. We have recently completed the installation of new fibre networks and this has allowed us to upgrade and expand on the CCTV network across the city. CCTV camera footage assists the Police to deal with all types of crime including theft, property damage, anti-social behaviour, breach of liquor bans, assaults, burglary and traffic incidents. These categories are selected as Police statistics show that these categories are of concern in the camera's area of operation. If there is a serious crime of another nature, the cameras will have a role to play in getting help to the scene as soon as possible, and/or helping with a Police investigation later.

### FOOD AND LIQUOR INSPECTIONS

This year Council's Environmental Health staff undertook more than 600 audits and inspections of food premises and hairdressers, continuing to ensure the health and safety of residents. Environmental Health Officers and Police regularly visit high and medium risk premises that sell alcohol. The visits have been aimed at testing if the managers and staff onsite sell alcohol to minors. Over the last year four operators have made sales to minors out of a total of 318 alcohol outlets in the Hutt Valley – a fantastic result and a great example of Council working together with Police to make the city safe.



# OUR COMMUNITY GOALS

Our vision is to make Lower Hutt a great place to live, work and play. To help us achieve this vision residents have identified the following high level goals. These goals are linked to the four key strategies that have been developed to help achieve Council's vision. Reports are being prepared for the incoming Council on the progress being made towards achievement of the strategic objectives contained in these strategies. We also use a series of indicators to measure ongoing progress towards achieving the following goals.

## A SAFE COMMUNITY

*We live in a safe city, free from crime and injury. Our city is prepared for emergencies.*

The Leisure and Wellbeing Strategy is our long term approach to improving the cultural, physical and educational wellbeing of our residents. It aims to deliver the best core local government public services in New Zealand in the areas of libraries, museums, physical recreation, and community safety and connections, and has set targets in these areas to be achieved by 2018.

The Hutt Valley has received reaccreditation as a Pan-Pacific Safe Community from the Safer Communities Foundation NZ. Council, in a funding partnership with Upper Hutt City Council, continues to coordinate Safe Hutt Valley, which has five key priorities – preventing family violence, preventing crime, preventing injury, reducing harm from alcohol, and road safety.

Residents' perceptions of safety in their neighbourhood and in the central city are on target, apart from perceptions of safety in the central city at night. We have upgraded and expanded the CCTV network across the city to help increase perceptions of safety. We've also awarded a new contract for Safe

City Ambassadors who will continue to patrol the streets of Lower Hutt from Thursday afternoons through to Sunday mornings, to help keep our city a safe place for everyone to enjoy. These are two of a number of community safety initiatives led by Council, complementing a New Zealand Police partnership, community patrol, graffiti eradication and neighbourhood support. In addition, we're looking at the standard of public places and buildings in Lower Hutt, and will be creating resources and programmes that keep Crime Prevention Through Environmental Design a prominent part of our work. The Family Violence Working Group is also being supported in their objective of establishing a Safe House/ PSO House for Men. This is about having a permanent space where men who are given a Police Safety Order can go and start the journey of addressing their violence.

Preparedness for civil emergencies, streetlighting, road condition and recorded criminal offences are all areas where safety targets are being met. Local road crashes resulting in injury remain of concern, and we are working together with partners in the community to deliver education, campaigns and programmes that promote a positive road safety culture, safer attitudes, skills and

behaviours, to maintain a reducing trend in injury crashes on the city's roads.

## A STRONG AND DIVERSE ECONOMY

*A city that grows existing businesses and attracts new business activity, with a focus on the research and development sector. All members of our community benefit from a strong economy, and we attract increasing numbers of visitors.*

The Urban Growth Strategy is Council's approach to managing growth and development in the city to 2032. It focuses on how much we want the city to grow, where new homes and businesses will be accommodated, and what will be done to support and encourage this development. Growth targets have been set to the year 2032.

The estimated value of non-residential and residential building consents is on target, along with the number of major events held in the city, the numbers of attendees at those events, and the annual number of visitors to The Dowse from outside Lower Hutt.

Lightning Lab is one of the activities we're involved in aimed at supporting this community goal. Lightning Lab is a 12 week business start-up/incubator on lower High Street, focusing on the manufacturing sector. As projects come closer to completion, investors are pitched

to by the start-up businesses. Some fascinating projects have been progressed showing an amazing level of creativity.

Another is YOUth Inspire – Mayors Taskforce for Jobs – a not-for-profit Trust based in Wainuiomata whose purpose is to assist young people aged 18-24 into training, education and/or employment. To date YOUth Inspire has positively influenced 270 young lives with over 230 being supported into jobs and/or training. YOUth Inspire now has over 100 employer/business partners.

## AN ACCESSIBLE AND CONNECTED CITY

*A city that is easy to move about with well-designed roads, cycleways and footpaths. Members of our community are connected to the digital world.*

The Infrastructure Strategy, which looks out to the year 2045, provides an integrated, long-term assessment of our key infrastructural assets. Our vision is that our infrastructure is resilient, fit for purpose, affordable and meets the needs of today without compromising the needs of tomorrow.

Resident satisfaction with the city's transport network remains on target. Further development of the city's cycleway network remains a priority, with targets in place to 2018. Council has recently

completed the installation of new fibre networks that, among other things, have made the upgrade and expansion of the city's CCTV network possible.

Stokes Valley Library celebrated its 50th anniversary during the year and a celebration was held to acknowledge what an important pillar the library is to the Stokes Valley community. Funding has since been confirmed for a purpose built Stokes Valley Community Hub, an amazing opportunity for the valley that will lift the community up in many ways and make a real difference to people's lives. The Hub, due to open later in 2017, will integrate a range of community, council and other services, as well as being flexible for different uses.

### HEALTHY PEOPLE

*We live healthy lives, and our city's services help to protect our health and our environment.*

The Leisure and Wellbeing Strategy supports these goals, and is supplemented by the Environmental Sustainability Strategy, which focuses on opportunities and risks we face in regard to our environment.

Water quality, both drinking water and water quality at recreational beaches, is a critical indicator, and target results are being achieved. Our Healthy Families team is focused on projects that support the health of our community. These include mapping the Lower Hutt food

environment to see what access our communities have to good and nutritious food, hosting Dr Tom and his retro ambulance to promote healthy living and perform spontaneous pre-diabetes and heart checks in the community, extending the Council's smokefree outdoor public places policy to include more outdoor areas, and providing fruit trees to local Marae who have accepted the role of being kaitiaki for these to be available for whanau and the community.

Every year we spend about \$30 million on our three waters – water supply, wastewater and stormwater – to keep those networks operating well, and to renew and improve them. We have about 1800km of pipes to look after, more than 38,000 water connections, 54 pump stations and 24 reservoirs. With assets valued at more than \$1 billion, careful planning is required to ensure we're delivering infrastructure that works now and in the future, while balancing budgets and public expectations.

### A HEALTHY NATURAL ENVIRONMENT

*We value and protect the natural environment and promote a sustainable city. Resources are used efficiently and there is minimal waste and pollution.*

The Environmental Sustainability Strategy addresses potential environmental issues and provides short-term, mid-term and long-term solutions for change. An Implementation Plan has been developed

for the period 2015–2045. This outlines key performance indicators and actions covering the areas of waste, water, transport, biodiversity, energy, land use, and risk and resilience.

In addition the city provides an abundance of natural parks and reserves for the enjoyment of residents.

\$13.5 million worth of funding was approved by Council, NZTA and the Urban Cycle Fund over the 2015–2018 funding round and detailed planning work is underway for these walkway and cycleway projects.

Our Eco Design Advisor has established an electric vehicle charging station for Council vehicles, and has been heavily involved in the ground-breaking Solar in Schools project, talking to students of Wainuiomata's Pukeatua Primary School about why the solar power panels have been installed. The savings the school makes on its power bill will be put back into resources to help students.

### ACTIVELY ENGAGED IN COMMUNITY ACTIVITIES

*Members of our community participate in arts, cultural, sports and other recreational and leisure activities. The city provides for and encourages participation in these activities.*

The Leisure and Wellbeing Strategy supports these goals, including working to renew and revitalize the city's network

of community facilities, and improving the quality of life and wellbeing of those living in high deprivation communities, starting in our northern and eastern suburbs. Targets to 2018 have been set for these areas.

Visits to our wealth of community facilities, and resident satisfaction with those visits, continue to meet or exceed our targets. We are working hard to increase the percentage of residents who participate in moderate physical activity several days each week.

The Te Awa Kairangi Access Trust is an example of the work being done to encourage active engagement in community activities. It includes the five schools in Taita, Council, community and business representatives and has been established with support from corporate partners KPMG, Datacom, New Zealand Bus, Hutt Mana Energy Trust and some private donors. The Trust's focus is on transport, facilities, modern learning and creating access for North East kids to activities and services that promote learning and achievement. This is expected to have a significantly positive impact on student achievement and aspirations.

Another great example is the Naenae learning programme delivered in partnership with Waiwhetu Marae, Ministry of Social Development and the local community, targeting children who would not normally participate in

school holiday programmes. As a result of the connections made through this programme, children have continued to use Council facilities and access the learning available through them.

A new Computer Clubhouse has been established in Taita and well over 150 members are now benefiting from this service. The Naenae Computer Clubhouse has also had an excellent year.

## **STRONG AND INCLUSIVE COMMUNITIES**

*People feel a sense of belonging and are included in the community. Our city is built on strong communities that value diversity and support newcomers.*

The Leisure and Wellbeing Strategy supports these goals, including working to renew and revitalize the city's network of community facilities, and improving the quality of life and wellbeing of those living in high deprivation communities, starting in our northern and eastern suburbs.

Targets to 2018 have been set for these areas.

In addition we monitor use of our community facilities and participation in programmes and events provided at those facilities. Usage and satisfaction remain on target.

The Wainuiomata Pasifika Education Success Initiative is a great example of a community led initiative to empower Pasifika families and community to achieve

the best educational outcomes and life opportunities for their children, and giving parents the tools to help them stand alongside the children in their journey.

Consultation and engagement with youth has been conducted at community led festivals with the objective of increasing membership of the Youth Council. The Hutt Youth Workers Network steering group appointed a part time Youth Development Coordinator as the network focuses on strengthening the wider youth development sector.

A quarter of our community were born overseas, with about one in 18 of our city's residents arriving from another country in the past six years. Lower Hutt experiences the majority of its net population growth from Wellington city, with the largest migration in the 25 – 49 age group, indicative of people buying their first home or choosing Lower Hutt as a place to settle and possibly raise a family.

## **A HEALTHY AND ATTRACTIVE BUILT ENVIRONMENT**

*Our built environment enhances our quality of life. Our city is vibrant, attractive, healthy and well-designed. We promote development that is sustainable, and which values and protects our built heritage and the natural environment.*

The Urban Growth Strategy supports these goals, making provision for greenfield residential and rural-

residential development, intensification of development where appropriate, investigation of areas suitable for business development, financial incentives to encourage growth, and a range of other development-related matters.

The city's District Plan outlines the anticipated environmental results arising from the various provisions around density of development, amenity value and protection of trees and heritage, cultural and archaeological resources. Targets in these areas are all being met.

The Murals in Schools project was launched in 2015 with the aim of reducing graffiti in the Hutt and involving young people in positive activity in their community. Evidence has shown that the programme is successful in reducing graffiti and strengthening community connections. As well as the schools programme, public murals have continued to be an effective deterrent to graffiti. Adopt a Spot is another programme that aims to encourage and promote a sense of pride and responsibility in local areas. Council in conjunction with Resene and Keep Hutt City Beautiful provides free recycled paint to community groups wishing to adopt a local area to help keep it litter and graffiti free.

A ground source heat pump system and automatic lighting are two of the environmental aspects of the refurbished Council Administration Building that was reoccupied in March 2016.

## **A WELL-GOVERNED CITY**

*All members of our community are empowered to participate in decision-making and to contribute to society. Their values and ideas are reflected in the decisions Council makes.*

Youth workshops have been held across the city to engage the diversity of young people through a democratic and decision-making process of Council, aimed at increasing youth participation in civic activities.

Ongoing engagement with our community and consultation on Council's plans and direction is critical to our success. Resident understanding of the Council decision-making process, and satisfaction with our public consultation and engagement, remains on target.



# LEISURE AND WELLBEING

The Leisure and Wellbeing Strategy is a long-term approach to improving the cultural, physical and educational wellbeing of residents. Building skills from a young age has been highlighted as a priority and will be fundamental to achieving this Strategy's goals.

This Strategy is supported by the Long Term Integrated Community Facilities Plan. This Plan guides development on integrated facilities for the next 30 years, acting as a base document that supports the implementation of Council's vision.

Integrated facilities are defined as 'a series of integrated community hubs' that cluster civic, social and sporting facilities into more user-friendly, efficient and well utilised centres that fit the needs of the communities that make up Lower Hutt now and into the future.

This is a particularly important aspect of Council's overall vision as the facilities are ultimately mechanisms for community transformation and are crucial to us achieving our urban growth targets.

The group that delivers Leisure and Wellbeing activities is responsible for developing and delivering services through the city's community, cultural and leisure facilities, supporting the local community through safety initiatives, partnerships and funding, and promoting the health, safety and wellbeing of residents and visitors.

The following activities fall under Leisure and Wellbeing:

- Libraries
- Museums
- Aquatics and Recreation
- Parks and Reserves
- Community Safety and Connections
- Community Facilities Development
- Regulatory Services
- Emergency Management

Leisure and Wellbeing activities play a broad role in meeting the current and future needs of our communities for good quality local infrastructure, local public services and performance of regulatory functions.

These activities contribute mainly to the following high level goals for the city's wellbeing, also referred to as 'community outcomes':

- A safe community
- A strong and diverse economy
- An accessible and connected city
- Healthy people
- A healthy natural environment
- Actively engaged in community activities
- Strong and inclusive communities
- A healthy and attractive built environment

## LEISURE AND WELLBEING PERFORMANCE SUMMARY

ACTIVITY	ACHIEVEMENT OF PERFORMANCE MEASURES
Libraries	All measures achieved covering library usage, resident satisfaction, visitor numbers and library stock turnover.
Museums	All measures achieved covering visitor numbers, resident satisfaction and education programmes.
Aquatics and Recreation	All measures achieved covering resident/user satisfaction, pool/recreation programme usage, accreditation and cost per visit.
Parks and Reserves	All measures achieved covering resident satisfaction and usage, sports field standards, area of parks and reserves, and maintenance and development standards.
Community Safety and Connections	All measures achieved covering residents' perceptions of safety in the city, and community organisations' satisfaction with funding service.
Community Facilities Development	Three measures achieved covering Walter Nash Centre, Regional Bowls Centre and Community Facilities Trust. Fraser Park Sportville measure not achieved due to fundraising delays. Stokes Valley Community Hub building work not underway but building plans finalised.
Regulatory Services	All measures achieved covering resident/user satisfaction, dog pound, response to dog complaints, registration/licensing of food premises, and response to noise complaints.
Emergency Management	All measures achieved covering emergency preparedness, time to activate Emergency Operations Centre and development of community response plans.

## LEISURE AND WELLBEING FINANCIAL SUMMARY

	(DEFICIT)/SURPLUS BEFORE TAX			RATE REQUIREMENT PER RESIDENT
	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000	ACTUAL 30 JUNE 2016 \$000
Libraries	(9,534)	(9,272)	(8,917)	92.65
Museums	(3,869)	(3,616)	(3,531)	37.60
Aquatics and Recreation	(6,441)	(6,302)	(5,535)	62.59
Parks and Reserves	(10,761)	(11,063)	(10,723)	104.58
Community Safety & Connections	(2,459)	(2,345)	(2,499)	23.90
Community Facilities	(4,299)	(12,462)	(12,536)	41.78
Regulatory Services	(1,767)	(1,888)	(1,688)	17.17
Emergency Management	(764)	(824)	(822)	7.42

Note: The (Deficit)/Surplus before tax shows the net cost of the Council's activities for the year in comparison to the 2015-2016 Annual Plan and the 2014-2015 Actual.

Note: 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.

## LEISURE AND WELLBEING FUNDING IMPACT STATEMENT

For year ended June 2016

	ACTUAL 30 JUNE 2016 \$000	LTP 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	39,894	47,772	46,251
Targeted rates	-	-	-
Subsidies and grants for operating purposes	138	312	348
Fees and charges	7,764	7,930	7,368
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	3,050	3,586	2,888
<b>Total operating funding (A)</b>	<b>50,846</b>	<b>59,600</b>	<b>56,855</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payments to staff and suppliers	38,751	47,156	45,633
Finance costs	1,212	1,873	711
Internal charges and overheads applied	5,484	5,484	5,632
Other operating funding applications	(82)	-	-
<b>Total applications of operating funding (B)</b>	<b>45,365</b>	<b>54,513</b>	<b>51,976</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>5,481</b>	<b>5,087</b>	<b>4,879</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	8,380	10,005	788
Gross proceeds from sale of assets	900	4,450	3,544
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>9,280</b>	<b>14,455</b>	<b>4,332</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure			
- to meet additional demand			
- to improve level of service	11,931	16,394	6,417
- to replace existing assets	2,830	3,148	2,794
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>14,761</b>	<b>19,542</b>	<b>9,211</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(5,481)</b>	<b>(5,087)</b>	<b>(4,879)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# LIBRARIES

## WHAT WE DO

We provide a collective resource that is greater than any individual or family could afford or accommodate.

## WHY WE DO IT

Providing library services enables all citizens to access information, knowledge and learning opportunities that support and strengthen individuals and the community.

## HOW WE MEASURE THE SUCCESS OF OUR SERVICES

MEASURE & TARGET	ACHIEVED 2012-13	ACHIEVED 2013-14	ACHIEVED 2014-15	PEER AVERAGE 2015-16	ACHIEVED 2015-16	SOURCE OF INFORMATION
Percentage of residents who have used library services during the year ≥ 80% of those expressing an opinion	82%	79%	79%	N/A	81%	NRB Communitrak Survey
Residents' satisfaction with library services ≥ 97% of those expressing an opinion	99%	100%	98%	98%	98%	NRB Communitrak Survey
Number of physical visits per year Over 1,000,000	1,088,636	1,088,902	1,020,996	N/A	1,204,830	Monthly Management Reports
Number of visits via the internet per year				N/A		Monthly Management Reports
250,000 Libraries Online visits	312,531 Libraries Online visits	301,037 Libraries Online visits	526,689 Libraries Online visits		579,543 Libraries Online visits	
70,000 pay sessions on Connect	77,542 pay sessions on Connect	71,994 pay sessions on Connect	107,285 pay sessions on Connect		162,182 pay sessions on Connect	
Library stock turnover ≥ national mean	6.0 National mean 3.50	5.66 National mean 3.50	5.18 National mean 3.50	N/A	Achieved 5.17 National mean 3.51	New Zealand Library Statistics
Note: a number greater than or equal to the national mean shows that our library stock turnover is at least equal to or better than is achieved nationally						



## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June 2016

	ACTUAL 30 JUNE 2016 \$000	PLAN 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000
<b>REVENUE</b>				
Rates Income				
User Charges	414	593	(179)	485
Operating Subsidies and Grants	33		33	15
UHCC Operating Subsidy				
Capital Subsidies				
Development Contributions				
Interest Earned				
Dividends				
Vested Assets				
Other Revenue	75	28	47	22
Gain/(Loss) On Prop Disposals				(5)
<b>Total revenue</b>	<b>522</b>	<b>621</b>	<b>(99)</b>	<b>517</b>
<b>EXPENDITURE</b>				
Employee Costs	4,747	4,751	4	4,442
Support Costs	1,753	1,765	12	1,710
Operating Costs	1,756	1,680	(76)	1,705
Loss On Prop Disposals				
Finance Cost	112	173	61	46
Depreciation	1,688	1,524	(164)	1,531
<b>Total expenditure</b>	<b>10,056</b>	<b>9,893</b>	<b>(163)</b>	<b>9,434</b>
<b>DEFICIT BEFORE TAX</b>	<b>(9,534)</b>	<b>(9,272)</b>	<b>(262)</b>	<b>(8,917)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(9,534)	(9,272)	(262)	(8,917)
Add Capital Contributions				
<b>Total rates funding requirement</b>	<b>(9,534)</b>	<b>(9,272)</b>	<b>(262)</b>	<b>(8,917)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	(1,083)	(1,040)	(43)	(1,084)
Capital Expenditure - to improve levels of service	(625)	(593)	(32)	(196)
Less Capital Contributions				
Less UHCC Capital Contributions				
Less Proceeds From Asset Sales				
Less Depreciation	1,688	1,524	164	1,531
<b>Total Loan Funding Repayment</b>	<b>(20)</b>	<b>(109)</b>	<b>89</b>	<b>251</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(9,554)</b>	<b>(9,381)</b>	<b>(173)</b>	<b>(8,666)</b>

## OPERATING PROJECTS

	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000
Youth Infusion	8	20	12

## SIGNIFICANT OPERATING VARIATIONS FROM THE 2015-16 ANNUAL PLAN

Revenue was under budget due to reduced income from WIFI, overdue charges, hire/ rental fees, and reduced demand for DVD and CD rentals. Operating costs were over budget due to increased monthly maintenance charges across all libraries.

## CAPITAL PROJECTS ACQUISITIONS AND RENEWALS

	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000
Furniture and Equipment Replacement Programme All Libraries	45	45	
Libraries Building Maintenance	81	155	74
Libraries Shelving Replacement	34	20	(14)
Security Maintenance		20	20
Libraries Stock Replacement	923	900	(23)
Libraries Buildings Improvements	38	50	12
Radio Frequency Identification	26	50	24
Self Scanning Machines Purchase	257	93	(164)
Taita Sports and Community Centre Furniture	304	300	(4)

## SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE 2015-16 ANNUAL PLAN

The most significant expenditure was for 'Libraries Stock Replacement' which relates to the on-going annual purchasing and replacement of books held in Libraries. The 'Self-Scanning Machines' purchase changed from an operating lease to a capital purchase hence the unfavourable variance which will be offset by savings in the operating lease over the next two financial years. The Taita Sports and Community Centre fit out of the library space was competed which included installing all shelving, furniture, computers and signage and now provides a modern library facility for the Taita area. A number of other projects were completed during the year to maintain or improve the various library facilities throughout the City.

# MUSEUMS

## WHAT WE DO

We operate two museums, which are open to the public at no charge other than for special exhibitions:

- The Dowse Art Museum collects and displays fine art as well as decorative and applied arts, and is a conduit for community engagement and participation in the creative arts, underpinned by innovative exhibitions, education and associated community programmes.
- The Petone Settlers Museum specialises in showcasing the social history of the early Māori and European settlement of the lower Hutt Valley and Petone area.

## WHY WE DO IT

By providing museums we enable people to access freely 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 civic pride and community values.

## HOW WE MEASURE THE SUCCESS OF OUR SERVICES

MEASURE & TARGET	ACHIEVED 2012-13	ACHIEVED 2013-14	ACHIEVED 2014-15	PEER AVERAGE 2015-16	ACHIEVED 2015-16	SOURCE OF INFORMATION
Number of museum visits per year ≥ 200,000	217,152	205,874	216,447 (Dowse: 204,405, Petone Settlers: 12,042)	N/A	226,946 (Dowse: 218,847, Petone Settlers: 8,099)	Monthly Management Reports
Residents' satisfaction with the Dowse Art Museum ≥ 93% of those expressing an opinion	95%	95%	95%	95%	95%	NRB Communitrak Survey
Residents' satisfaction with the Petone Settlers Museum ≥ 93% of those expressing an opinion	96%	97%	98%	95%	97%	NRB Communitrak Survey
Public education programmes delivered that meet the needs and expectations of community and school groups  Public education programmes delivered to 11,000 participants ≥ 90% satisfaction	9,100 students 100% satisfaction	12,075 students 100% satisfaction	11,535 students 100% satisfaction	N/A	11,168 students 100% satisfaction	Management Reports and Participant Evaluation Forms

Note: Survey percentages quoted exclude those who responded 'don't know'. The definition of "peer average" is included in the Appendices to this Annual Report.





## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June 2016

	ACTUAL 30 JUNE 2016 \$000	PLAN 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000
<b>REVENUE</b>				
Rates Income				
User Charges	206	230	(24)	275
Operating Subsidies and Grants	46	120	(74)	
UHCC Operating Subsidy				
Capital Subsidies				
Development Contributions				
Interest Earned				
Dividends				
Vested Assets				
Other Revenue	189	492	(303)	428
Gain/(Loss) On Prop Disposals				
<b>Total revenue</b>	<b>441</b>	<b>842</b>	<b>(401)</b>	<b>703</b>
<b>EXPENDITURE</b>				
Employee Costs	1,435	1,525	90	1,466
Support Costs	1,015	1,008	(7)	1,016
Operating Costs	1,242	1,310	68	1,134
Loss On Prop Disposals				
Finance Cost	35	54	19	94
Depreciation	583	561	(22)	524
<b>Total expenditure</b>	<b>4,310</b>	<b>4,458</b>	<b>148</b>	<b>4,234</b>
<b>DEFICIT BEFORE TAX</b>	<b>(3,869)</b>	<b>(3,616)</b>	<b>(253)</b>	<b>(3,531)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(3,869)	(3,616)	(253)	(3,531)
Add Capital Contributions				
<b>Total rates funding requirement</b>	<b>(3,869)</b>	<b>(3,616)</b>	<b>(253)</b>	<b>(3,531)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	(499)	(489)	(10)	(160)
Capital Expenditure - to improve levels of service	(163)	(179)	16	(379)
Less Capital Contributions				
Less UHCC Capital Contributions				
Less Proceeds From Asset Sales				
Less Depreciation	583	561	22	524
<b>Total Loan Funding Repayment</b>	<b>(79)</b>	<b>(107)</b>	<b>28</b>	<b>(15)</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(3,948)</b>	<b>(3,723)</b>	<b>(225)</b>	<b>(3,546)</b>

## OPERATING PROJECTS

	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000
Events Funding	11	36	25

## SIGNIFICANT OPERATING VARIATIONS FROM THE 2015-16 ANNUAL PLAN

The most significant variance was due to a change in the operation of the Little Café from a Council operation to a lease arrangement resulting in reduced revenue with some offsetting reduction in operating costs. Revenue was also under budget for events including the Big Day Dowse and for touring exhibitions.

## CAPITAL PROJECTS ACQUISITIONS AND RENEWALS

	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000
Dowse Carpets, Soft Furnishings Gallery and Office	21	30	9
Dowse Office Furniture and Equipment	19	20	1
Dowse Gallery Lighting	27	40	13
Dowse Building and Plant Maintenance	36	58	22
Little Theatre Maintenance	14	20	6
Petone Settlers Museum Exhibition Display Equipment	51	71	20
Petone Settlers Museum Building Maintenance	331	250	(81)
Dowse Entrance Upgrade	9	15	6
Dowse New Artworks	30	26	(4)
Dowse Dehumidification Upstairs Galleries	14	38	24
Little Theatre Sound and Lighting Improvements	100	90	(10)
Petone Settlers Museum New Lighting and Furnishings	10	10	

## SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE 2015-16 ANNUAL PLAN

The significant project was the major external and internal refurbishment of the Settlers Museum which included re-roofing, resealing and painting of the building and restoring the external lighting. Internal work included new exhibition spaces and opening the building to the outside through new windows. Another significant project was the refurbishment of the Little Theatre foyer with new panelling, lighting and heating.

## AQUATICS AND RECREATION

### WHAT WE DO

We provide six swimming pools and two gyms in Hutt City, and offer quality and accessible tuition in essential water safety and life skills. Our recreational programmes and events are community based and designed to encourage residents to engage in a range of recreational activities. Our events help to make Hutt City a vibrant and festive place to be.

Hutt City Community Facilities Trust (CFT), a Council-Controlled Organisation, develops and owns some of the city's facilities in partnership with Council, for example the Walter Nash Centre which houses a number of council facilities within the one site.

### WHY WE DO IT

People's lives are positively affected by participation in recreation, sports, fitness and cultural activities – and providing these high-quality services at a low user cost makes them available to the whole community. Aquatics and recreational programmes and events also make an important contribution to creating an attractive area for people and businesses considering moving to Hutt City.

### HOW WE MEASURE THE SUCCESS OF OUR SERVICES

MEASURE & TARGET	ACHIEVED 2012-13	ACHIEVED 2013-14	ACHIEVED 2014-15	PEER AVERAGE 2015-16	ACHIEVED 2015-16	SOURCE OF INFORMATION
Residents' satisfaction with pools ≥ 93% of those expressing an opinion	95%	96%	96%	87%	97%	NRB Communitrak Survey
Residents' use of pools ≥ 65%	70%	69%	71%	N/A	72%	NRB Communitrak Survey
POOLSAFE accreditation for swimming pool operation, including quality standards for health and safety, water quality, supervision, pool building and operation, signage and other standards Accreditation maintained	Accreditation maintained	Accreditation maintained	Accreditation maintained following November 2015 audit	N/A	Accreditation maintained	Annual NZRA External Audit
Cost per visit to Council of aquatic services provided 2015-16 ≤ \$4.59	\$3.67	\$3.71	\$3.75	N/A	\$3.72	Monthly Management Reports
User satisfaction with 'Leisure Active' programmes and events ≥ 92% of those expressing an opinion	97%	98%	97%	N/A	96%	NRB Communitrak Survey
Residents' use of 'Leisure Active' programmes and events ≥ 30%	49%	44%	33%	N/A	32%	NRB Communitrak Survey

Note: Survey percentages quoted exclude those who responded 'don't know'. The definition of "peer average" is included in the Appendices to this Annual Report.

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June 2016

	ACTUAL 30 JUNE 2016 \$000	PLAN 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000
<b>REVENUE</b>				
Rates Income				
User Charges	3,675	3,941	(266)	3,678
Operating Subsidies and Grants	48	82	(34)	39
UHCC Operating Subsidy				
Capital Subsidies				
Development Contributions				
Interest Earned				
Dividends				
Vested Assets				
Other Revenue	1,785	1,963	(178)	1,389
Gain/(Loss) On Prop Disposals				(10)
<b>Total revenue</b>	<b>5,508</b>	<b>5,986</b>	<b>(478)</b>	<b>5,096</b>
<b>EXPENDITURE</b>				
Employee Costs	4,859	4,616	(243)	3,814
Support Costs	1,583	1,583		1,424
Operating Costs	4,033	4,459	426	4,178
Loss On Prop Disposals				
Finance Cost	288	445	157	74
Depreciation	1,186	1,185	(1)	1,141
<b>Total expenditure</b>	<b>11,949</b>	<b>12,288</b>	<b>339</b>	<b>10,631</b>
<b>DEFICIT BEFORE TAX</b>	<b>(6,441)</b>	<b>(6,302)</b>	<b>(139)</b>	<b>(5,535)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(6,441)	(6,302)	(139)	(5,535)
Add Capital Contributions				
<b>Total rates funding requirement</b>	<b>(6,441)</b>	<b>(6,302)</b>	<b>(139)</b>	<b>(5,535)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	(714)	(639)	(75)	(810)
Capital Expenditure - to improve levels of service	(1,879)	(8,000)	6,121	(883)
Less Capital Contributions				
Less UHCC Capital Contributions				
Less Proceeds From Asset Sales				
Less Depreciation	1,186	1,185	1	1,141
<b>Total Loan Funding Repayment</b>	<b>(1,407)</b>	<b>(7,454)</b>	<b>6,047</b>	<b>(552)</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(7,848)</b>	<b>(13,756)</b>	<b>5,908</b>	<b>(6,087)</b>

## OPERATING PROJECTS

	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000
Sportsville	93	185	92
Sport Wellington Long Term Regional Strategy		15	15

## SIGNIFICANT OPERATING VARIATIONS FROM THE 2015-16 ANNUAL PLAN

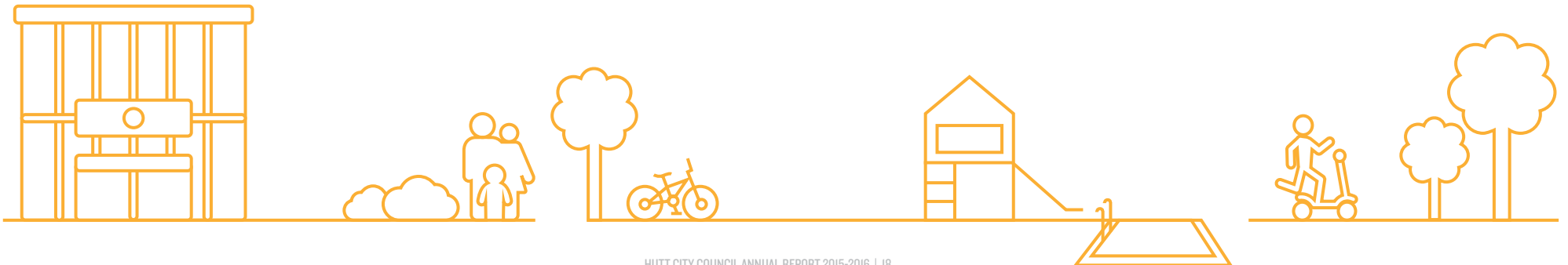
The unfavourable user charges variance is mainly due to Walter Nash Centre being behind initial budget targets (\$150k stadium, \$240k fitness suite). This is largely due to budgets being set based on an original opening date in May 2015 whereas the facility eventually opened in November 2015, traditionally the quietest period for stadium users. The unfavourable variance in grant revenue is due to reduced funding and corresponding reduced operating costs for Healthy Families initiatives which have been delayed until next financial year.

## CAPITAL PROJECTS ACQUISITIONS AND RENEWALS

	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000
Community Halls Maintenance	126	150	24
Naenae Pool Steel Roof Replacement	29	50	21
Other Projects	480	439	(41)
Walter Nash Stadium Maintenance	79		(79)
Community Halls Improvements	192	395	203
Huia Pool Programme Pool Development	1,087	7,155	6,068
Taita Sport and Community Centre Fitness Suite Equipment and Fitout	565	450	(115)
Vehicle Purchase	35		(35)

## SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE 2015-16 ANNUAL PLAN

There was a major refurbishment of the Treadwell Street Hall, which included new heating, lighting, full toilets refurbishment, floor resealed and repainted. The Huia Pool redevelopment project has been delayed with most expenditure being on planning, design, demolition and earthworks. The balance of the project has been deferred until next year when the project is expected to be completed. The other major project was the fit out at Walter Nash Centre for the gym and equipment, Cafe kitchen, meeting rooms and sport seating.



# PARKS AND RESERVES

## WHAT WE DO

We provide and maintain active and passive recreational facilities in Hutt City for public enjoyment and wellbeing. With access largely free of charge, our recreation areas are both natural and developed. Most of our work is targeted at maintaining developed areas and retaining bush land in its natural state. 'Parks and Reserves' also includes Council cemeteries.

## WHY WE DO IT

In providing and maintaining parks, reserves, sportsgrounds, street gardens and street trees, we help to create a pleasant environment in which people can live, work and play. Providing and maintaining these areas at high quality and low user cost makes them available to the whole community.

## HOW WE MEASURE THE SUCCESS OF OUR SERVICES

MEASURE & TARGET	ACHIEVED 2012-13	ACHIEVED 2013-14	ACHIEVED 2014-15	PEER AVERAGE 2015-16	ACHIEVED 2015-16	SOURCE OF INFORMATION
Residents' satisfaction with:						
• sportsgrounds						
≥ 95% of those expressing an opinion	99%	98%	97%	95%	96%	NRB Communitrak Survey
• parks, reserves and gardens						
≥ 95% of those expressing an opinion	96%	97%	96%	94%	96%	NRB Communitrak Survey
• cemeteries						
≥ 90% of those expressing an opinion	98%	96%	97%	94%	94%	NRB Communitrak Survey
Sports fields meet the standard agreed with sports codes	95%	95%	95%	N/A	95%	Complaints from users during 2015/16 and sportsground audits
≥ 95%						
Area of parks and reserves per 1000 of population	54 hectares	54 hectares	26.8 hectares	N/A	27.1 hectares	Reserves Strategy
≥ 24.9 hectares						
Note: Figure now excludes Greater Wellington Regional Council parks and reserves						
Percentage of households that have used or visited parks, reserves or gardens in the previous 12 months	90%	92%	90%	N/A	92%	NRB Communitrak Survey
≥ 89%						
Maintain a high standard of maintenance and development of playgrounds, parks, reserves, gardens and cemeteries	90%	90%	89%	N/A	95%	Playground and parks audits
95% of contract and asset management plan requirements met						

Note: Survey percentages quoted exclude those who responded 'don't know'. The definition of "peer average" is included in the Appendices to this Annual Report.

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June 2016

	ACTUAL 30 JUNE 2016 \$000	PLAN 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000
<b>REVENUE</b>				
Rates Income				
User Charges	1,858	1,882	(24)	1,656
Operating Subsidies and Grants	(2)	80	(82)	266
UHCC Operating Subsidy				
Capital Subsidies				
Development Contributions				
Interest Earned				
Dividends				
Vested Assets				
Other Revenue	30	7	23	
Gain/(Loss) On Prop Disposals				198
<b>Total revenue</b>	<b>1,886</b>	<b>1,969</b>	<b>(83)</b>	<b>2,120</b>
<b>EXPENDITURE</b>				
Employee Costs	731	750	19	756
Support Costs	594	594		657
Operating Costs	9,313	9,569	256	9,434
Loss On Prop Disposals	(82)		82	
Finance Cost	318	491	173	494
Depreciation	1,773	1,628	(145)	1,502
<b>Total expenditure</b>	<b>12,647</b>	<b>13,032</b>	<b>385</b>	<b>12,843</b>
<b>DEFICIT BEFORE TAX</b>	<b>(10,761)</b>	<b>(11,063)</b>	<b>302</b>	<b>(10,723)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(10,761)	(11,063)	302	(10,723)
Add Capital Contributions				
<b>Total rates funding requirement</b>	<b>(10,761)</b>	<b>(11,063)</b>	<b>302</b>	<b>(10,723)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	(355)	(669)	314	(666)
Capital Expenditure - to improve levels of service	(9,069)	(7,532)	(1,537)	(4,850)
Less Capital Contributions				
Less UHCC Capital Contributions				
Less Proceeds From Asset Sales	900	4,450	(3,550)	792
Less Depreciation	1,773	1,628	145	1,502
<b>Total Loan Funding Repayment</b>	<b>(6,751)</b>	<b>(2,123)</b>	<b>(4,628)</b>	<b>(3,222)</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(17,512)</b>	<b>(13,186)</b>	<b>(4,326)</b>	<b>(13,945)</b>

## OPERATING PROJECTS

	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000
Waimarie Croquet Club	22	116	94

## SIGNIFICANT OPERATING VARIATIONS FROM THE 2015-16 ANNUAL PLAN

Savings in operating costs are a mix of work carried over to the next financial year and savings made to offset capital expenses.

## CAPITAL PROJECTS ACQUISITIONS AND RENEWALS

	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000
Miscellaneous Rentals Maintenance	37	40	3
Seats and Bins		29	29
Parks Hard Surfaces Maintenance	147	150	3
Signage and Interpretation	16	25	9
Playgrounds	63	195	132
Sportsgrounds Buildings Maintenance	42	150	108
Track Maintenance		30	30
Wharves Maintenance	50	50	
Avalon Park Development	3,701	3,100	(601)
Bollards Installation At Reserves	5	5	
Akatarawa Road New Cemetery Development	75	80	5
Cemetery Improvements	(39)	150	189
Landscape Integration CFT Projects	574	250	(324)
Escarpment Fencing Pencarrow Coast Road		50	50
Kelson Reserve Development [Funded from Reserve Fund]	80	150	70
Light Boxes		12	12
Wainuiomata Trail Project [Funded from Reserve Fund]	50	50	0
Manor Park Cycle Trail	14	400	386
Making Places Riddiford Gardens	3,475	2,000	(1,475)
Moera Reserve Facilities Improvements		40	40
New Tracks and Track Upgrades	151	150	(1)
Petone Foreshore Improvements	179	150	(29)
Sportsground Drainage Upgrades	66	60	(6)
Stokes Valley Pump Track		50	50
Amenities Upgrade	198	200	2
Trafalgar Park New Amenities and Fence	124	150	26
Te Whiti Park New Changing Rooms [Funded from Reserve Fund]	64	50	(14)
Wainuiomata Garden Of Remembrance Development	222	215	(7)
Walter Nash Reserve Upgrade [Funded from Reserve Fund]	16	20	4
Wainuiomata Hill Viewing Platform	114	200	86

## SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE 2015-16 ANNUAL PLAN

Significant work was undertaken at Avalon Park and Riddiford Gardens on their redevelopment. Both projects were over budget due to changes to the scope of the work. The landscaping work for the Walter Nash Stadium (CFT Projects) was also over budget due to scope changes and problems with soft soils. The costs for a number of projects that were budgeted as capital were considered to be an operating expense and were therefore transferred to operating.



## COMMUNITY SAFETY AND CONNECTIONS

### WHAT WE DO

We provide community services and partnerships largely through local community facilities. We have funding relationships with government agencies to provide safety initiatives. We also support our community through providing grants to community organisations and groups. We're working to establish community hubs that combine existing facilities into more convenient central hubs.

### WHY WE DO IT

Our support helps community groups to achieve their goals where they can't do it themselves because of a lack of resources. We've always been committed to responding appropriately to safety issues affecting our community. We work in partnership with others to improve the wellbeing of residents.

### HOW WE MEASURE THE SUCCESS OF OUR SERVICES

MEASURE & TARGET	ACHIEVED 2012-13	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	SOURCE OF INFORMATION
Residents' perceptions of Hutt City in terms of their sense of safety: <ul style="list-style-type: none"> <li>in their local neighbourhood during the day</li> <li>in their local neighbourhood after dark</li> <li>in the Lower Hutt city centre during the day</li> <li>in the Lower Hutt city centre after dark</li> </ul> ≥ 81% overall of those expressing an opinion	87% overall (98% during the day, 84% after dark – local neighbourhood; 98% during the day, 67% after dark – city centre)	85% overall (96% during the day, 84% after dark – local neighbourhood; 97% during the day, 62% after dark – city centre)	85% overall (96% during the day, 81% after dark – local neighbourhood; 98% during the day, 66% after dark – city centre)	84.5% overall (96% during the day, 82% after dark – local neighbourhood; 97% during the day, 63% after dark – city centre)	NRB Communitrak Survey
Community organisations' satisfaction with the availability and quality of our funding service ≥ 90% of those expressing an opinion	94%	Too few organisations responded to the survey to be able to make a statistically sound judgement on levels of satisfaction	93.3% A total of 15 responses were received. Quality of funding process overall – 13 very satisfied, 1 fairly satisfied and 1 not very satisfied	96.88% A total of 31 responses were received. Quality of funding process overall – 22 very satisfied, 9 fairly satisfied and 1 not very satisfied	Measured by Survey of Community Organisations

Note: Survey percentages quoted exclude those who responded 'don't know'.



## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June 2016

	ACTUAL 30 JUNE 2016 \$000	PLAN 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000
<b>REVENUE</b>				
Rates Income				
User Charges	13		13	13
Operating Subsidies and Grants	13	30	(17)	28
UHCC Operating Subsidy				
Capital Subsidies				
Development Contributions				
Interest Earned				
Dividends				
Vested Assets				
Other Revenue	(2)	59	(61)	(6)
Gain/(Loss) On Prop Disposals				
<b>Total revenue</b>	<b>24</b>	<b>89</b>	<b>(65)</b>	<b>35</b>
<b>EXPENDITURE</b>				
Employee Costs	143	110	(33)	114
Support Costs	491	491		764
Operating Costs	1,644	1,678	34	1,530
Loss On Prop Disposals				
Finance Cost	13	20	7	
Depreciation	192	135	(57)	126
<b>Total expenditure</b>	<b>2,483</b>	<b>2,434</b>	<b>(49)</b>	<b>2,534</b>
<b>DEFICIT BEFORE TAX</b>				
	<b>(2,459)</b>	<b>(2,345)</b>	<b>(114)</b>	<b>(2,499)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(2,459)	(2,345)	(114)	(2,499)
Add Capital Contributions				
<b>Total rates funding requirement</b>	<b>(2,459)</b>	<b>(2,345)</b>	<b>(114)</b>	<b>(2,499)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	(179)	(191)	12	(40)
Capital Expenditure - to improve levels of service	(138)	(90)	(48)	(109)
Less Capital Contributions				
Less UHCC Capital Contributions				
Less Proceeds From Asset Sales				
Less Depreciation	192	135	57	126
<b>Total Loan Funding Repayment</b>	<b>(125)</b>	<b>(146)</b>	<b>21</b>	<b>(23)</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(2,584)</b>	<b>(2,491)</b>	<b>(93)</b>	<b>(2,522)</b>

## OPERATING PROJECTS

	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000
Arts & Culture Advisory Group	39	65	26
Arts & Culture	39	40	1
CAB Funding	99	97	(2)
Community Development Fund	117	148	31
Community Houses Funding	254	255	1
Community Patrols	5	5	
Heritage Fund	13	15	2
Hutt Community Radio Station Broadcast Improvements		5	5
Hutt Valley Community Arts	30	30	
Marae Funding	171	200	29
Mayors Taskforce For Jobs	70	70	
Regional Grants	22	33	11
Safety Initiatives	446	383	(63)
Scholarships	6	10	4
Tamaiti Whangai Grant	20	20	
Waivhetau Marae Scholarship		5	5
Wellington Free Ambulance	52	52	
Youth Centre	106	100	(6)
Youth Partnership Fund	53	58	5

## SIGNIFICANT OPERATING VARIATIONS FROM THE 2015-16 ANNUAL PLAN

The majority of variances reported are timing related only. The unfavourable variance for 'Safety Initiatives' relates to additional effort and work put into aspects of Council's city safety work, including an increased presence of Safe City Ambassadors.

## CAPITAL PROJECTS ACQUISITIONS AND RENEWALS

	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000
Community Houses Building Maintenance	68	70	2
CBD Community Resource Centre	20	20	
CCTV Camera Replacement	91	101	10
CCTV Camera Replacement	20	20	
Community Houses	118	70	(48)

## SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE 2015-16 ANNUAL PLAN

The most significant project was a major refurbishment of the Pomare House involving releveling reconfiguration of rooms, and a major refurbishment throughout.



# COMMUNITY FACILITIES DEVELOPMENT

## WHAT WE DO

Hutt City Council has a Long Term Integrated Facilities Plan which provides a clear guide for Council and community decision-making regarding the future development of community facilities. The Community Facilities Trust (a Council Controlled Organisation established in August 2012) plays an integral role in assisting Council in implementing this plan.

## WHY WE DO IT

This plan will see a series of 'integrated community hubs' cluster civic, social and sporting facilities into more user friendly, efficient and well utilised centres which fit the needs of the communities that make up Hutt City now and into the future. It will also see the development of several world-class regional and nationally significant sporting and community facilities.

## HOW WE MEASURE THE SUCCESS OF OUR SERVICES

MEASURE & TARGET	ACHIEVED 2012-13	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	SOURCE OF INFORMATION
Walter Nash Centre (previously known as Taita Sport and Community Centre) Delivered within budget and timeframe to specification 2015-16	New measure for 2014-15	New measure for 2014-15	100% fundraising not achieved Progress towards project completion 2015-16 achieved	Achieved	Annual Management Report
Fraser Park Sportsville Stage 2 building work underway 2015-16	New measure for 2014-15	New measure for 2014-15	Stage 1 development completed Detailed design for Stage 2 30% completed Fundraising strategy for Stage 2 not achieved	Not Achieved – Fundraising Delays Note: A significant funding application to NZ Lotteries was declined which was a major setback. The CFT is in the process of reapplying to the same NZ Lotteries fund.	Annual Management Report
Community Hubs Stokes Valley Community Hub building work underway 2015-16	New measure for 2014-15	New measure for 2014-15	Stokes Valley identified as next community hub development Community consultation achieved Detailed design not completed	Not Achieved – Building Plans Finalised	Annual Management Report
Regional Bowls Centre – Naenae Building work underway 2015-16	New measure for 2015-16	New measure for 2015-16	New measure for 2015-16	Achieved	Annual Management Report
Community Facilities Trust Operating and capital expenditure within budget 100% of Council accountability requirements met	New measure for 2014-15	New measure for 2014-15	Achieved Achieved	Achieved Achieved	Annual Management Report

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June 2016

	ACTUAL 30 JUNE 2016 \$000	PLAN 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000
<b>REVENUE</b>				
Rates Income				
User Charges				
Operating Subsidies and Grants				
UHCC Operating Subsidy				
Capital Subsidies				
Development Contributions				
Interest Earned				
Dividends				
Vested Assets				
Other Revenue				
Gain/(Loss) On Prop Disposals				
<b>Total revenue</b>				
<b>EXPENDITURE</b>				
Employee Costs				
Support Costs				
Operating Costs	3,871	11,800	7,929	12,536
Loss On Prop Disposals				
Finance Cost	428	662	234	
Depreciation				
<b>Total expenditure</b>	<b>4,299</b>	<b>12,462</b>	<b>8,163</b>	<b>12,536</b>
<b>DEFICIT BEFORE TAX</b>	<b>(4,299)</b>	<b>(12,462)</b>	<b>8,163</b>	<b>(12,536)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(4,299)	(12,462)	8,163	(12,536)
Add Capital Contributions				
<b>Total rates funding requirement</b>	<b>(4,299)</b>	<b>(12,462)</b>	<b>8,163</b>	<b>(12,536)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets				
Capital Expenditure - to improve levels of service				
Less Capital Contributions				
Less UHCC Capital Contributions				
Less Proceeds From Asset Sales				2,752
Less Depreciation				
<b>Total Loan Funding Repayment</b>				<b>2,752</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(4,299)</b>	<b>(12,462)</b>	<b>8,163</b>	<b>(9,784)</b>

## OPERATING PROJECTS

	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000
CFT Operating Grant	350	350	
CFT Fraser Park Sportsville	543	6,000	5,457
CFT Stokes Valley Community Hub	25	2,000	1,975
CFT Regional Bowls Centre	2,540	3,000	460

## SIGNIFICANT OPERATING VARIATIONS FROM THE 2015-16 ANNUAL PLAN

The significant favourable variance reported to 30 June 2016 is timing related only. Almost the equivalent amount to the positive variance has been carried forward for expenditure in Councils' 2016/17 Annual Plan. The variance relates to the timing of Council's funding of existing projects that are being led and managed by the Communities Facilities Trust (CFT). These include Fraser Park Sportsville, Stokes Valley Hub and the development on Walter Mildenhall Park. Council's payments have been deferred as various aspects to these projects have taken longer than expected - most notably fundraising.

## SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE 2015-16 ANNUAL PLAN

There were no asset acquisitions, replacements or variations from the Annual Plan. It should be noted the majority of the operating grants provided to the CFT are for the purposes of developing new assets,

# REGULATORY SERVICES

## WHAT WE DO

This activity includes inspections of business and food premises, certifications, and liquor licensing bylaw compliance; pollution and trade waste control; monitoring beaches to promote and protect public health and safety; monitoring and controlling noise and hazardous substances; animal control services; and parking enforcement.

## WHY WE DO IT

The primary focus for this activity is to promote community safety and wellbeing, and minimise risk to members of the public. The second focus is aimed at providing a safe, convenient and enjoyable city environment, ensuring the city is a pleasant place for residents and visitors alike.

## HOW WE MEASURE THE SUCCESS OF OUR SERVICES

MEASURE & TARGET	ACHIEVED 2012-13	ACHIEVED 2013-14	ACHIEVED 2014-15	PEER AVERAGE 2015-16	ACHIEVED 2015-16	SOURCE OF INFORMATION
Residents' satisfaction with:						
• animal services	87%	82%	87%	79%	82%	NRB Communitrak Survey
≥ 82% of those expressing an opinion						
• enforcement of parking restrictions	69%	83%	78%	N/A	78%	NRB Communitrak Survey
≥ 65% of those expressing an opinion						
• environmental health services	100%	90%	100%	N/A	100%	Independent Customer Survey
≥ 75% of those expressing an opinion					Note: Result based on the 49 responses received of the 695 premises surveyed	
Dog pound open 300 days per year	100%	100%	100%	N/A	100%	Monthly Management Reports
100%						
Dog complaints are responded to:						Monthly Management Reports
• within 30 minutes for dog attacks	96%	100%	99%	N/A	96%	
• within 24 hours for other complaints	97%	91%	98%	N/A	98%	
≥ 95%						
Food premises registered or licensed:						Computer Database Records
≥ 90% registered or licensed within 30 days of application (for premises operating under the Food Hygiene Regulations 1974)	100%	99%	100%	N/A	100%	
≥ 90% registered or licensed within three months of application (for premises with a Food Control Plan operating under the Food Act 2014)	100%	95%	98%	N/A	100%	
Noise complaints responded to within 45 minutes	97%	92%	93%	N/A	91%	Monthly Management Reports
≥ 85% noise complaints responded to within 45 minutes						

Note: Survey percentages quoted exclude those who responded 'don't know'. The definition of "peer average" is included in the Appendices to this Annual Report.

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June 2016

	ACTUAL 30 JUNE 2016 \$000	PLAN 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000
<b>REVENUE</b>				
Rates Income				
User Charges	1,598	1,284	314	1,261
Operating Subsidies and Grants				
UHCC Operating Subsidy				
Capital Subsidies				
Development Contributions				
Interest Earned				
Dividends				
Vested Assets				
Other Revenue	963	1,037	(74)	932
Gain/(Loss) On Prop Disposals				
<b>Total revenue</b>	<b>2,561</b>	<b>2,321</b>	<b>240</b>	<b>2,193</b>
<b>EXPENDITURE</b>				
Employee Costs	3,276	3,214	(62)	2,991
Support Costs	(116)	(122)	(6)	(116)
Operating Costs	1,117	1,074	(43)	980
Loss On Prop Disposals				
Finance Cost	10	16	6	2
Depreciation	41	27	(14)	24
<b>Total expenditure</b>	<b>4,328</b>	<b>4,209</b>	<b>(119)</b>	<b>3,881</b>
<b>DEFICIT BEFORE TAX</b>	<b>(1,767)</b>	<b>(1,888)</b>	<b>121</b>	<b>(1,688)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(1,767)	(1,888)	121	(1,688)
Add Capital Contributions				
<b>Total rates funding requirement</b>	<b>(1,767)</b>	<b>(1,888)</b>	<b>121</b>	<b>(1,688)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets				(34)
Capital Expenditure - to improve levels of service	(57)		(57)	
Less Capital Contributions				
Less UHCC Capital Contributions				
Less Proceeds From Asset Sales				
Less Depreciation	41	27	14	24
<b>Total Loan Funding Repayment</b>	<b>(16)</b>	<b>27</b>	<b>(43)</b>	<b>(10)</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(1,783)</b>	<b>(1,861)</b>	<b>78</b>	<b>(1,698)</b>

## SIGNIFICANT OPERATING VARIATIONS FROM THE 2015-16 ANNUAL PLAN

Revenue is over budget from a one off payment adjustment of \$260k from the 2014/15 Dog registration discount transfer. Also higher returns from Alcohol licence fees that came from an increase in government fee. Higher employee costs are due to an increase of one extra Environmental Health Officer.

## CAPITAL PROJECTS ACQUISITIONS AND RENEWALS

	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000
Vehicle Purchase	57		(57)

## SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE 2015-16 ANNUAL PLAN

The only asset acquisition is the purchase of vehicles, instead of leasing, as it is now a more cost effective option to purchase.

# EMERGENCY MANAGEMENT

## WHAT WE DO

Hutt City Council is joined with all the city and district councils in the region to form a Civil Defence and Emergency Management (CDEM) Group under the CDEM Act of 2002. Local capability has been retained to enable an effective local response to emergencies, and to continue to develop, implement and monitor city-wide emergency management plans, and promote community preparedness for emergencies. We also manage rural fire under the Forest and Rural Fires Act 1975 and the Forest and Rural Fires Regulations 2005.

## WHY WE DO IT

The Wellington region is exposed to a wide range of natural and man-made hazards, including earthquake, flooding, landslide, tsunami, storm, biological, chemical and terrorism threats. However, there is a great deal that we can do to reduce the impact of these hazards on our community. Our approach to emergency management and rural fire is based on the principles of reduction of risk, readiness, response and recovery.

## HOW WE MEASURE THE SUCCESS OF OUR SERVICES

MEASURE & TARGET	ACHIEVED 2012-13	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	SOURCE OF INFORMATION
Percentage of households that are prepared for a civil defence emergency ≥ 60% of those expressing an opinion	78%	83%	82%	81%	NRB Communitrak Survey
Time to activate Emergency Operations Centres (EOC) EOC activated within one hour of any incident or notification of a likely threat	New measure for 2014-15	New measure for 2014-15	Achieved	Achieved	Monthly Management Reports and Debrief Notes
Community Response Plans are developed, maintained, and agreed Covering 30% of the geographical area	New measure for 2014-15	New measure for 2014-15	40%	75%	Wellington Regional Rural Fire Committee

Note: Survey percentages quoted exclude those who responded 'don't know'.



## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June 2016

	ACTUAL 30 JUNE 2016 \$000	PLAN 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000
<b>REVENUE</b>				
Rates Income				
User Charges				
Operating Subsidies and Grants				
UHCC Operating Subsidy				
Capital Subsidies				
Development Contributions				
Interest Earned				
Dividends				
Vested Assets				
Other Revenue	10		10	
Gain/(Loss) On Prop Disposals				(60)
<b>Total revenue</b>	<b>10</b>		<b>10</b>	<b>(60)</b>
<b>EXPENDITURE</b>				
Employee Costs				
Support Costs	164	165	1	177
Operating Costs	584	620	36	553
Loss On Prop Disposals				
Finance Cost	8	12	4	1
Depreciation	18	27	9	31
<b>Total expenditure</b>	<b>774</b>	<b>824</b>	<b>50</b>	<b>762</b>
<b>DEFICIT BEFORE TAX</b>	<b>(764)</b>	<b>(824)</b>	<b>60</b>	<b>(822)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(764)	(824)	60	(822)
Add Capital Contributions				
<b>Total rates funding requirement</b>	<b>(764)</b>	<b>(824)</b>	<b>60</b>	<b>(822)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets		(120)	120	
Capital Expenditure - to improve levels of service				
Less Capital Contributions				
Less UHCC Capital Contributions				
Less Proceeds From Asset Sales				
Less Depreciation	18	27	(9)	31
<b>Total Loan Funding Repayment</b>	<b>18</b>	<b>(93)</b>	<b>111</b>	<b>31</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(746)</b>	<b>(917)</b>	<b>171</b>	<b>(791)</b>

## SIGNIFICANT OPERATING VARIATIONS FROM THE 2015-16 ANNUAL PLAN

There were no significant variations from the Annual Plan.

## CAPITAL PROJECTS ACQUISITIONS AND RENEWALS

	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000
Wainuiomata Bush Fire Force Vehicle		120	120

## SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE 2015-16 ANNUAL PLAN

There were no significant asset acquisitions or variations from the Annual Plan. Vehicle purchases are no longer funded through capital as these are now funded through the grant paid to Wellington Emergency Management Office.



# GROWTH, DEVELOPMENT AND SUSTAINABILITY

The Urban Growth Strategy is Council's approach to managing growth and development in the city to 2032. It focuses on how much we want the city to grow, where new homes and businesses will be accommodated, and what will be done to support and encourage this development.

The Environmental Sustainability Strategy focuses on opportunities and risks we face in regard to our environment. It addresses potential issues, and provides short-term, mid-term and long-term solutions for change. This Strategy guides future decision-making for Council.

The group that delivers Growth, Development and Sustainability activities is responsible for developing the economic wellbeing of the city, including delivering promotion of the city, environmental planning and consents functions, and developing the environmental wellbeing of the city including environmental education.

The following activities fall under Growth, Development and Sustainability:

- Local Urban Environment
- Economic Development
- Environmental Consents
- Environmental Policy
- City Promotions

Growth, Development and Sustainability activities play a broad role in meeting the current and future needs of our communities for good quality local infrastructure, local public services and performance of regulatory functions.

These activities contribute mainly to the following high level goals for the city's wellbeing, also referred to as 'community outcomes':

- A safe community
- A strong and diverse economy
- An accessible and connected city
- Healthy people
- A healthy natural environment
- Actively engaged in community activities
- Strong and inclusive communities
- A healthy and attractive built environment

## GROWTH, DEVELOPMENT AND SUSTAINABILITY PERFORMANCE SUMMARY

ACTIVITY	ACHIEVEMENT OF PERFORMANCE MEASURES
Local Urban Environment	Two measures achieved covering Administration Building redevelopment and resident satisfaction. Measures not achieved covering bus interchange hub, Suburban Shopping Centres improvement fund, resident sense of pride in the city, and usage of recycling services.
Economic Development	Economic performance measures achieved. Urban Growth Strategy measures covering population growth and number of new homes not yet achieved.
Environmental Consents	Five measures achieved covering Land Information Memoranda, processing times including processing consents for solar panels, monitoring of resource consents and issuing Code Compliance Certificates. Measures covering acknowledgement of requests for service and processing of consents for fireplaces not achieved due to resourcing.
Environmental Policy	Measure achieved covering statutory processing timeframes.
City Promotions	All measures achieved covering resident satisfaction, major and minor events in the city.

## GROWTH, DEVELOPMENT AND SUSTAINABILITY FINANCIAL SUMMARY

	(DEFICIT)/SURPLUS BEFORE TAX		RATE REQUIREMENT PER RESIDENT	
	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000	ACTUAL 30 JUNE 2016 \$000
Local Urban Environment	(6,454)	(3,878)	(1,516)	62.72
Economic Development	(2,732)	(4,981)	(2,522)	26.55
Environmental Consents	(2,715)	(2,210)	(2,628)	26.38
Environmental Policy	(1,221)	(1,678)	(914)	11.87
City Promotions	(367)	(284)	(348)	3.57

Note: The (Deficit)/Surplus before tax shows the net cost of the Council's activities for the year in comparison to the 2015-2016 Annual Plan and the 2014-2015 Actual.

Note: 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.

## GROWTH, DEVELOPMENT &amp; SUSTAINABILITY FUNDING IMPACT STATEMENT

For year ended June 2016

	ACTUAL 30 JUNE 2016 \$000	LTP 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	13,358	12,900	7,843
Targeted rates	132	132	114
Subsidies and grants for operating purposes	63	60	34
Fees and charges	3,411	2,912	2,703
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	983	1,052	1,175
<b>Total operating funding (A)</b>	<b>17,947</b>	<b>17,056</b>	<b>11,869</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payments to staff and suppliers	15,630	13,523	10,399
Finance costs	970	1,501	18
Internal charges and overheads applied	1,270	1,271	1,376
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>17,870</b>	<b>16,295</b>	<b>11,793</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>77</b>	<b>761</b>	<b>76</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	1	-	29
Increase (decrease) in debt	15,530	30,932	9,411
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>15,531</b>	<b>30,932</b>	<b>9,440</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve level of service	15,608	31,683	9,322
- to replace existing assets	-	10	194
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>15,608</b>	<b>31,693</b>	<b>9,516</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(77)</b>	<b>(761)</b>	<b>(76)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# LOCAL URBAN ENVIRONMENT

## WHAT WE DO

We work to develop an urban environment that will enhance the city's image, attracting people, businesses and investment, and meet our community's needs and aspirations, while recognising the important role of our heritage and features.

## WHY WE DO IT

We recognise that our urban design and infrastructure must support our changing business and community environment. We manage and develop Hutt City's public spaces and preserve our heritage buildings because this benefits both businesses and our community. It contributes to our point of difference from other cities, supporting local cultures and enhancing how we identify ourselves. We manage our waste (through promoting recycling and waste reduction) to maintain our community's health and quality of life.

## HOW WE MEASURE THE SUCCESS OF OUR SERVICES

MEASURE & TARGET	ACHIEVED 2012-13	ACHIEVED 2013-14	ACHIEVED 2014-15	PEER AVERAGE 2015-16	ACHIEVED 2015-16	SOURCE OF INFORMATION
Making Places: Administration Building redevelopment New Annex Structure complete by 2016 New Annex Curtain Wall System installed by 2016	New measure for 2015-16	New measure for 2015-16	New measure for 2015-16	N/A	Achieved  Achieved	Management Report
Making Places: Bus Interchange Hub Bus Interchange Hub complete by 2016	New measure for 2015-16	New measure for 2015-16	New measure for 2015-16	N/A	Not Achieved – consensus not reached on preferred location	Management Report
Suburban Shopping Centres Improvement Fund Build \$300,000 of improvements by 2016	New measure for 2015-16	New measure for 2015-16	New measure for 2015-16	N/A	Not Achieved - delayed supply of pavers means this will be completed in 2016-17	Management Report
Residents feel a sense of pride in the way the city looks and feels ≥ previous results	87%	87%	86%	N/A	82%	NRB Communitrak Survey
Residents' satisfaction with: • litter control • recycling ≥ 86% of those expressing an opinion	89% 97%	89% 93%	90% 93%	77% 86%	88% 89%	NRB Communitrak Survey
Percentage of households that have used the recycling service in the previous 12 months ≥ 86% of households	93%	85%	90%	N/A	84%	NRB Communitrak Survey
Tonnes of recycling per annum Increasing	7,853	7,778	7,584	N/A	7,357 Note: We will be undertaking investigations and surveys in 2016-17 to understand the reasons for the slight decrease in recycling tonnages over the last few years	Monthly Management Reports

Note: Survey percentages quoted exclude those who responded 'don't know'. The definition of "peer average" is included in the Appendices to this Annual Report.

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June 2016

	ACTUAL 30 JUNE 2016 \$000	PLAN 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000
<b>REVENUE</b>				
Rates Income				
User Charges	62		62	
Operating Subsidies and Grants				
UHCC Operating Subsidy				
Capital Subsidies				
Development Contributions	1		1	29
Interest Earned				
Dividends				9
Vested Assets				
Other Revenue	379	300	79	343
Gain/(Loss) On Prop Disposals				(1)
<b>Total revenue</b>	<b>442</b>	<b>300</b>	<b>142</b>	<b>380</b>
<b>EXPENDITURE</b>				
Employee Costs	489	492	3	458
Support Costs	271	271		271
Operating Costs	5,154	1,170	(3,984)	1,096
Loss On Prop Disposals				
Finance Cost	966	1,494	528	17
Depreciation	16	751	735	54
<b>Total expenditure</b>	<b>6,896</b>	<b>4,178</b>	<b>(2,718)</b>	<b>1,896</b>
<b>DEFICIT BEFORE TAX</b>	<b>(6,454)</b>	<b>(3,878)</b>	<b>(2,576)</b>	<b>(1,516)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(6,454)	(3,878)	(2,576)	(1,516)
Add Capital Contributions	(1)		(1)	(29)
<b>Total rates funding requirement</b>	<b>(6,455)</b>	<b>(3,878)</b>	<b>(2,577)</b>	<b>(1,545)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets		(10)	10	
Capital Expenditure - to improve levels of service	(15,568)	(31,683)	16,115	(9,356)
Less Capital Contributions	1		1	29
Less UHCC Capital Contributions				
Less Proceeds From Asset Sales				
Less Depreciation	16	751	(735)	54
<b>Total Loan Funding Repayment</b>	<b>(15,551)</b>	<b>(30,942)</b>	<b>15,391</b>	<b>(9,273)</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(22,006)</b>	<b>(34,820)</b>	<b>12,814</b>	<b>(10,818)</b>

## OPERATING PROJECTS

	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000
Heritage Incentives	36	52	16
Sculpture Trust	50	50	
School Programmes		80	80
Business Programmes		45	45
Waste Minimisation Projects	28	95	67
Environmental Sustainability Projects	144	88	(56)

## SIGNIFICANT OPERATING VARIATIONS FROM THE 2015-16 ANNUAL PLAN

The significant revenue and expenditure variances are due principally to the arrangement for the operation of the Events Centre and the purchase of leasehold interests in strategic properties, demolition costs and the subsequent write down in value of these sites following demolition of existing buildings to make way for the new hotel on this site. Depreciation was significantly under budget due to delays with major projects such as the Events Centre and Strategic Property purchases.

## CAPITAL PROJECTS ACQUISITIONS AND RENEWALS

	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000
Seaview/Gracefield Banners		10	10
Admin Building Strengthening	10,671	9,822	(849)
Civic Events Centre - Operational Fitout	80		(80)
Making Places - Civic Events Centre Upgrade	4,391	16,559	12,168
Making Places Investigations	52	334	282
Making Places Projects	30	1,486	1,456
Suburban Shopping Centre Improvements	344	452	108
Strategic Property Purchases		3,030	3,030

## SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE 2015-16 ANNUAL PLAN

The most significant project was the completion of the Administration Building Strengthening at a total cost of \$23m with staff moving back into the new building in March 2016. Design and planning work continued on the new Events Centre with the new complex due for completion in Spring 2017. Making Places budgets were carried over to better align with timing of partner organisations Greater Wellington Regional Council & NZ Transport Agency. Shopping Centres budgets were carried over due to delays in paver supply. Strategic Property purchase costs were treated as an operating expense as mentioned on the previous page.



# ECONOMIC DEVELOPMENT

## WHAT WE DO

We take a lead role in encouraging Hutt City's growth through 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

We know that individual businesses generally lack incentives to explore opportunities that benefit Hutt City as a whole, as well as themselves. By supporting the business sector and promoting Hutt City as a business location and vibrant city, we generate benefits for local enterprises and our residents.

## HOW WE MEASURE THE SUCCESS OF OUR SERVICES

MEASURE & TARGET	ACHIEVED 2012-13	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	SOURCE OF INFORMATION
Urban Growth Strategy measures: <ul style="list-style-type: none"> <li>• population growth ≥ 0.6% per annum to achieve population of 110,000 by 2032</li> <li>• number of new homes ≥ 250 per annum first five years and approx. 300 per annum for remaining years (to achieve 6000 new homes by 2032)</li> </ul>	New measure for 2015-16	New measure for 2015-16	New measure for 2015-16	0.3% Achieved prior to 2015-16  232 new homes  Note: The level of completed dwellings in 2015/16 (232) closely matches dwelling consents issued in 2013/14 (231). With a significant lift in consent numbers in 2014/15 (338) and 2015/16 (445) the number of completed dwellings in the next 2 years should exceed target.	Statistics New Zealand Estimates for June 2014 and June 2015  Building consents with Code Compliance Certificates between 1 July 2015 and 30 June 2016
Hutt City's economic performance according to the annual Hutt City Economic Profile report, which includes measures such as: <ul style="list-style-type: none"> <li>• number of businesses</li> <li>• number of full-time equivalents (FTEs) in the workforce</li> <li>• Gross Domestic Product (GDP)</li> <li>• GDP per capita</li> <li>• high value sectors as percentage of all sectors (by GDP)</li> </ul> Improvement on previous year	- 1.0% - 0.7% 1.4% 3.3% 3.3%	0.4% - 0.8% 1.0% 0.8% - 0.7%	1.3% 0% 1.0% 0.6% 1.7%	0.2% 0.2% 1.6% Figure not available from Infometrics 0.9%	Infometrics Infometrics Infometrics Infometrics Infometrics



## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June 2016

	ACTUAL 30 JUNE 2016 \$000	PLAN 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000
<b>REVENUE</b>				
Rates Income				
User Charges				
Operating Subsidies and Grants				
UHCC Operating Subsidy				
Capital Subsidies				
Development Contributions				
Interest Earned				
Dividends				
Vested Assets				
Other Revenue	171	150	21	169
Gain/(Loss) On Prop Disposals				(40)
<b>Total revenue</b>	<b>171</b>	<b>150</b>	<b>21</b>	<b>129</b>
<b>EXPENDITURE</b>				
Employee Costs	587	397	(190)	390
Support Costs	309	309		323
Operating Costs	1,994	4,414	2,420	1,928
Loss On Prop Disposals				
Finance Cost	1	1		1
Depreciation	12	10	(2)	9
<b>Total expenditure</b>	<b>2,903</b>	<b>5,131</b>	<b>2,228</b>	<b>2,651</b>
<b>DEFICIT BEFORE TAX</b>	<b>(2,732)</b>	<b>(4,981)</b>	<b>2,249</b>	<b>(2,522)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(2,732)	(4,981)	2,249	(2,522)
Add Capital Contributions				
<b>Total rates funding requirement</b>	<b>(2,732)</b>	<b>(4,981)</b>	<b>2,249</b>	<b>(2,522)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets				
Capital Expenditure - to improve levels of service				
Less Capital Contributions				
Less UHCC Capital Contributions				
Less Proceeds From Asset Sales				
Less Depreciation	12	10	2	9
<b>Total Loan Funding Repayment</b>	<b>12</b>	<b>10</b>	<b>2</b>	<b>9</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(2,720)</b>	<b>(4,971)</b>	<b>2,251</b>	<b>(2,513)</b>

## OPERATING PROJECTS

	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000
Jackson Street Programme	130	132	2
International Co-operating Cities	44	30	(14)
Economic Development Strategy	114	135	21
Hutt Valley Chamber of Commerce	200	200	
Economic Development Contestable Fund	44	44	
Science & Technology Projects	301	500	199
Development Stimulus Package	548	2,600	2,052
CBD Place Maker	151	92	(59)
Regional Amenities Fund	200	200	
Urban Growth Strategy	57	170	113
Wainuiomata Development Plan	23	120	97
Petone Development Plan Review	51	50	(1)

### SIGNIFICANT OPERATING VARIATIONS FROM THE 2015-16 ANNUAL PLAN

Expenditure was under budget due to reduced operating costs mainly from an underspend on the Development Stimulus Package which has been carried over to future years. Consultant costs on the Urban Growth Strategy projects were less than anticipated and an underspend was recorded on the Wainuiomata Development Plan, which has been carried over, due to the late appointment of a coordinator. The favourable variance on Science and Technology offsets increased salary costs attributable to these projects.

### SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE 2015-16 ANNUAL PLAN

There were no significant asset acquisitions, replacements or variations from the Annual Plan.

## ENVIRONMENTAL CONSENTS

### WHAT WE DO

This activity includes providing resource management and building consents and inspections; and regular monitoring to ensure compliance with legislative requirements, the District Plan, resource and building consent conditions and bylaw requirements.

### WHY WE DO IT

This activity is fundamental to achieving a clean, healthy, attractive and sustainable environment. It's also a legal requirement for Hutt City Council.

### HOW WE MEASURE THE SUCCESS OF OUR SERVICES

MEASURE & TARGET	ACHIEVED 2012-13	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	SOURCE OF INFORMATION
Land Information Memoranda (LIMs) processed to comply with statutory requirements ≥ 95% processed within nine working days	100% processed within nine working days	98% processed within nine working days	100% processed within nine working days	100% processed within nine working days	Monthly Management Reports
Building consent/project information and resource consents processed to comply with the Building Code, Resource Management Act 1991 (RMA) and District Plan requirements ≥ 80% of building and non-notified land use consents processed within 18 working days	99% of building consents and 96% of non-notified land use consents processed within 18 working days	85% of building consents and 99% of non-notified land use consents processed within 18 working days	87% of building consents and 97% of non-notified land use consents processed within 18 working days	91% of building consents and 90% of non-notified land use resource consents processed within 18 working days	Monthly Management Reports
Resource consents are monitored within five working days of being notified that development is commencing or within six months of the consent being granted, whichever is the sooner ≥ 90% of resource consents monitored within these timeframes	99% of resource consents monitored within five working days 100% of resource consents monitored within six months of the consent being granted	100% of resource consents monitored within five working days 100% of resource consents monitored within six months of the consent being granted	100% of resource consents monitored within five working days 100% of resource consents monitored within six months of the consent being granted	100% of resource consents monitored within five working days 100% of resource consents monitored within six months of the consent being granted	Computer Database Records
Requests for service referred to RMA monitoring and enforcement team responded to within required timeframes 100% acknowledged within 24 hours	100% acknowledged within 24 hours	100% acknowledged within 24 hours	97% acknowledged within 24 hours	99% acknowledged within 24 hours	Computer Database Records
Building consents for fireplaces processed in a timely manner 100% processed within five working days	100% processed within five working days	93% processed within five working days	96% processed within five working days	99% processed within five working days	Computer Database Records
Building consents for solar panels processed in a timely manner 100% processed within five working days	100% processed within five working days	100% processed within five working days	100% processed within five working days	100% processed within five working days	Computer Database Records
Code compliance certificates issued within 20 working days to comply with statutory requirements in the Building Act 2004 100% issued within 20 working days	100% issued within 20 working days 100% issued within 18 working days	99% issued within 20 working days 95% issued within 18 working days	100% issued within 20 working days 99% issued within 18 working days	100% issued within 20 working days 96% issued within 18 working days	Computer Database Records



## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June 2016

	ACTUAL 30 JUNE 2016 \$000	PLAN 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000
<b>REVENUE</b>				
Rates Income				
User Charges	3,211	2,873	338	2,658
Operating Subsidies and Grants				
UHCC Operating Subsidy				
Capital Subsidies				
Development Contributions				
Interest Earned				
Dividends				
Vested Assets				
Other Revenue	30	25	5	28
Gain/(Loss) On Prop Disposals				
<b>Total revenue</b>	<b>3,241</b>	<b>2,898</b>	<b>343</b>	<b>2,686</b>
<b>EXPENDITURE</b>				
Employee Costs	2,613	2,737	124	2,527
Support Costs	1,853	1,853		1,804
Operating Costs	1,448	513	(935)	972
Loss On Prop Disposals				
Finance Cost	3	5	2	
Depreciation	39		(39)	11
<b>Total expenditure</b>	<b>5,956</b>	<b>5,108</b>	<b>(848)</b>	<b>5,314</b>
<b>DEFICIT BEFORE TAX</b>	<b>(2,715)</b>	<b>(2,210)</b>	<b>(505)</b>	<b>(2,628)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(2,715)	(2,210)	(505)	(2,628)
Add Capital Contributions				
<b>Total rates funding requirement</b>	<b>(2,715)</b>	<b>(2,210)</b>	<b>(505)</b>	<b>(2,628)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets				(160)
Capital Expenditure - to improve levels of service	(40)		(40)	
Less Capital Contributions				
Less UHCC Capital Contributions				
Less Proceeds From Asset Sales				
Less Depreciation	39		39	11
<b>Total Loan Funding Repayment</b>	<b>(1)</b>		<b>(1)</b>	<b>(149)</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(2,716)</b>	<b>(2,210)</b>	<b>(506)</b>	<b>(2,777)</b>

## SIGNIFICANT OPERATING VARIATIONS FROM THE 2015-16 ANNUAL PLAN

Revenue is over budget due to increased numbers of applications and higher value building work in the city. Expenditure is higher than budgeted primarily because of larger than budgeted weathertight home settlements.

## CAPITAL PROJECTS ACQUISITIONS AND RENEWALS

	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000
Vehicle Purchase	40		(40)

## SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE 2015-16 ANNUAL PLAN

The only asset acquisition is the purchase of a vehicle as this is now a more cost effective option than the previous leasing.

## ENVIRONMENTAL POLICY

### WHAT WE DO

This activity focuses on developing, reviewing, implementing and monitoring the District Plan.

### WHY WE DO IT

This activity is fundamental to achieving a clean, healthy, attractive and sustainable environment. It's also a legal requirement for Hutt City Council.

### HOW WE MEASURE THE SUCCESS OF OUR SERVICES

MEASURE & TARGET	ACHIEVED 2012-13	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	SOURCE OF INFORMATION
Percentage of Plan Changes and Notices of Requirement processed within statutory timeframes 100% processed within statutory timeframes	New measure for 2015-16	New measure for 2015-16	New measure for 2015-16	100%	Section 32 Reports



## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June 2016

	ACTUAL 30 JUNE 2016 \$000	PLAN 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000
<b>REVENUE</b>				
Rates Income				
User Charges				
Operating Subsidies and Grants				
UHCC Operating Subsidy				
Capital Subsidies				
Development Contributions				
Interest Earned				
Dividends				
Vested Assets				
Other Revenue				71
Gain/(Loss) On Prop Disposals				
<b>Total revenue</b>				<b>71</b>
<b>EXPENDITURE</b>				
Employee Costs	430	451	21	334
Support Costs	335	336	1	411
Operating Costs	456	891	435	240
Loss On Prop Disposals				
Finance Cost				
Depreciation				
<b>Total expenditure</b>	<b>1,221</b>	<b>1,678</b>	<b>457</b>	<b>985</b>
<b>DEFICIT BEFORE TAX</b>	<b>(1,221)</b>	<b>(1,678)</b>	<b>457</b>	<b>(914)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(1,221)	(1,678)	457	(914)
Add Capital Contributions				
<b>Total rates funding requirement</b>	<b>(1,221)</b>	<b>(1,678)</b>	<b>457</b>	<b>(914)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets				
Capital Expenditure - to improve levels of service				
Less Capital Contributions				
Less UHCC Capital Contributions				
Less Proceeds From Asset Sales				
Less Depreciation				
<b>Total Loan Funding Repayment</b>				
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(1,221)</b>	<b>(1,678)</b>	<b>457</b>	<b>(914)</b>

## OPERATING PROJECTS

	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000
District Plan Work	306	590	284

### SIGNIFICANT OPERATING VARIATIONS FROM THE 2015-16 ANNUAL PLAN

The favourable operating variance is due to less requirement for resource management legal services and District Plan project consultancy costs being less than anticipated.

### SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE 2015-16 ANNUAL PLAN

There were no significant asset acquisitions or variations from the Annual Plan.

## CITY PROMOTIONS

### WHAT WE DO

We promote Hutt City through a series of channels, including managing Hutt City’s i-SITE Visitor Information Centre; providing quality online and digital experiences to our customers; and managing an integrated year-round events calendar.

### WHY WE DO IT

Attracting and providing services for visitors to the city is necessary for the city’s economic development. Major events make the city a more vibrant and interesting place, and attract visitors from outside the city.

### HOW WE MEASURE THE SUCCESS OF OUR SERVICES

MEASURE & TARGET	ACHIEVED 2012-13	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	SOURCE OF INFORMATION
Residents’ satisfaction with the i-SITE Visitor Information Centre ≥ 95% of those expressing an opinion	98%	98%	96%	97%	NRB Communitrak Survey
Major events in Hutt City 100,000 people attending events supported by the major event fund	New measure for 2015-16	New measure for 2015-16	New measure for 2015-16	Achieved – 104,000 attendees	Hutt City Council Events Team
Minor events in Hutt City 32 diverse events supported through the minor event fund	New measure for 2015-16	New measure for 2015-16	New measure for 2015-16	Achieved – 32 events supported	Hutt City Council Events Team

Note: Survey percentages quoted exclude those who responded ‘don’t know’.



## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June 2016

	ACTUAL 30 JUNE 2016 \$000	PLAN 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000
<b>REVENUE</b>				
Rates Income				
User Charges	138	39	99	45
Operating Subsidies and Grants	63	60	3	34
UHCC Operating Subsidy				
Capital Subsidies				
Development Contributions				
Interest Earned				
Dividends				
Vested Assets				
Other Revenue	403	577	(174)	596
Gain/(Loss) On Prop Disposals				
<b>Total revenue</b>	<b>604</b>	<b>676</b>	<b>(72)</b>	<b>675</b>
<b>EXPENDITURE</b>				
Employee Costs	964	951	(13)	880
Support Costs	(1,498)	(1,498)		(1,433)
Operating Costs	1,495	1,507	12	1,574
Loss On Prop Disposals				
Finance Cost				
Depreciation	10		(10)	2
<b>Total expenditure</b>	<b>971</b>	<b>960</b>	<b>(11)</b>	<b>1,023</b>
<b>DEFICIT BEFORE TAX</b>	<b>(367)</b>	<b>(284)</b>	<b>(83)</b>	<b>(348)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(367)	(284)	(83)	(348)
Add Capital Contributions				
<b>Total rates funding requirement</b>	<b>(367)</b>	<b>(284)</b>	<b>(83)</b>	<b>(348)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets				
Capital Expenditure - to improve levels of service				
Less Capital Contributions				
Less UHCC Capital Contributions				
Less Proceeds From Asset Sales				
Less Depreciation	10		10	2
<b>Total Loan Funding Repayment</b>	<b>10</b>		<b>10</b>	<b>2</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(357)</b>	<b>(284)</b>	<b>(73)</b>	<b>(346)</b>

## SIGNIFICANT OPERATING VARIATIONS FROM THE 2015-16 ANNUAL PLAN

There were no significant variations from the Annual Plan.

## SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE 2015-16 ANNUAL PLAN

There were no significant asset acquisitions, replacements or variations from the Annual Plan.

# INFRASTRUCTURE

The Infrastructure Strategy provides an integrated, long-term assessment of the city's key infrastructural assets.

The group that delivers Infrastructure activities is responsible for managing the community's infrastructural assets in the form of the roading, water supply, wastewater and stormwater networks, and landfill activities.

The following activities fall under Infrastructure:

- Roading and Traffic
- Water Supply
- Wastewater
- Stormwater
- Solid Waste

Infrastructure activities play a broad role in meeting the current and future needs of our communities for good quality local infrastructure, local public services and performance of regulatory functions.

These activities contribute mainly to the following high level goals for the city's wellbeing, also referred to as 'community outcomes':

- A safe community
- A strong and diverse economy
- An accessible and connected city
- Healthy people
- A healthy natural environment
- A healthy and attractive built environment

## INFRASTRUCTURE PERFORMANCE SUMMARY

ACTIVITY	ACHIEVEMENT OF PERFORMANCE MEASURES
Roading and Traffic	All resident satisfaction measures achieved. Remaining technical measures not achieved by a slim margin.
Water Supply	Achieved five measures covering compliance with standards, number of complaints, median response time, quality of water and reliability of supply. Measures covering resident satisfaction, average water consumption and percentage loss from network not achieved by a slim margin.
Wastewater	Most measures achieved covering resident satisfaction, infringement notices, reliability of service, response to disruptions, number of complaints, response time for overflows and breaches of resource consents. Wastewater overflows measure not achieved.
Stormwater	All measures achieved covering resident satisfaction, reliability of service, water quality at recreational beaches, flooding events, habitable floors flooded, pipeline blockages, complaints, response time, breaches of resource consents, and flood protection and control works.
Solid Waste	Two measures achieved covering resident satisfaction with rubbish collection and compliance with resource consents. Target of 91% resident satisfaction with refuse disposal not achieved at 88%, but exceeds peer average of 85%.

## INFRASTRUCTURE FINANCIAL SUMMARY

	(DEFICIT)/SURPLUS BEFORE TAX			RATE REQUIREMENT PER RESIDENT
	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000	ACTUAL 30 JUNE 2016 \$000
Roading & Traffic	(16,017)	(11,442)	(15,276)	155.66
Water Supply	(12,890)	(12,871)	(12,060)	125.27
Wastewater	(16,318)	(16,651)	(15,899)	158.58
Stormwater	(7,021)	(6,969)	(6,956)	68.23
Solid Waste	5,391	5,311	5,887	(52.39)

Note: The (Deficit)/Surplus before tax shows the net cost of the Council's activities for the year in comparison to the 2015-2016 Annual Plan and the 2014-2015 Actual.

Note: 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.

# ROADING AND TRAFFIC

## WHAT WE DO

Our Roading and Traffic activity includes:

- the professional and technical work involved in managing the city's roading network
- the 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

We support this work through policy development, forward planning, road safety coordination and various quality and safety management systems.

## WHY WE DO IT

Having the road corridor in public ownership ensures that all our residents have appropriate access to property and freedom to travel throughout Hutt City. We provide sealed roads, footpaths and streetlights so that motor vehicles, bicycles and pedestrians can travel efficiently and safely.

## HOW WE MEASURE THE SUCCESS OF OUR SERVICES

MEASURE & TARGET	ACHIEVED 2012-13	ACHIEVED 2013-14	ACHIEVED 2014-15	PEER AVERAGE 2015-16	ACHIEVED 2015-16	SOURCE OF INFORMATION
Resident's satisfactions with:						NRB Communitrak Survey
• street lighting						
• roads and gutters being free of litter	91%	90%	89%	87%	90%	
• city free of graffiti						
• traffic control	89%	88%	92%	N/A	91%	
• footpaths	90%	89%	88%	N/A	89%	
• roads	86%	81%	85%	75%	80%	
• parking in and around Hutt City	86%	83%	87%	80%	84%	
	81%	83%	85%	61%	84%	
Better than our historical average or the average of our peer councils, whichever is the higher, for each of these measures						
'Road Condition Index', which measures the condition of the road surface	1.2	1.5	1.2	N/A	1.7	Data from the Road Assessment and Maintenance Management System (RAMM)
Hold or improve rating						
Note: A lower number indicates an improved rating					Note: As half the city is surveyed in alternate years, the 2015-16 figure needs to be compared with 2013-14	
Average quality of ride on a sealed local road network, measured by smooth travel exposure	79.6%	79.5%	79.5%	N/A	79.05%	Data from RAMM
(Quality of ride is measured by the percentage of the road network with roughness less than 150 NAASRA (National Association of Australian State Roading Authorities) counts)						
Hold or improve rating						
Note:						
1. A higher percentage indicates an improved rating						
2. Effectively half of the city is surveyed each year, consequently the results from alternate years should be referred to for comparison						

HOW WE MEASURE THE SUCCESS OF OUR SERVICES (CONTINUED)

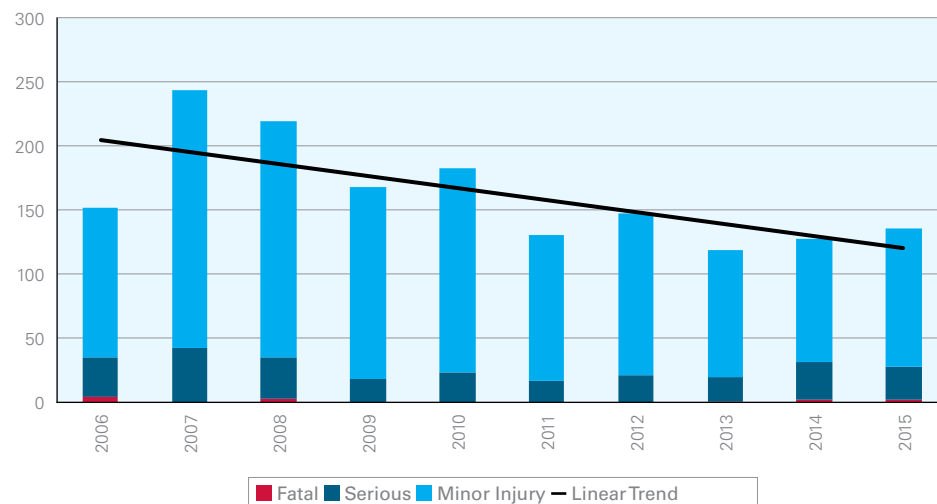
MEASURE & TARGET	ACHIEVED 2012-13	ACHIEVED 2013-14	ACHIEVED 2014-15	PEER AVERAGE 2015-16	ACHIEVED 2015-16	SOURCE OF INFORMATION
Accident trend - the change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number (see graph on next page)	146	116	126	N/A	135 Note: This measure covers the natural year, not the financial year	Data from NZTA
Response to service requests – percentage of customer service requests relating to roads and footpaths which are responded to within the timeframe specified in the Long Term Plan ≤ 94%	91.04%	93.76%	94.83%	N/A	92.08%	Management Report
Percentage of sealed local road network that is resurfaced  8% is the long term target, however significant year to year variance is expected	New measure for 2015-16	New measure for 2015-16	New measure for 2015-16	N/A	5.3%	Resurfacing programme length achieved annually
Percentage of footpaths that fall within the service standard for footpath condition ≤ 98%	New measure for 2015-16	New measure for 2015-16	New measure for 2015-16	N/A	97.9%	Data from RAMM

Note: Survey percentages quoted exclude those who responded 'don't know'. The definition of "peer average" is included in the Appendices to this Annual Report.





## INJURY AND FATAL CRASHES WITHIN LOWER HUTT EXCLUDING STATE HIGHWAYS



## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June 2016

	ACTUAL 30 JUNE 2016 \$000	PLAN 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000
<b>REVENUE</b>				
Rates Income				
User Charges	3,919	4,910	(991)	4,415
Operating Subsidies and Grants	3,775	3,678	97	3,685
UHCC Operating Subsidy				
Capital Subsidies	3,979	7,502	(3,523)	3,738
Development Contributions	108	79	29	118
Interest Earned				
Dividends				
Vested Assets	11	500	(489)	470
Other Revenue	488	485	3	486
Gain/(Loss) On Prop Disposals				21
<b>Total revenue</b>	<b>12,280</b>	<b>17,154</b>	<b>(4,874)</b>	<b>12,933</b>
<b>EXPENDITURE</b>				
Employee Costs	1,486	1,360	(126)	1,292
Support Costs	2,485	2,485		2,419
Operating Costs	11,394	11,685	291	11,695
Loss On Prop Disposals				
Finance Cost	970	1,500	530	1,925
Depreciation	11,962	11,566	(396)	10,878
<b>Total expenditure</b>	<b>28,297</b>	<b>28,596</b>	<b>299</b>	<b>28,209</b>
<b>DEFICIT BEFORE TAX</b>	<b>(16,017)</b>	<b>(11,442)</b>	<b>(4,575)</b>	<b>(15,276)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(16,017)	(11,442)	(4,575)	(15,276)
Add Capital Contributions	(4,087)	(7,581)	3,494	(3,856)
<b>Total rates funding requirement</b>	<b>(20,104)</b>	<b>(19,023)</b>	<b>(1,081)</b>	<b>(19,132)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	(6,126)	(7,782)	1,656	(5,582)
Capital Expenditure - to improve levels of service	(4,155)	(10,347)	6,192	(2,219)
Less Capital Contributions	4,087	7,581	(3,494)	3,856
Less UHCC Capital Contributions				
Less Proceeds From Asset Sales				
Less Depreciation	11,962	11,566	396	10,878
<b>Total Loan Funding Repayment</b>	<b>5,768</b>	<b>1,018</b>	<b>4,750</b>	<b>6,933</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(14,336)</b>	<b>(18,005)</b>	<b>3,669</b>	<b>(12,199)</b>

## FUNDING IMPACT STATEMENT

For year ended June 2016

	ACTUAL 30 JUNE 2016 \$000	LTP 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	20,104	19,023	19,602
Targeted rates	-	-	-
Subsidies and grants for operating purposes	3,775	3,678	3,685
Fees and charges	3,919	4,910	4,415
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	499	985	507
<b>Total operating funding (A)</b>	<b>28,297</b>	<b>28,596</b>	<b>28,209</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payments to staff and suppliers	12,880	13,045	12,987
Finance costs	970	1,500	1,925
Internal charges and overheads applied	2,485	2,485	2,419
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>16,335</b>	<b>17,030</b>	<b>17,331</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>11,962</b>	<b>11,566</b>	<b>10,878</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	3,979	7,502	3,738
Development and financial contributions	108	79	118
Increase (decrease) in debt	(5,768)	(1,018)	(6,933)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(1,681)</b>	<b>6,563</b>	<b>(3,077)</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve level of service	4,155	10,347	2,219
- to replace existing assets	6,126	7,782	5,582
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>10,281</b>	<b>18,129</b>	<b>7,801</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(11,962)</b>	<b>(11,566)</b>	<b>(10,878)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## OPERATING PROJECTS

	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000
Rapid Response Anti-Graffiti Service	173	239	66
Safety Initiatives	13	20	7

## SIGNIFICANT OPERATING VARIATIONS FROM THE 2015-16 ANNUAL PLAN

The user charges unfavourable variance is due to reduced parking expenditure from the “first hour free” parking trial, which has been extended to January 2017, plus not having a full complement of parking wardens early in the year. Capital subsidies unfavourable variance reflects a number of capital projects not completed this year and now programmed for completion in 2016/17 (3 cycleway projects, Queen Street Reconstruction, Estuary Bridge Corrosion Protection, Port Road Erosion Mitigation and Bridge Seismic Strengthening). A further \$1.2m of subsidies that were not included in the subsidy carryover, but which relate to projects that have been carried over, will be now received and result in a favourable variance next year. Vested Assets unfavourable variance is due to subdivisions under development but not being completed in this financial year. Operating Costs favourable variance is largely due to reduced Street Lighting energy costs from a new contract together with other minor savings in the Traffic Management area.

## CAPITAL PROJECTS ACQUISITIONS AND RENEWALS

	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000
Area Wide Pavement Treatments	2,078	1,380	(698)
Carpark Resurfacings	47	51	4
Estuary Bridge Corrosion Protection (Subsidy 51%)	137	900	763
Footpath Resurfacings and Replacement	202	205	3
Pavement Surfacing (Subsidy 51%)	1,441	1,900	459
Minor Safety Works (Subsidy 51%)	15	51	36
Minor Road And Footpath Construction	70	74	4
Pay and Display Extensions	300	300	
Pedestrian Crossing Renewal (Subsidy 51%)	31	31	
Road Reconstruction (High St, Petone) (Subsidy 16.7%)	606	600	(6)
Road Reconstruction (Queen St ) (Subsidy 17.9%)	30	850	820
Streetlight Lantern Replacement Programme (Subsidy 51%)	198	200	2
Streetlight Standard Replacement (Subsidy 51%)	250	250	
Street Name Sign Replacement (Subsidy 51%)	20	20	
Traffic Signal Replacement (Subsidy 51%)	159	170	11
Wainuiomata Hill Road Safety Seal (Subsidy 51%)	542	800	258
Broadband Ducting	2	21	19
Bridge Seismic Strengthening (Subsidy 51%)	48	780	732
Cycleway Network Development (Subsidy 51%)	136	1,500	1,364
Eastern Bays Shared Path (Subsidy 51%)	296	600	304
Local Area Traffic Management (Subsidy 51%)		51	51
Land Purchase For Roads		10	10
Port Road Erosion Mitigation (Subsidy 51%)	56	816	760
Pedestrian Crossings Installation (Subsidy 51%)	53	53	
Reconstruction Improvements (High St, Petone)		65	65
Reconstruction Improvements (Queen Street)		82	82
Substandard Roads Upgrade (Subsidy 13%)	709	559	(150)
Substandard Roads Footpaths Upgrades	254	250	(4)
School Speed Zone Programme (Subsidy 51%)	60	60	
Traffic Safety Improvements (Subsidy 51%)	545	600	55
UGS Rooding Improvements	549	1,500	951
UGS-Wise Street Extension Off Site Development	287	300	13
Vehicle Purchase	41		(41)
Wainuiomata Hill Shared Path (Subsidy 67%)	339	2,600	2,261
Wainuiomata Hill Summit Bridge (Subsidy 66%)	780	500	(280)

## SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE 2015-16 ANNUAL PLAN

Council had a capital maintenance budget of \$6.1 million, the majority of which was targeted at NZTA subsidised carriageway resealing and repair work across the 483 kilometres of road network. Pavements saw increased costs through the new contract having higher rates, with budgets moved between Area Wide Pavement Treatments and Pavement Surfacing (-\$698 and \$459) as a result of site validations changing the priority of works. The Queen Street Road Reconstruction (\$902) was deferred to 2016/17 to co-ordinate with the Wgtn Water project in Queen Street. The High Street Road Reconstruction project was largely completed in 2015/16 with some minor physical works remaining for completion in 2016/17. The Substandard Roads Upgrade (Hill Road) project has been overspent due to additional physical work required to the pavement. While the project was largely completed in 2015/16 the remainder of physical works will be completed in 2016/17. The Urban Growth Strategy Roding Improvement (\$1.5 million) project was started late in 2015/16 due to delays in the design phase. Work is currently underway and scheduled to be completed in mid-2016/17. Bridge Seismic Strengthening work (\$732) has been delayed into 2016/17 while awaiting materials from overseas and the Estuary Bridge Corrosion Protection works (\$763) has also been delayed due to delays in the tendering process. The Cycleway & Walkway projects have also faced delays. The Cycleway Network Development and Eastern Bays Shared Path have been delayed due to NZTA requiring a Business Case approach. The Wainuiomata Hill Shared Path has been delayed due to the need for further consultation, and has been programmed for completion in 2016/17. The Wainuiomata Summit Bridge was completed over budget due to the unexpected complexity of construction and was officially opened in November 2015.



# WATER SUPPLY

## WHAT WE DO

We provide a sustainable and high-quality water supply to our community for domestic and commercial use. We buy bulk water from Greater Wellington Regional Council (GWRC), then distribute it to the community through our water supply system. We regularly monitor the water quality and plan for the city's future water supply, including any maintenance and upgrades needed to maintain the required service.

## WHY WE DO IT

In supplying high-quality, affordable water, we contribute to our community's health; community safety (through the water supply system's fire-fighting capability); and industrial and residential development.

## HOW WE MEASURE THE SUCCESS OF OUR SERVICES

MEASURE & TARGET	ACHIEVED 2012-13	ACHIEVED 2013-14	ACHIEVED 2014-15	PEER AVERAGE 2015-16	ACHIEVED 2015-16	SOURCE OF INFORMATION
Residents' satisfaction with the city water supply ≥ 95% of those expressing an opinion	98%	96%	95%	90%	94%	NRB Communitrak Survey
Compliance with part four of the New Zealand Drinking Water Standards (bacteria compliance criteria) Full compliance	Achieved full compliance	Achieved full compliance	Achieved full compliance	N/A	Achieved full compliance	Potable Water Testing Contract Reports
Number of complaints for drinking water: <ul style="list-style-type: none"> <li>• clarity</li> <li>• taste</li> <li>• odour</li> <li>• pressure or flow</li> <li>• continuity of supply</li> <li>• responsiveness to issues</li> </ul> ≤ 140 per 1000 connections	New measures for 2015-16	New measures for 2015-16	New measures for 2015-16	9.41	Achieved 10.17	Wellington Water SLA spreadsheet
Median response time for: <ul style="list-style-type: none"> <li>• attendance for urgent callouts ≤ 60 minutes</li> <li>• resolution of urgent callouts ≤ Four hours</li> <li>• attendance for non-urgent callouts ≤ 36 hours</li> <li>• resolution of non-urgent callouts ≤ 15 days</li> </ul>	New measures for 2015-16	New measures for 2015-16	New measures for 2015-16	<ul style="list-style-type: none"> <li>• 41 minutes</li> <li>• 3.13 hours</li> <li>• 23.02 hours</li> <li>• 29.39 hours</li> </ul>	<ul style="list-style-type: none"> <li>• 43 minutes</li> <li>• 2.82 hours</li> <li>• 24.37 hours</li> <li>• 26.48 hours</li> </ul>	Operations and Maintenance Contract Monthly Report
Average drinking water consumption per resident per day 345 litres per day	New measure for 2015-16	New measure for 2015-16	New measure for 2015-16	346 litres per day	Not Achieved – 355 litres per day (Note: Water consumption was higher than usual due to an extended dry period into March, resulting in more outdoor use)	Wellington Water SLA spreadsheet

HOW WE MEASURE THE SUCCESS OF OUR SERVICES (CONTINUED)

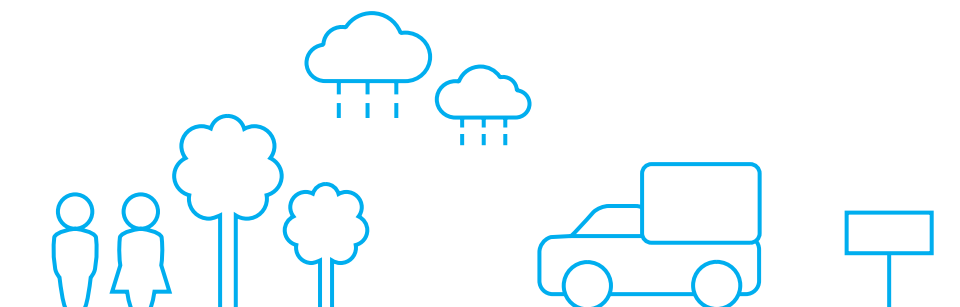
MEASURE & TARGET	ACHIEVED 2012-13	ACHIEVED 2013-14	ACHIEVED 2014-15	PEER AVERAGE 2015-16	ACHIEVED 2015-16	SOURCE OF INFORMATION
<p>Percentage of real water loss from networked reticulation system</p> <p>Note: The real water loss measurement is the percentage of water that is lost through leakage on the mains, leakage and overflow at reservoirs and leakage on service connections up to the property boundaries.</p> <p>≤ 18%</p>	New measure for 2015-16	New measure for 2015-16	New measure for 2015-16	16.58%	Not Achieved – 22.5% (Note: The water loss estimate is likely to include high outdoor use during the extended dry period, which may not have been fully reflected in the residential sample meters)	Wellington Water SLA spreadsheet
<p>Quality of water</p> <p>Achieve a 'b' grading from the Ministry of Health for the Hutt City water supply</p> <p>Note: the 'b' grading indicates the community's preference for a non-chlorinated water supply. B is the best grading a non-chlorinated water supply can achieve, however Wellington Water Limited (on behalf of HCC) has implemented a quality management plan across Hutt City's water supply network that is significantly over and above the minimum drinking water standards</p>	Achieved a 'b' grading	Achieved a 'b' grading	Achieved a 'b' grading	N/A	Achieved a 'b' grading	Ministry of Health Register of Community Drinking Water Suppliers Grading Report
<p>Provide a reliable water supply service</p> <p>Fewer than four unplanned supply cuts per 1000 connections</p>	Achieved 2.7	Achieved 1.9	Achieved 2.2	N/A	Achieved 2.46	Operations and Maintenance Contract Monthly Report

Note: Survey percentages quoted exclude those who responded 'don't know'. The definition of "peer average" is included in the Appendices to this Annual Report.

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June 2016

	ACTUAL 30 JUNE 2016 \$000	PLAN 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000
<b>REVENUE</b>				
Rates Income				
User Charges	2,520	2,336	184	2,248
Operating Subsidies and Grants				
UHCC Operating Subsidy				
Capital Subsidies				
Development Contributions	35	35		42
Interest Earned				
Dividends				
Vested Assets	32	114	(82)	129
Other Revenue				
Gain/(Loss) On Prop Disposals				
<b>Total revenue</b>	<b>2,587</b>	<b>2,485</b>	<b>102</b>	<b>2,419</b>
<b>EXPENDITURE</b>				
Employee Costs				
Support Costs	336	336		385
Operating Costs	11,326	11,046	(280)	10,314
Loss On Prop Disposals				
Finance Cost	289	446	157	367
Depreciation	3,526	3,528	2	3,413
<b>Total expenditure</b>	<b>15,477</b>	<b>15,356</b>	<b>(121)</b>	<b>14,479</b>
<b>DEFICIT BEFORE TAX</b>	<b>(12,890)</b>	<b>(12,871)</b>	<b>(19)</b>	<b>(12,060)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(12,890)	(12,871)	(19)	(12,060)
Add Capital Contributions	(35)	(35)		(42)
<b>Total rates funding requirement</b>	<b>(12,925)</b>	<b>(12,906)</b>	<b>(19)</b>	<b>(12,102)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	(1,859)	(2,789)	930	(2,494)
Capital Expenditure - to improve levels of service	(1,731)	(2,677)	946	(542)
Less Capital Contributions	35	35		42
Less UHCC Capital Contributions				
Less Proceeds From Asset Sales				
Less Depreciation	3,526	3,528	(2)	3,413
<b>Total Loan Funding Repayment</b>	<b>(29)</b>	<b>(1,903)</b>	<b>1,874</b>	<b>419</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(12,954)</b>	<b>(14,809)</b>	<b>1,855</b>	<b>(11,683)</b>



## FUNDING IMPACT STATEMENT

For year ended June 2016

	ACTUAL 30 JUNE 2016 \$000	LTP 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	54	-	
Targeted rates	12,871	12,906	
Subsidies and grants for operating purposes	-	-	-
Fees and charges	2,520	2,336	14,479
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	32	114	-
<b>Total operating funding (A)</b>	<b>15,477</b>	<b>15,356</b>	<b>14,479</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payments to staff and suppliers	11,326	11,046	10,314
Finance costs	289	446	367
Internal charges and overheads applied	336	336	385
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>11,951</b>	<b>11,828</b>	<b>11,066</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>3,526</b>	<b>3,528</b>	<b>3,413</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	35	35	42
Increase (decrease) in debt	29	1,903	(419)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>64</b>	<b>1,938</b>	<b>(377)</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve level of service	1,731	2,677	542
- to replace existing assets	1,859	2,789	2,494
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>3,590</b>	<b>5,466</b>	<b>3,036</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(3,526)</b>	<b>(3,528)</b>	<b>(3,413)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>



## SIGNIFICANT OPERATING VARIATIONS FROM THE 2015-16 ANNUAL PLAN

Revenue was over budget largely due to user charges being higher due to usage readings for 2015/16 coming in over 2014/15 actuals. Operating Expenditure came in over budget due to the dry summer meaning higher maintenance spend and increased operational costs from controls/comms failures. Also, there was additional spend on resilience studies for bore water source study and bulk water ringmain.

## SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE 2015-16 ANNUAL PLAN

Approximately \$3.5 million spent on upgrading and maintaining the water main network and pumping stations. Significant projects carried out included Moohan and Peel Place water renewals and Petone Hutt Link Main (Tama North). Overall underspend is largely due to reservoir projects (Delaney and Konini) being delayed due to problems isolating the reservoir during a dry period.

## CAPITAL PROJECTS ACQUISITIONS AND RENEWALS

	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000
Central Hutt Water Mains Renewals	636	758	122
Distribution Pipe Model Development	120	128	8
Moohan Street Main and Services Renewals	377	300	(77)
Network Minor Works	33	150	117
Oxford Terrace Water Renewal	1	730	729
Peel Place Main, Rider and Services Renewal	318	190	(128)
Pump Station Minor Works	39	53	14
Reservoir Minor Work	57	53	(4)
Auto Shut Valves and Seismic Triggers	103	105	2
SCADA Renewals	24	27	3
Seismic Coupling Installations	48	102	54
Stokes Valley Road Pump Station Switchboard Renewal	52	53	1
Forward Design - Water Supply	51	140	89
Critical Pipelines Seismic Upgrade	9	50	41
Delaney Reservoir Seismic Upgrade	274	760	486
Emergency Water Supply		105	105
Holborn Booster Pump		300	300
Konini Reservoir Seismic Upgrade	152	450	298
Kingsley Reservoir Seismic Upgrade	23	50	27
Petone and Hutt Link Main (Tama North)	1,013	614	(399)
Pharazyn Pump Station Seismic Upgrade	66	120	54
Sweetacres Reservoir Upgrade	159	103	(56)
Taita Reservoir Seismic Upgrade	33	50	17
Water Bores Eastern Ward	2	75	73

# WASTEWATER

## WHAT WE DO

We provide a pipe network that takes household and commercial effluent to the Seaview Wastewater Treatment Plant, which treats it to public health and environmental standards. Opened in November 2001, the resource consents under which the treatment plant now operates ensure that all relevant standards are adhered to, and that full compliance with the Resource Management Act 1991 is achieved. The Plant's operation has led to a significant improvement in the environment. We regularly undertake maintenance and upgrades to maintain the required service levels.

## WHY WE DO IT

By collecting, treating and disposing of wastewater, we provide a service to residents and businesses that supports development in the city and protects the physical environment and our community's health.

## HOW WE MEASURE THE SUCCESS OF OUR SERVICES

MEASURE & TARGET	ACHIEVED 2012-13	ACHIEVED 2013-14	ACHIEVED 2014-15	PEER AVERAGE 2015-16	ACHIEVED 2015-16	SOURCE OF INFORMATION
Residents' satisfaction with the city wastewater service ≥ 95% of those expressing an opinion	99%	96%	97%	93%	98%	NRB Communitrak Survey
No resource consent-related infringement notices received from GWRC 100% compliance	100% compliance	100% compliance	One resource consent-related infringement notice	N/A	Achieved 100% compliance	Compliance Reports from GWRC
Provide a reliable wastewater service Fewer than 1.2 wastewater incidents reported per kilometre of wastewater reticulation pipeline	0.74 incidents	0.68 incidents	0.63 incidents	N/A	Achieved 0.71	Operations and Maintenance Contract Monthly Report
Respond promptly to wastewater disruptions ≥ 97% of requests responded to within one hour of notification	97.7%	98.8%	99.5%	N/A	Achieved 99.6%	Operations and Maintenance Contract Monthly Report
Dry weather wastewater overflows 0 per 1000 connections	New measure for 2015-16	New measure for 2015-16	New measure for 2015-16	3	Not achieved - 5	Wellington Water SLA spreadsheet
Number of complaints: • wastewater odour • wastewater system faults • wastewater system blockages • responsiveness to wastewater system issues ≤ 30 per 1000 connections	New measure for 2015-16	New measure for 2015-16	New measure for 2015-16	15.07	Achieved 13.47	Wellington Water SLA spreadsheet
Median response time for: • attendance time for wastewater overflows ≤ 60 minutes • resolution time for wastewater overflows ≤ Six hours	New measure for 2015-16	New measure for 2015-16	New measure for 2015-16	• 39 minutes  • 1.89 hours	Achieved • 34 minutes  • 1.53 hours	Wellington Water SLA spreadsheet

## HOW WE MEASURE THE SUCCESS OF OUR SERVICES (CONTINUED)

MEASURE & TARGET	ACHIEVED 2012-13	ACHIEVED 2013-14	ACHIEVED 2014-15	PEER AVERAGE 2015-16	ACHIEVED 2015-16	SOURCE OF INFORMATION
Breaches of resource consents for discharges from wastewater system: <ul style="list-style-type: none"> <li>• number of abatement notices</li> <li>• number of infringement notices</li> <li>• number of enforcement orders</li> <li>• number of convictions</li> </ul> 0 breaches of resource consents	New measure for 2015-16	New measure for 2015-16	New measure for 2015-16	0.75	Achieved Nil	Compliance Reports from GWRC

Note: Survey percentages quoted exclude those who responded 'don't know'. The definition of "peer average" is included in the Appendices to this Annual Report.



## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June 2016

	ACTUAL 30 JUNE 2016 \$000	PLAN 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000
<b>REVENUE</b>				
Rates Income				
User Charges	1,039	1,068	(29)	1,062
Operating Subsidies and Grants				
UHCC Operating Subsidy	2,426	2,547	(121)	2,432
Capital Subsidies				
Development Contributions	147	406	(259)	307
Interest Earned				
Dividends				
Vested Assets	75	114	(39)	326
Other Revenue				
Gain/(Loss) On Prop Disposals				
<b>Total revenue</b>	<b>3,687</b>	<b>4,135</b>	<b>(448)</b>	<b>4,127</b>
<b>EXPENDITURE</b>				
Employee Costs				
Support Costs	823	822	(1)	820
Operating Costs	11,394	11,691	297	11,226
Loss On Prop Disposals				
Finance Cost	559	863	304	836
Depreciation	7,229	7,410	181	7,144
<b>Total expenditure</b>	<b>20,005</b>	<b>20,786</b>	<b>781</b>	<b>20,026</b>
<b>DEFICIT BEFORE TAX</b>	<b>(16,318)</b>	<b>(16,651)</b>	<b>333</b>	<b>(15,899)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(16,318)	(16,651)	333	(15,899)
Add Capital Contributions	(147)	(406)	259	(307)
<b>Total rates funding requirement</b>	<b>(16,465)</b>	<b>(17,057)</b>	<b>592</b>	<b>(16,206)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	(3,177)	(4,468)	1,291	(4,197)
Capital Expenditure - to improve levels of service	(681)	(6,115)	5,434	(582)
Less Capital Contributions	147	406	(259)	307
Less UHCC Capital Contributions	508	2,107	(1,599)	695
Less Proceeds From Asset Sales				
Less Depreciation	7,229	7,410	(181)	7,144
<b>Total Loan Funding Repayment</b>	<b>4,026</b>	<b>(660)</b>	<b>4,686</b>	<b>3,367</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(12,439)</b>	<b>(17,717)</b>	<b>5,278</b>	<b>(12,839)</b>

## FUNDING IMPACT STATEMENT

For year ended June 2016

	ACTUAL 30 JUNE 2016 \$000	LTP 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	(186)	-	-
Targeted rates	16,651	17,057	16,532
Subsidies and grants for operating purposes	2,426	2,547	2,432
Fees and charges	1,039	1,068	1,062
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	75	114	-
<b>Total operating funding (A)</b>	<b>20,005</b>	<b>20,786</b>	<b>20,026</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payments to staff and suppliers	11,394	11,691	11,226
Finance costs	559	863	836
Internal charges and overheads applied	823	822	820
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>12,776</b>	<b>13,376</b>	<b>12,882</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>7,229</b>	<b>7,410</b>	<b>7,144</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	508	2,107	695
Development and financial contributions	147	406	307
Increase (decrease) in debt	(4,026)	660	(3,367)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(3,371)</b>	<b>3,173</b>	<b>(2,365)</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve level of service	681	6,115	582
- to replace existing assets	3,177	4,468	4,197
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>3,858</b>	<b>10,583</b>	<b>4,779</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(7,229)</b>	<b>(7,410)</b>	<b>(7,144)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## OPERATING PROJECTS

	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000
Wastewater Flow Management Wainuiomata	57	90	33
Rising Main Vulnerability Assessment	40	50	10

## SIGNIFICANT OPERATING VARIATIONS FROM THE 2015-16 ANNUAL PLAN

Revenue was under budget mainly due to lower development contributions and UHCC operating subsidy. Lower operational contract costs resulted in a lower operating subsidy recovery from UHCC. Operating costs were lower than budget largely due to lower electricity charges and CPI adjustments against budgeted costs for the treatment plant operational contract.

## CAPITAL PROJECTS ACQUISITIONS AND RENEWALS

	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000
Kendall Grove Sewer Renewals	400	230	(170)
Naenae Sewer Renewals	269	300	31
Network Minor Works (WW)	168	170	2
Pressure Testing Of Sewers	197	300	103
Queen Street Sewer Renewal	60	580	520
Scada Renewals	43	28	(15)
The Strand Sewer Renewal	87	210	123
Trunk DBO Asset Replacement Fund	840	870	30
Trunk DBO Network Cyclic Replacement (Subsidy 32%)	286	300	14
Trunk Non-DBO Minor Works	8	10	2
Tui Street Sewer Renewal	145	180	35
Victoria Street Pumping Station Seismic Strengthening	54	290	236
Wainuiomata Sewer Renewals	385	814	429
Forward Design (WW)	127	100	(27)
Pump Station Minor Works (WW)	108	86	(22)
Trunk DBO Pipeline Cyclic Replacement	70	90	20
Trunk DBO Type A Network Development	99	100	1
Trunk DBO Type B Network Development	278	5,400	5,122
Trunk Type A Asset Development (Subsidy 31%)	234	200	(34)
Vista Grove Sewer Replacement		325	325

## SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE 2015-16 ANNUAL PLAN

Approximately \$3.8 million was spent on upgrades and maintenance to the sewer network. \$5.1 million of the \$6.7 million favourable variance was due to all tenders for the Main Collecting Sewer duplication project being declined and the project being deferred to 2020. Significant projects carried out included Naenae Sewer, Tui Street and Kendall Grove. Problems with resource consents and favourable contract prices also contributed to our year end underspend.

# STORMWATER

## WHAT WE DO

We provide a stormwater drainage system to manage the surface water run-off from urban catchments, providing flood protection and control. Our objective is to achieve the best possible balance between the level of protection and the cost to our community. This includes maintaining and upgrading assets to maintain the required service levels.

## WHY WE DO IT

Most of the development in Hutt City is concentrated on flat valley plains with the potential for flooding. We need to control stormwater to protect our community's health and safety and minimise property damage. A comprehensive stormwater system is the most efficient way to do this.

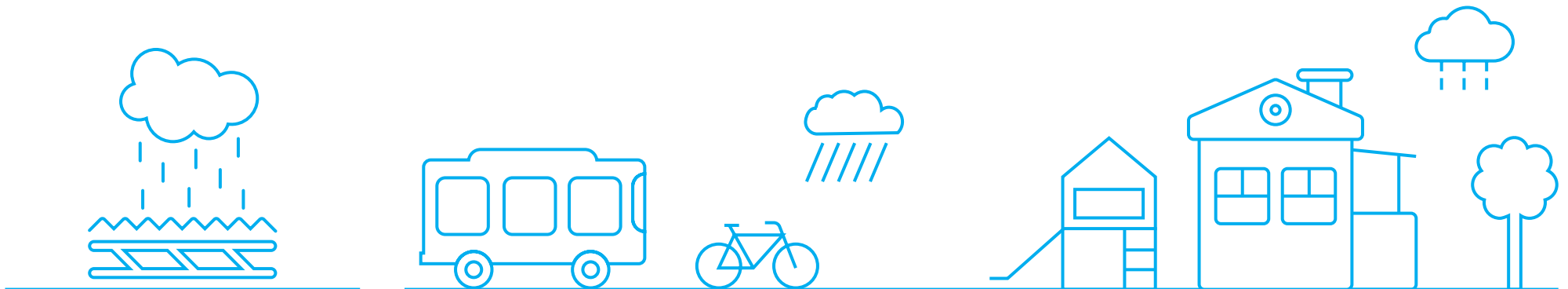
## HOW WE MEASURE THE SUCCESS OF OUR SERVICES

MEASURE & TARGET	ACHIEVED 2012-13	ACHIEVED 2013-14	ACHIEVED 2014-15	PEER AVERAGE 2015-16	ACHIEVED 2015-16	SOURCE OF INFORMATION
Residents' satisfaction with the city stormwater service ≥ 80% of those expressing an opinion	87%	84%	87%	84%	83%	NRB Communitrak Survey
Provide a reliable stormwater service Fewer than 0.5 stormwater incidents reported per kilometre of stormwater pipeline	Achieved 0.09 incidents	Achieved 0.09 incidents	Achieved 0.12 incidents	0.06	Achieved 0.04	Operations and Maintenance Contract Monthly Report
Achieve water quality at main recreational beaches 90% of sampling days when water quality meets Ministry for the Environment guidelines	89%	83%	89%	N/A	Achieved - each monitored beach open 91% of days during the bathing season	Operations and Maintenance Contract Monthly Report
Number of flooding events 0 flooding events	New measure for 2015-16	New measure for 2015-16	New measure for 2015-16	4.5	Achieved Nil	Wellington Water SLA spreadsheet
Number of habitable floors (compliant with District Plan) flooded 0 out of 1000 connections per flooding event	New measure for 2015-16	New measure for 2015-16	New measure for 2015-16	0.23	Achieved Nil	Wellington Water SLA spreadsheet
Number of pipeline blockages ≤ 0.5 per kilometer of pipeline	New measure for 2015-16	New measure for 2015-16	New measure for 2015-16	0.06	Achieved 0.04	Operations and Maintenance Contract Monthly Report
Number of complaints about stormwater system performance ≤ 30 per 1000 connections	New measure for 2015-16	New measure for 2015-16	New measure for 2015-16	5.69	Achieved 1.59	Wellington Water SLA spreadsheet
Median response time to attend a flooding event ≤ 60 minutes	New measure for 2015-16	New measure for 2015-16	New measure for 2015-16	49 minutes	Achieved 42 minutes	Wellington Water SLA spreadsheet

HOW WE MEASURE THE SUCCESS OF OUR SERVICES (CONTINUED)

MEASURE & TARGET	ACHIEVED 2012-13	ACHIEVED 2013-14	ACHIEVED 2014-15	PEER AVERAGE 2015-16	ACHIEVED 2015-16	SOURCE OF INFORMATION
Breaches of resource consents for discharges from stormwater system: <ul style="list-style-type: none"> <li>• number of abatement notices</li> <li>• number of infringement notices</li> <li>• number of enforcement orders</li> <li>• number of convictions</li> </ul> 0 breaches of resource consents	New measure for 2015-16	New measure for 2015-16	New measure for 2015-16	N/A	Achieved Nil	Compliance Reports from GWRC
Flood protection and control works: The major flood protection and control works that are maintained, repaired and renewed to the key standards defined in the local authority's relevant planning documents  Completion of programme as recorded and reported on by GWRC	New measure for 2015-16	New measure for 2015-16	New measure for 2015-16	N/A	Achieved	GWRC

Note: Survey percentages quoted exclude those who responded 'don't know'. The definition of "peer average" is included in the Appendices to this Annual Report.





## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June 2016

	ACTUAL 30 JUNE 2016 \$000	PLAN 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000
<b>REVENUE</b>				
Rates Income				
User Charges	4	5	(1)	5
Operating Subsidies and Grants	6	9	(3)	11
UHCC Operating Subsidy				
Capital Subsidies				
Development Contributions	16	50	(34)	60
Interest Earned				
Dividends				
Vested Assets	93	114	(21)	192
Other Revenue				
Gain/(Loss) On Prop Disposals				
<b>Total revenue</b>	<b>119</b>	<b>178</b>	<b>(59)</b>	<b>268</b>
<b>EXPENDITURE</b>				
Employee Costs				
Support Costs	306	306		353
Operating Costs	3,605	3,328	(277)	3,289
Loss On Prop Disposals				
Finance Cost	243	375	132	604
Depreciation	2,986	3,138	152	2,978
<b>Total expenditure</b>	<b>7,140</b>	<b>7,147</b>	<b>7</b>	<b>7,224</b>
<b>DEFICIT BEFORE TAX</b>	<b>(7,021)</b>	<b>(6,969)</b>	<b>(52)</b>	<b>(6,956)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(7,021)	(6,969)	(52)	(6,956)
Add Capital Contributions	(16)	(50)	34	(60)
<b>Total rates funding requirement</b>	<b>(7,037)</b>	<b>(7,019)</b>	<b>(18)</b>	<b>(7,016)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	(845)	(1,307)	462	(573)
Capital Expenditure - to improve levels of service	(1,861)	(2,733)	872	(754)
Less Capital Contributions	16	50	(34)	60
Less UHCC Capital Contributions				
Less Proceeds From Asset Sales				
Less Depreciation	2,986	3,138	(152)	2,978
<b>Total Loan Funding Repayment</b>	<b>296</b>	<b>(852)</b>	<b>1,148</b>	<b>1,711</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(6,741)</b>	<b>(7,871)</b>	<b>1,130</b>	<b>(5,305)</b>

## FUNDING IMPACT STATEMENT

For year ended June 2016

	ACTUAL 30 JUNE 2016 \$000	LTP 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	7,037	7,019	7,208
Targeted rates	-	-	-
Subsidies and grants for operating purposes	6	9	11
Fees and charges	4	5	5
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	93	114	-
<b>Total operating funding (A)</b>	<b>7,140</b>	<b>7,147</b>	<b>7,224</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payments to staff and suppliers	3,605	3,328	3,289
Finance costs	243	375	604
Internal charges and overheads applied	306	306	353
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>4,154</b>	<b>4,009</b>	<b>4,246</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>2,986</b>	<b>3,138</b>	<b>2,978</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	16	50	60
Increase (decrease) in debt	(296)	852	(1,711)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(280)</b>	<b>902</b>	<b>(1,651)</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve level of service	1,861	2,733	754
- to replace existing assets	845	1,307	573
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>2,706</b>	<b>4,040</b>	<b>1,327</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(2,986)</b>	<b>(3,138)</b>	<b>(2,978)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## OPERATING PROJECTS

	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000
Waiwhetu Stream Flood Management Plan	17	45	28

## SIGNIFICANT OPERATING VARIATIONS FROM THE 2015-16 ANNUAL PLAN

Revenue from Vested Assets and Development Contributions was lower than budgeted for 2015/16. Operating Costs were over budget largely as a result of 2014/15 storm investigations. This overspend was offset by lower than budgeted for depreciation expenditure.

## CAPITAL PROJECTS ACQUISITIONS AND RENEWALS

	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000
Network Minor Works	89	100	11
SCADA Renewals	21	27	6
Forward Design	30	50	20
Stormwater Network Modelling	155	180	25
Pump Station Minor Works	121	81	(40)
Total Renewals Utilities Stormwater	11		(11)
Walter Road Stormwater Renewal	418	419	1
Awamutu Stream	87	250	163
Ariki Street Stormwater Renewal	168	100	(68)
Cheviot Road Stormwater Improvement Project	83	107	24
East Street Petone	230	102	(128)
Hutt River Backflow Electrical	15	215	200
Hutt River Floodplain	177	180	3
Hutt River Stormwater Flapgates and Pumping Stations	18	268	250
John Street and Stokes Valley Stormwater Renewal	825	619	(206)
Randwick Road Stormwater Improvement	25	376	351
Stormwater Consenting Project	6	150	144
Queen Street	227	816	589

## SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE 2015-16 ANNUAL PLAN

Approximately \$2.7 million was spent on stormwater upgrades and renewals across the city. \$1.2 million of the \$1.3 million underspend has been carried over to 2016/17 to complete the Queen Street project. The Queen Street project was delayed due to increased pipe sizing during detailed design phase and additional unforeseen costs around resource consent requirements. Significant projects included John Street/Stokes Valley, Walter Road, Cheviot Road and East Street.

# SOLID WASTE

## WHAT WE DO

We manage contracts for the collection of the city's refuse and recycling, and own and operate a landfill at which people and businesses can dispose of residual waste.

## 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.

## HOW WE MEASURE THE SUCCESS OF OUR SERVICES

MEASURE & TARGET	ACHIEVED 2012-13	ACHIEVED 2013-14	ACHIEVED 2014-15	PEER AVERAGE 2015-16	ACHIEVED 2015-16	SOURCE OF INFORMATION
Residents' satisfaction with:						NRB Communitrak Survey
• rubbish collection	95%	93%	96%	88%	94%	
≥ 93% of those expressing an opinion						
• refuse disposal	81%	83%	82%	85%	88%	Compliance Reports from GWRC
≥ 91% of those expressing an opinion						
No resource consent-related infringement notices received from GWRC	100% compliance	100% compliance	100% compliance	N/A	100% compliance	
100% compliance						

Note: Survey percentages quoted exclude those who responded 'don't know'. The definition of "peer average" is included in the Appendices to this Annual Report.



## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June 2016

	ACTUAL 30 JUNE 2016 \$000	PLAN 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000
<b>REVENUE</b>				
Rates Income				
User Charges	13,015	12,895	120	13,888
Operating Subsidies and Grants				
UHCC Operating Subsidy				
Capital Subsidies				
Development Contributions				
Interest Earned				
Dividends				
Vested Assets				
Other Revenue	13	5	8	13
Gain/(Loss) On Prop Disposals				48
<b>Total revenue</b>	<b>13,028</b>	<b>12,900</b>	<b>128</b>	<b>13,949</b>
<b>EXPENDITURE</b>				
Employee Costs				
Support Costs	330	330		198
Operating Costs	6,102	6,416	314	6,639
Loss On Prop Disposals				
Finance Cost	503	256	(247)	660
Depreciation	702	587	(115)	565
<b>Total expenditure</b>	<b>7,637</b>	<b>7,589</b>	<b>(48)</b>	<b>8,062</b>
<b>DEFICIT BEFORE TAX</b>	<b>5,391</b>	<b>5,311</b>	<b>80</b>	<b>5,887</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	5,391	5,311	80	5,887
Add Capital Contributions				
<b>Total rates funding requirement</b>	<b>5,391</b>	<b>5,311</b>	<b>80</b>	<b>5,887</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets				
Capital Expenditure - to improve levels of service	(3,062)	(1,930)	(1,132)	(1,359)
Less Capital Contributions				
Less UHCC Capital Contributions				
Less Proceeds From Asset Sales				
Less Depreciation	702	587	115	565
<b>Total Loan Funding Repayment</b>	<b>(2,360)</b>	<b>(1,343)</b>	<b>(1,017)</b>	<b>(794)</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>3,031</b>	<b>3,968</b>	<b>(937)</b>	<b>5,093</b>

## FUNDING IMPACT STATEMENT

For year ended June 2016

	ACTUAL 30 JUNE 2016 \$000	LTP 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	(6,728)	(6,648)	(7,087)
Targeted rates	1,337	1,337	1,200
Subsidies and grants for operating purposes	-	-	-
Fees and charges	13,015	12,895	13,888
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	13	5	61
<b>Total operating funding (A)</b>	<b>7,637</b>	<b>7,589</b>	<b>8,062</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payments to staff and suppliers	6,102	6,416	6,639
Finance costs	503	256	660
Internal charges and overheads applied	330	330	198
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>6,935</b>	<b>7,002</b>	<b>7,497</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>702</b>	<b>587</b>	<b>565</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	2,360	1,343	794
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>2,360</b>	<b>1,343</b>	<b>794</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve level of service	3,062	1,930	1,359
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>3,062</b>	<b>1,930</b>	<b>1,359</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(702)</b>	<b>(587)</b>	<b>(565)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## SIGNIFICANT OPERATING VARIATIONS FROM THE 2015-16 ANNUAL PLAN

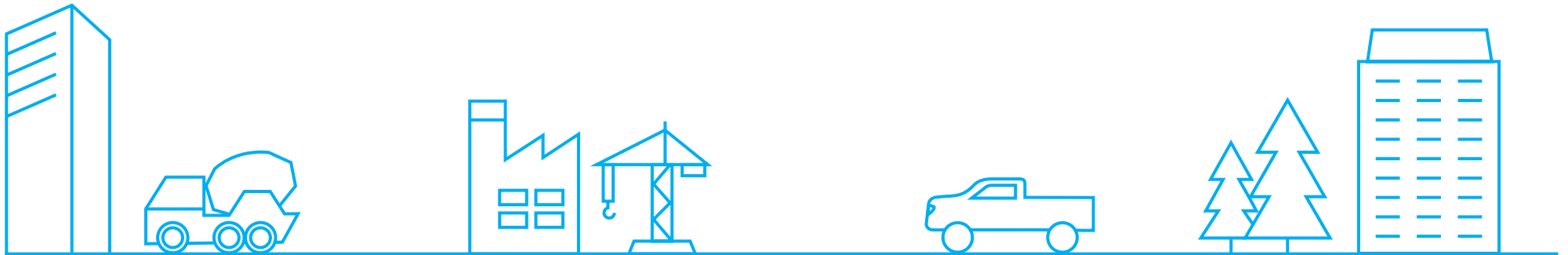
Volumes and revenues were largely on budget. Operating costs were somewhat above budget reflecting difficult operating conditions at this stage of landfill development, although this was partly offset by a reduction in after care cost provision.

## CAPITAL PROJECTS ACQUISITIONS AND RENEWALS

	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000
Cleanfill Site Development		10	10
Silverstream Landfill Stage 2	3,062	1,920	(1,142)

## SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE 2015-16 ANNUAL PLAN

Capital spend for the year reflects the ongoing development of filling space at the landfill. The variance from budget results from appointment of a 5 year contract and consequent review of the longer term development programme, as reported to and approved by Council in November 2015.



# ORGANISATION

The group that delivers organisational support activities works alongside all the other activities of Council, and includes elected members and the associated secretariat services, strategy and policy development, communications and marketing, customer services, financial services, risk and audit, information services, legal services and human resources.

Organisational support activities support the social, cultural, environmental and economic wellbeing of the city, and include organisation-wide strategies covering Best Local Government Services.

The following activities fall under organisational support:

- Elected Members
- Advice and Support
- Support Services

These activities contribute to all the high level goals for the city's wellbeing, also referred to as 'community outcomes':

- A safe community
- A strong and diverse economy
- An accessible and connected city
- Healthy people
- A healthy natural environment
- Actively engaged in community activities
- Strong and inclusive communities
- A healthy and attractive built environment
- A well-governed city

## ORGANISATION PERFORMANCE SUMMARY

ACTIVITY	ACHIEVEMENT OF PERFORMANCE MEASURES
Elected Members	Two measures achieved covering resident satisfaction with the Mayor and Councillors and the way rates are spent. Satisfaction with public consultation sits on 88%, 2% down on the previous year.
Advice and Support	All measures achieved covering satisfaction with formal advice received and responses to requests for help from Council officers.
Support Services	Two measures achieved covering staff turnover and work-related accidents. Measure covering compliance with legal and policy requirements not achieved with one significant breach involving earthworks undertaken on Council reserve without resource consent. Retrospective consent was applied for and granted.

## ORGANISATION FINANCIAL SUMMARY

	(DEFICIT)/SURPLUS BEFORE TAX			RATE REQUIREMENT PER RESIDENT
	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000	ACTUAL 30 JUNE 2016 \$000
Elected Members	(1,860)	(1,826)	(1,905)	18.08
Advice & Support	(4,364)	(4,360)	(4,556)	42.41
Support Services*	(4,875)	3,208	1,049	47.38

Note: The (Deficit)/Surplus before tax shows the net cost of the Council's activities for the year in comparison to the 2015-2016 Annual Plan and the 2014-2015 Actual.

Note: 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.

\* The rate requirement figures are shown excluding total rates income.



# FUNDING IMPACT STATEMENT

For year ended June 2016

	ACTUAL 30 JUNE 2016 \$000	LTP 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	(9,066)	(16,023)	(6,593)
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	981	1,057	993
Internal charges and overheads recovered	15,937	15,937	17,891
Local authorities fuel tax, fines, infringement fees, and other receipts	1,349	1,052	1,355
<b>Total operating funding (A)</b>	<b>9,201</b>	<b>2,023</b>	<b>13,646</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payments to staff and suppliers	13,579	13,473	14,376
Finance costs	815	996	351
Internal charges and overheads applied	4,903	4,903	6,710
Other operating funding applications	8,465	-	6,015
<b>Total applications of operating funding (B)</b>	<b>27,762</b>	<b>19,372</b>	<b>27,452</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>(18,561)</b>	<b>(17,349)</b>	<b>(13,906)</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	20,815	10,266	15,443
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>20,815</b>	<b>10,266</b>	<b>15,443</b>
<b>APPLICATION OF CAPITAL FUNDING</b>			
Capital expenditure			
- to meet additional demand			
- to improve level of service	1,363	(6,181)	784
- to replace existing assets	891	(902)	853
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>2,254</b>	<b>(7,083)</b>	<b>1,637</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>18,561</b>	<b>17,349</b>	<b>13,806</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## ELECTED MEMBERS

### WHAT WE DO

Elected members of Hutt City Council have an important role in the community. They provide a governance role for the city; set Council’s strategic direction, including determining the activities we undertake (within legal parameters); and monitor our performance on behalf of the city’s residents and ratepayers. Our governance structure includes community boards and community committees, which provide local input into our decision-making.

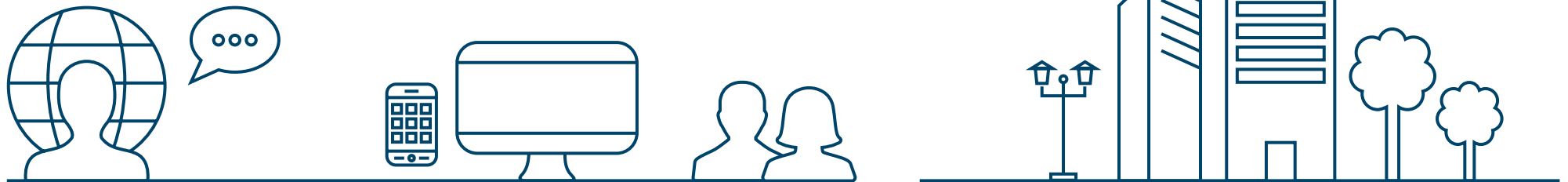
### WHY WE DO IT

The Elected Members activity ensures sound governance and robust decision-making within Hutt City.

### HOW WE MEASURE THE SUCCESS OF OUR SERVICES

MEASURE & TARGET	ACHIEVED 2012-13	ACHIEVED 2013-14	ACHIEVED 2014-15	PEER AVERAGE 2015-16	ACHIEVED 2015-16	SOURCE OF INFORMATION
Residents’ satisfaction with the Mayor’s and councillors’ performance ≥ 90% of those expressing an opinion	97%	95%	96%	79%	96%	NRB Communitrak Survey
Residents’ satisfaction with the way we spend their rates ≥ 83% of those expressing an opinion	86%	89%	86%	70%	89%	NRB Communitrak Survey
Residents’ satisfaction with our public consultation Improvement on previous year	91%	86%	90%	N/A	88%	NRB Communitrak Survey

Note: Survey percentages quoted exclude those who responded ‘don’t know’. The definition of “peer average” is included in the Appendices to this Annual Report.



## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June 2016

	ACTUAL 30 JUNE 2016 \$000	PLAN 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000
<b>REVENUE</b>				
Rates Income				
User Charges	9		9	8
Operating Subsidies and Grants				
UHCC Operating Subsidy				
Capital Subsidies				
Development Contributions				
Interest Earned				
Dividends				
Vested Assets				
Other Revenue				
Gain/(Loss) On Prop Disposals				
<b>Total revenue</b>	<b>9</b>		<b>9</b>	<b>8</b>
<b>EXPENDITURE</b>				
Employee Costs	17		(17)	22
Support Costs	614	614		704
Operating Costs	1,238	1,212	(26)	1,183
Loss On Prop Disposals				
Finance Cost				
Depreciation				4
<b>Total expenditure</b>	<b>1,869</b>	<b>1,826</b>	<b>(43)</b>	<b>1,913</b>
<b>DEFICIT BEFORE TAX</b>	<b>(1,860)</b>	<b>(1,826)</b>	<b>(34)</b>	<b>(1,905)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(1,860)	(1,826)	(34)	(1,905)
Add Capital Contributions				
<b>Total rates funding requirement</b>	<b>(1,860)</b>	<b>(1,826)</b>	<b>(34)</b>	<b>(1,905)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets				
Capital Expenditure - to improve levels of service				
Less Capital Contributions				
Less UHCC Capital Contributions				
Less Proceeds From Asset Sales				
Less Depreciation				4
<b>Total Loan Funding Repayment</b>				<b>4</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(1,860)</b>	<b>(1,826)</b>	<b>(34)</b>	<b>(1,901)</b>

## SIGNIFICANT OPERATING VARIATIONS FROM THE 2015-16 ANNUAL PLAN

There were no significant variations from the Annual Plan.

## SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE 2015-16 ANNUAL PLAN

There were no significant asset acquisitions, replacements or variations from the Annual Plan.

## ADVICE AND SUPPORT

### WHAT WE DO

This activity comprises the processes that support our decision-making, such as strategic planning, policy development and monitoring and reporting.

### WHY WE DO IT

Professional advice and support are necessary to help us and community boards and committees make informed decisions on behalf of our community.

### HOW WE MEASURE THE SUCCESS OF OUR SERVICES

MEASURE & TARGET	ACHIEVED 2012-13	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	SOURCE OF INFORMATION
Councillors are satisfied or more than satisfied with the formal advice they receive from officers ≥ 80% of those expressing an opinion	Insufficient evidence to assess	91%	91%	93%	Survey of Elected and Appointed Members
Councillors are satisfied or more than satisfied with responses to requests for help from officers ≥ 80% of those expressing an opinion	Insufficient evidence to assess	82%	91%	86%	Survey of Elected and Appointed Members
Community board and community committee members are satisfied or more than satisfied with the formal advice they receive from officers ≥ 80% of those expressing an opinion	95%	95%	84%	82%	Survey of Elected and Appointed Members
Community board and community committee members are satisfied or more than satisfied with responses to requests for help from officers ≥ 80% of those expressing an opinion	95%	97%	85%	82%	Survey of Elected and Appointed Members

Note: Survey percentages quoted exclude those who responded 'don't know'.

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June 2016

	ACTUAL 30 JUNE 2016 \$000	PLAN 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000
<b>REVENUE</b>				
Rates Income				
User Charges				
Operating Subsidies and Grants				
UHCC Operating Subsidy				
Capital Subsidies				
Development Contributions				
Interest Earned				
Dividends				
Vested Assets				
Other Revenue				
Gain/(Loss) On Prop Disposals				
<b>Total revenue</b>				
<b>EXPENDITURE</b>				
Employee Costs	2		(2)	
Support Costs	4,289	4,289		4,490
Operating Costs	73	71	(2)	66
Loss On Prop Disposals				
Finance Cost				
Depreciation				
<b>Total expenditure</b>	<b>4,364</b>	<b>4,360</b>	<b>(4)</b>	<b>4,556</b>
<b>DEFICIT BEFORE TAX</b>	<b>(4,364)</b>	<b>(4,360)</b>	<b>(4)</b>	<b>(4,556)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(4,364)	(4,360)	(4)	(4,556)
Add Capital Contributions				
<b>Total rates funding requirement</b>	<b>(4,364)</b>	<b>(4,360)</b>	<b>(4)</b>	<b>(4,556)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets				
Capital Expenditure - to improve levels of service				
Less Capital Contributions				
Less UHCC Capital Contributions				
Less Proceeds From Asset Sales				
Less Depreciation				
<b>Total Loan Funding Repayment</b>				
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(4,364)</b>	<b>(4,360)</b>	<b>(4)</b>	<b>(4,556)</b>

## SIGNIFICANT OPERATING VARIATIONS FROM THE 2015-16 ANNUAL PLAN

There were no significant variations from the Annual Plan.

## SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE 2015-16 ANNUAL PLAN

There were no significant asset acquisitions, replacements or variations from the Annual Plan.

## SUPPORT SERVICES

### WHAT WE DO

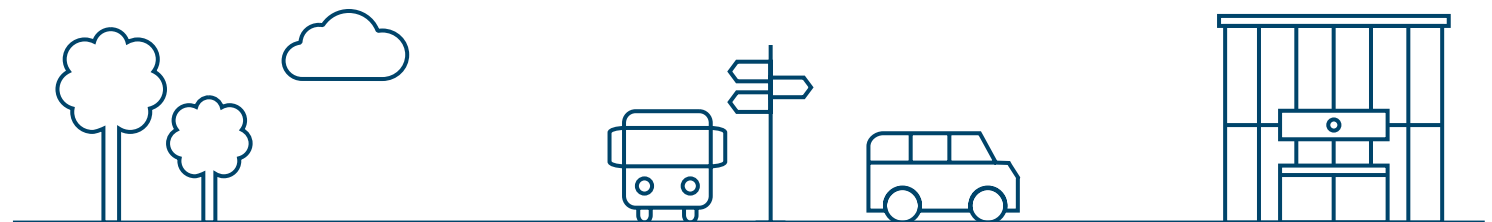
Support Services incorporates the organisation-wide support functions that help us to provide our other activities efficiently and effectively.

### WHY WE DO IT

Professional advice and support are necessary to help us and community boards and committees make informed decisions on behalf of our community.

### HOW WE MEASURE THE SUCCESS OF OUR SERVICES

MEASURE & TARGET	ACHIEVED 2012-13	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	SOURCE OF INFORMATION
Staff turnover Less than 12%	9.42%	8.73%	13.66%	6.64%	Monthly Management Reports
Legal and policy requirements No significant instances of non-compliance	No significant instances of non-compliance	No significant instances of non-compliance	One significant instance of non-compliance	One significant instance of non-compliance	Monthly Management Reports
Work-related accidents No more than four resulting in time off work	Four	Two	Three	Nil	Monthly Management Reports



## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June 2016

	ACTUAL 30 JUNE 2016 \$000	PLAN 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2015 \$000
<b>REVENUE</b>				
Rates Income	95,458	95,475	(17)	92,871
User Charges	972	1,057	(85)	985
Operating Subsidies & Grants				
UHCC Operating Subsidy				
Capital Subsidies				
Development Contributions				
Interest Earned	1,091	850	241	1,167
Dividends				7
Vested Assets				
Other Revenue	258	202	56	228
Gain On Prop Disposals				(47)
<b>Total Revenue</b>	<b>97,779</b>	<b>97,584</b>	<b>195</b>	<b>95,211</b>
<b>EXPENDITURE</b>				
Employee Costs	9,189	9,191	2	9,350
Support Costs	(15,937)	(15,937)		(16,375)
Operating Costs	3,059	2,999	(60)	3,754
Loss On Prop Disposals	474		(474)	
Finance Cost	815	996	181	351
Loss On Revaluation Of Financial Instruments	7,991		(7,991)	2,702
Depreciation	1,605	1,652	47	1,509
<b>Total Expenditure</b>	<b>7,196</b>	<b>(1,099)</b>	<b>(8,295)</b>	<b>1,291</b>
<b>SURPLUS BEFORE TAX</b>	<b>90,583</b>	<b>98,683</b>	<b>(8,100)</b>	<b>93,920</b>
<b>RATES FUNDING REQUIREMENT</b>				
Surplus Before Tax	90,583	98,683	(8,100)	93,920
Rate Funded Debt Repayment	20,165	19,001	1,164	15,319
Add Capital Contributions				
<b>Total Rates Funding Requirement</b>	<b>110,748</b>	<b>117,684</b>	<b>(6,936)</b>	<b>109,239</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	(891)	(1,165)	274	(853)
Capital Expenditure - to improve levels of service	(1,363)	(1,119)	(244)	(784)
Less Capital Contributions				
Less UHCC Capital Contributions				
Less Proceeds From Asset Sales				
Less Depreciation	1,604	1,652	(48)	1,509
Less Rate Funded Debt Repayment	(20,165)	(19,001)	(1,164)	(15,319)
<b>Total Loan Funding Requirement</b>	<b>(20,815)</b>	<b>(19,633)</b>	<b>(1,182)</b>	<b>(15,447)</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(89,933)</b>	<b>98,051</b>	<b>(8,118)</b>	<b>93,792</b>

## OPERATING PROJECTS

	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000
Social Development Projects	43	125	82
Monitoring and Evaluation Of Outcome Research	70	50	(20)
Neighbourhood Matching Fund		50	50

## SIGNIFICANT OPERATING VARIATIONS FROM THE 2015-16 ANNUAL PLAN

Significant variance relates to savings in interest expense due to lower rates and less capital spend.

## CAPITAL PROJECTS ACQUISITIONS AND RENEWALS

	ACTUAL 30 JUNE 2016 \$000	BUDGET 30 JUNE 2016 \$000	VARIANCE 30 JUNE 2016 \$000
Network Storage, Server Hardware and PC Replacement Programme	415	450	35
Pavilion Maintenance	32	75	43
System Maintenance	75	260	185
System Upgrades	286	280	(6)
Telecommunications	83	100	17
Administration Leased Accommodation Fitout	402	260	(142)
Archives Cool Room		16	16
Condensing Unit & Dehumidifier for MISA Cool Room		8	8
Digitisation Of At Risk Archives		25	25
Mobile Devices	52	80	28
Other (IT) Projects	594	405	(189)
Internet Online Services	163	175	12
The Pavilion Improvements	132	150	18
Vehicle Purchase	20		(20)

## SIGNIFICANT ASSET ACQUISITIONS OR REPLACEMENTS AND VARIATIONS FROM THE 2015-16 ANNUAL PLAN

A number of significant IT capital projects were completed including: replacement of the disk storage system for all of Council data and systems including disaster recovery storage, implementation of a new cemetery management system, implementation of an Enterprise Budgeting system, mobility devices and solutions for building and health inspectors, fibre optic network deployment across most of the CBD, fibre optic installations and network infrastructure for the new Admin buildings, extensive audio visual systems for the new Council Chambers and various new online services. Some of the projects completed were not budgeted while some of the budgeted projects were either delayed or completed using existing resources and systems, so as to remain within the existing overall capital budget. The Administration Leased Accommodation (Market Grove) fitout was over budget due to matching the same design as the Laings Road building. The improvements to the Pavilion included a complete refurbishment of the internal 1st level.



# HUTT CITY COUNCIL

Hutt City Council was established in 1989 through the amalgamation of the former Lower Hutt City, Eastbourne Borough, Petone Borough and Wainuiomata District Councils, and the Hutt Valley Drainage Board. Its jurisdiction covers the city of Lower Hutt.

Its purpose is:

- (a) to enable democratic local decision-making and action by, and on behalf of, communities; and
- (b) to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

Its role is to have particular regard to the contribution that the following core services make to its communities:

- (a) network infrastructure
- (b) public transport services
- (c) solid waste collection and disposal
- (d) the avoidance or mitigation of natural hazards
- (e) libraries, museums, reserves, recreational facilities, and other community infrastructure.

## COUNCIL GOVERNANCE

Hutt City Council is governed by a mayor and 12 councillors, with the mayor elected on a city-wide basis and the councillors elected to represent their respective wards, while exercising their powers in the best interests of the city as a whole. There are six wards – Northern, Eastern, Central, Western, Harbour and Wainuiomata – each with two councillors.

## COMMUNITY BOARDS AND COMMUNITY COMMITTEES

Council also works with three community boards covering Eastbourne, Petone and Wainuiomata, and four community committees covering the Northern, Eastern, Central and Western wards.

Each community board has six members elected by the community, plus two councillors from that ward appointed by Council. The only exception is Eastbourne Community Board, which has agreed to have only five elected members.

The role of a community board is to:

- Represent and act as an advocate for the interests of its community.
- Consider and report on any matter referred by Council and any issues of interest.
- Make an annual submission to Council on projects and expenditure in the community.
- Maintain an overview of services provided by Council within the local community.
- Be a channel of communication between the community and Council.
- Undertake any other responsibilities delegated by Council.

The community committees appointed by Council are non-statutory bodies with similar roles to those of community boards. Each committee has four members appointed from the community plus the two ward councillors. Members are appointed according to their skills and experience, including their ability to support existing residents' associations

and similar community groups in their areas and engage positively with Council.

## COUNCIL'S MANAGEMENT STRUCTURE

The elected members of Council set the broad strategic direction and policies for the Chief Executive and staff to implement, and audit the results.

The Chief Executive is the sole employee of the elected members of Council, and in turn is the employer of all other council staff members. He is responsible to Council for:

- Implementing its decisions.
- Advising Council, community board and community committee members.
- Ensuring all functions delegated to staff are carried out.

Council monitors the Chief Executive's performance through a series of performance measures and the Chief Executive is accountable to Council through a quarterly reporting process.

## KEY PERFORMANCE INDICATORS

Council management, through its Strategic Leadership Team, has identified three priority areas for the organisation:

PRIORITY AREA	SOURCE OF INFORMATION
Services – deliver great customer experiences	Making it easier to do business, through fresh solutions and use of technology Delivering excellent and innovative services that provide value for money
Lead a future focused city	Leading the city’s growth and development to ensure a vibrant and thriving Hutt City Taking action in response to the communities’ changing economic, environmental, social and cultural needs
Staff – achieve through our great people	Providing staff with the environment, skills, information and tools they need to do their jobs

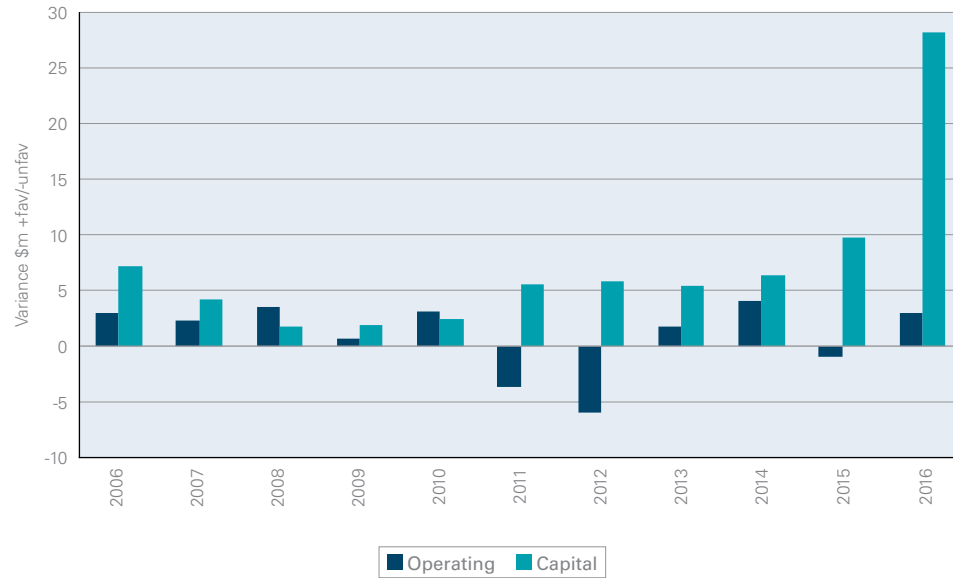
We’ve developed five key performance indicators for these areas, which are additional to the performance measures and targets for each of our 21 key activities.

YEAR	NON-COMPLIANCE INSTANCES	
	INSIGNIFICANT	SIGNIFICANT
2004	9	-
2005	6	-
2006	1	-
2007	3	-
2008	1	-
2009	1	-
2010	1	-
2011	2	-
2012	4	-
2013	1	-
2014	1	-
2015	-	1
2016	-	1

## COMPLIANCE

It is vital for staff, contractors and other businesses associated with Council to comply with the law, contracts, consents, employment agreements, health and safety requirements and Council policy. Council monitors this compliance on a monthly basis, and has a target of no significant cases of non-compliance.





## BUDGET MANAGEMENT

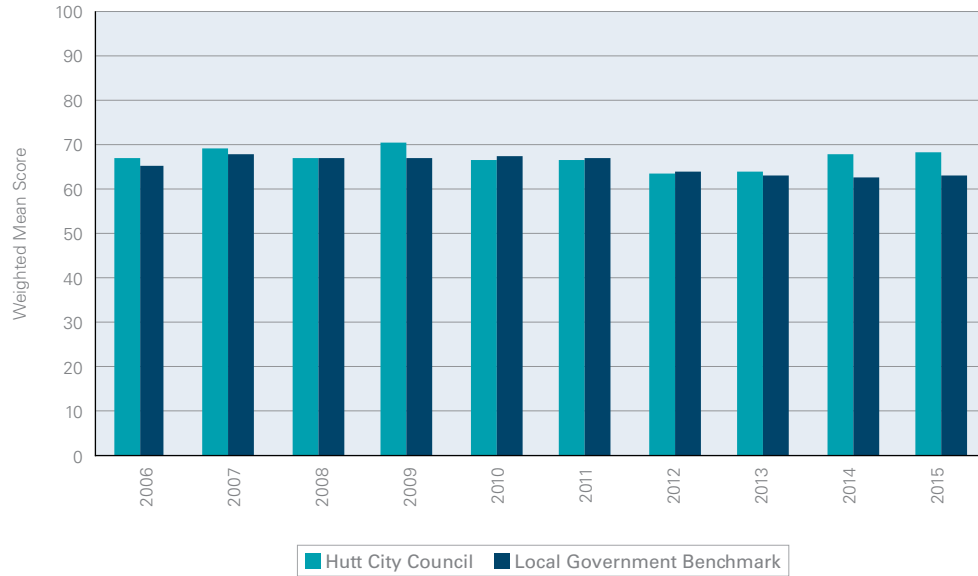
This key performance indicator compares results with budget targets. All activities are expected to operate within net capital and operating budgets.

For 2015/2016, Council budgeted for an operating deficit of \$10.9m, mainly due to \$11.4m in grants to fund community rejuvenation projects planned to be undertaken by the Hutt City Community Facilities Trust (CFT). The actual deficit, excluding gains/losses on revaluation of financial instruments, was less than budget due to delays in the progress of CFT projects and the subsequent drawdown of grant payments from Council. The CFT projects are due to be completed in 2016/2017. Capital expenditure was under budget mainly from delays in completing some Council projects. These projects are also due to be completed in 2016/2017.



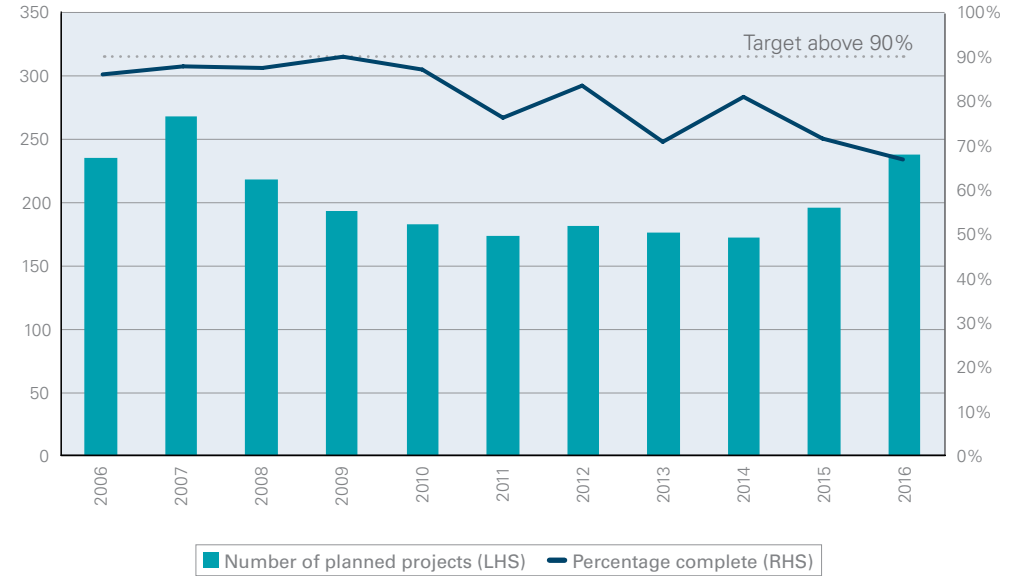
## CUSTOMER SATISFACTION

Council monitors customer satisfaction levels through an independent annual survey, and the target of achieving 90% satisfaction averaged across our key services was achieved for the first time in 2011. The results are above the average of our peer councils, and Council is committed to sustaining this high level of satisfaction.



**STAFF PERCEPTIONS**

Council measures staff perceptions using the Kenexa Best Workplaces Survey. Current initiatives to support staff include a continued commitment to health and wellbeing, focus on staff engagement and enablement, and strengthening leadership effectiveness.



**PROJECT COMPLETION**

Every year Council commits to between 200–300 projects through the Annual Plan. Inevitably, some projects cannot be completed in time and are usually carried over to be completed in the next financial year. This key performance indicator compares the number of completed projects to the number that were budgeted. The completion target is set at 90%.

In 2015/2016 Council committed to over 200 projects. A number of projects were delayed or not completed with the completion rate for the year impacted by a work programme containing several very significant projects requiring an increased level of project management. Most uncompleted projects have been carried over and are due to be completed in 2016/2017. The most significant of these are: the expansion of the Huia Pool complex; redevelopment of Avalon Park; projects undertaken for CFT being Fraser Park Sportsville, the Stokes Valley Community Hub and the Regional Bowls Centre in Naenae; the Manor Park Cycle Trail and Cycleway Network Development; the Eastern Bays and Wainuiomata Hill Shared Paths; roading improvements within the Urban Growth Strategy; Queen Street road reconstruction, sewer and stormwater renewals; “Making Places” Civic Events Centre Upgrade; and Council’s Development Stimulus Package.

# COUNCIL CONTROLLED ORGANISATIONS AND ASSOCIATES

## SEAVIEW MARINA LIMITED (SML)

### 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 own and operate Seaview Marina.

### Nature and scope of its activities:

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

KEY PERFORMANCE TARGETS	LEVEL OF ACHIEVEMENT
Maintain asset management plans annually as detailed in the operational plan	100%
Completion of maintenance programme	Minor day to day non-programmed maintenance work was completed within five working days, with more major work requiring longer periods to be remedied, with scheduling carried out according to the severity and resources required
Deliver budgeted operating activities for SML	100%
Manage and operate SML within approved budget	100%
Provide an agreed minimum return on equity (ROE) (after depreciation and tax) to the Hutt City Council	6.2% return on investment achieved, exceeding the target of 5%
Achieve excellent customer satisfaction, including all licensees, casual users of the marina and the general public	89% overall customer satisfaction, exceeding the target of 85%
Comply with financial, technical and regulatory standards	100%
Achieve the capital development projects as detailed in the 2015/2016 Strategic Plan	Pier H walkway and breakwater completed on budget and on time Stage 1 of the commercial pier development put on hold for review in 2016/17 Unit 9 leased on a casual basis for six months as no suitable applicant was found to operate a café Capital items required for the hardstand operation were purchased

URBAN PLUS LIMITED

**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 own and operate a portfolio of rental housing, develop property in preparation for sale or lease and manage Council property and building assets.

**Nature and scope of its activities:**

Activities include property development, rental property management, facilities management of Council property, provision of strategic property advice to Council and the purchase of surplus property from Council.

KEY PERFORMANCE TARGETS	LEVEL OF ACHIEVEMENT
<b>Facilities Management</b>	
Capital expenditure within budget	Achieved
Operational expenditure within budget	Achieved
Achieve not less than a 20% net profit margin	
Resident satisfaction with public halls greater than or equal to peer average, subject to Council funding	92% - not achieved. The result excludes “Don’t know” responses
Resident satisfaction with UPL-managed public toilets greater than or equal to peer average, subject to Council funding	80% - achieved. The result excludes “Don’t know” responses
Tenant satisfaction with Council-owned community buildings greater than or equal to 90%	100% satisfied, achieved. The result for satisfied is calculated using “neutral” and “above” responses
Council satisfaction with facilities management not less than 90%	98% satisfied – achieved
<b>Rental Housing</b>	
Capital expenditure within budget	Achieved
Operational expenditure within budget	Achieved
A return on equity across the portfolio before depreciation and after interest and tax of greater than 3.5%	5.6% achieved
Tenant satisfaction with the provision of the company’s rental housing greater than or equal to 90%	92% achieved
Percentage of total housing units occupied by low-income elderly greater than or equal to 85%	69% identified primary source of income NZ National Superannuation. Not achieved. A further 31% identified primary source of income as either invalids/disability benefit.
Rentals charged shall not be less than 90% of ‘market’ rent	Achieved – rentals 90.4%
Between six and ten new units added to the portfolio aiming to increase the portfolio size to 220 units by 30 June 2019	6 new units were added to the residential portfolio in 2015-16, bringing the total to 166 units as at 30 June 2016
<b>Property Development</b>	
Capital expenditure within budget	Achieved
Operational expenditure within budget	Not achieved
A return of not less than 10.0% after interest and tax on each project	Not applicable in current year as no commercial developments were completed in the 2015-16 financial year.

In 2009 after a period of extensive public consultation Council adopted the “CBD Making Places 2030” project report (“Making Places”) that has the overall aim to rejuvenate the Lower Hutt CBD by creating a CBD that is economically vibrant, artistically and culturally rich and people friendly. In certain circumstances it may be necessary or advantageous for the Council to purchase, hold and/or sell a specific parcel or parcels of property in the city to enable the fulfilment of the initiatives outlined in Making Places and other adopted strategies, plans and policies.

Council adopted a Policy (“Purchase and Sale of Property for Advancing Strategic Projects”) in 2013 to enable this and provided budgets for this specific purpose in its 2014-15 Annual Plan and 2015-16 Long Term Plan. Selected property purchases and sales may be made by Council’s wholly owned CCO Urbanplus Limited in terms of its Statement of Intent. Properties will be held until such time that the specific purpose for which it has been purchased has been achieved or the property is no longer required for this purpose.

***The following subsidiary companies of Urbanplus Limited have been established for this purpose:***

1. Partnership Properties Limited (incorporated 5 June 2014)
2. Hutt Property Investments Limited (incorporated 29 January 2015)
3. Gold Property Investments Limited (incorporated 10 February 2015)
4. Two Guys Properties Limited (incorporated 3 December 2013)

**PARTNERSHIP PROPERTIES LIMITED**

**Nature and scope of its activities:**

Urbanplus Limited’s objective for this company is for it to purchase and hold selected property for the purpose of advancing Urbanplus Limited adopted strategies, plans and objectives for residential development for either growing its portfolio of residences aimed at the ‘low-income elderly’, and / or for development profit. The company would be retained until that purpose had been fulfilled and no longer required.

Urbanplus Limited has through this company purchased and continues to hold selected residential property in anticipation of development, until such time that its purpose has been fulfilled or the properties are no longer required for this purpose.

KEY PERFORMANCE TARGETS	LEVEL OF ACHIEVEMENT
Purchase and hold selected target properties to develop for profit and /or grow its portfolio of residences aimed at the ‘low-income elderly’	Achieved

**HUTT PROPERTY INVESTMENTS LIMITED, GOLD PROPERTY INVESTMENTS LIMITED AND TWO GUYS PROPERTIES LIMITED**

**Nature and scope of its activities:**

Council’s objective for these companies is to purchase and hold selected properties for the purpose of advancing Making Places, for rejuvenating the Lower Hutt CBD, until such time that its purpose has been achieved or the property is no longer required for this purpose.

KEY PERFORMANCE TARGETS	LEVEL OF ACHIEVEMENT
Purchase and hold selected target properties to advance a strategic project for the rejuvenation of Lower Hutt CBD	Achieved



COMMUNITY FACILITIES TRUST

**Extent to which Council’s policies and objectives in regard to ownership and control of the organisation have been implemented:**

Council’s objective for the CFT is for it to enhance the health and wellbeing of the city’s communities through the effective and efficient provision, development and operation of leisure and community facilities throughout Hutt City.

Hutt City Council’s Integrated Community Facilities Plan will see a series of ‘community hubs’ cluster civic and sporting facilities into more user-friendly, efficient and well- utilised centres which fit the needs of the communities that make up Hutt City now and into the future. The CFT has been entrusted to help Council deliver on this plan.

Council has established the CFT, a team of dedicated and experienced local businesspeople, to lead the rejuvenation of key community facilities, including the development of the Taita Community and Sports Centre, Fraser Park Sportsville, the Regional Bowls Centre and other projects.

**Nature and scope of its activities:**

Council expects the company to: establish a development fund to enable investment and improvement of community facilities, develop new or enhance existing facilities, administer any facilities vested in the CFT, and provide strategic direction, expert advice and champion ongoing investment and development.

KEY PERFORMANCE TARGETS	LEVEL OF ACHIEVEMENT
<p><b>Operational Management</b></p> <p>Operational expenditure is within budget</p> <p>All reporting requirements set by Council and the Board of CFT are met in accordance with the LGA 2002, this Statement of Intent (SOI) and the CFT Deed of Trust</p>	<ul style="list-style-type: none"> <li>• 100% Achieved</li> <li>• Achieved</li> </ul>
<p><b>Facilities Management</b></p> <p>All facilities owned by CFT are leased to appropriate user groups or other parties within three months of being completed or transferred to the ownership of CFT</p> <p>User satisfaction with the facilities owned, directly managed or leased by CFT to third parties is greater than 80%</p>	<ul style="list-style-type: none"> <li>• Both the turfs and Walter Nash Centre were occupied and fully utilised by FPS and Community Services of HCC within three months of Practical Completion. Rental payments were agreed and received during the year but finer details of leases still being negotiated.</li> <li>• Formal user satisfaction surveys have not been completed however usage of all CFT facilities is very high and anecdotal feedback is positive. The GM FPS noted “We are very happy with the performance of the turf, capacity levels are higher than other turfs around the region and we continue to focus our efforts on increasing off-peak use. The feedback we receive on the artificial surfaces highlights that this community asset is valued and very much appreciated”</li> </ul>
<p><b>Governance</b></p> <p>100% of CCO accountability requirements met</p>	<ul style="list-style-type: none"> <li>• Achieved</li> </ul>
<p><b>Financial</b></p> <p>All capital expended on design and other consultants is within the approved project budgets</p> <p>All capital expenditure on approved projects is at, or less than, the approved budget for each project</p> <p>All projects are built and available for use by the user groups and individuals within three months of the agreed delivery date</p>	<ul style="list-style-type: none"> <li>• Achieved: Design work on Fraser Park stage 2 and project monitoring on the Bowls Centre is to budget</li> <li>• Achieved: Walter Nash Centre was completed within budget</li> <li>• Achieved: Walter Nash Centre was completed by August 2015 and handed over to the Community Services Group in August for fit out</li> </ul>
<p><b>Fundraising</b></p> <p>CFT achieves 80% or better of the agreed fundraising targets set by Council for each of the agreed projects, within the financial year</p>	<ul style="list-style-type: none"> <li>• The fundraising target of FPS stage 2 building has not been achieved due to timing delays</li> <li>• The fundraising target for the Walter Mildenhall Park redevelopment is on target with \$1.6m pledged by 30 June 2016</li> </ul>
<p><b>Planning</b></p> <p>CFT has completed its first strategic plan to guide its work over the next three years</p> <p>Current lease charges are based on the recovery of direct landlord costs including interest, maintenance (that is reasonably expected in the next 25 years of building life) and repayment of loans. Any relevant HCC rates are either paid directly by the lessee or are on-charged by CFT. These charges do not currently recover long term depreciation. This policy is being reviewed as part of the strategic plan</p>	<ul style="list-style-type: none"> <li>• Strategic Plan completed 2014/15</li> <li>• Lease rentals have been agreed for the Fraser Park Turfs and the Walter Nash Centre at Taita and are well advanced for the Regional Bowls Centre. Negotiations on the lease for the proposed Fraser Park centre are also well advanced.</li> </ul>



## WELLINGTON WATER LIMITED

### 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 and other shareholding councils.

### 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.

KEY PERFORMANCE TARGETS	LEVEL OF ACHIEVEMENT
Compliance with part four of the Drinking Water Standards	Achieved
Maintain water supply grading from the Ministry of Health	Achieved
Percentage of days during the bathing season (from 1 November to 31 March) that the monitored beaches are suitable for recreational use	Target is 90% or an increasing trend – Achieved 100%
Percentage of freshwater sites that have a rolling 12 month median value for E.coli that do not exceed 1000cfu/100m3	Target is 90% of all freshwater sites or an increasing trend – Achieved 95%
Non-consented discharge events from treatment plants	Target is zero – Achieved zero
Overflows from the network per council	New indicator from 2015-16 – Target is a decreasing trend – 11 Achieved
All activities across the three waters comply with all resource consent requirements, measured by infringement, abatement notices, enforcement orders or convictions	Target is zero – Achieved zero
<b>Availability of three waters network to customers per council</b>	
Water reticulation – fewer than 4 unplanned supply cuts per 1000 connections	Achieved 2.46
Wastewater – fewer than 1.2 wastewater reticulation incidents per km of pipeline	Achieved 0.71
Stormwater – fewer than 0.5 stormwater pipeline blockages per km of pipeline	Achieved 0.04
Cumulative number of floors flooded per 1000 connections per council per flooding event	Target is zero – Achieved zero
Water resources preserved for future generations. Measure of awareness of water conservation work and change in behaviour:	
• I think I should be conserving more water than I'm currently doing	Target is a decreasing trend – Not achieved – 70%
• I have the information I need to be able to conserve more water	Target is an increasing trend – Achieved 69%
• I generally make a positive effort to conserve water	Target is an increasing trend – Achieved 51%
Sufficient water is available to meet unrestricted demand (other than by routine garden watering restrictions) in all but a drought situation that has severity equal to or greater than a one in 50 year drought	Target is no greater than 2% - Achieved 0.4%
Sustainable drinking water consumption (average regional gross per capita usage)	Target is below 374 L/p/d – Achieved 356 L/p/d
Complete the regional asset management plan seismic resilience work programme	Regional resilience project outcomes awaited to confirm the forward work programme. Regional resilience project underway.

# OUR COMMUNITY PARTNERSHIPS

We can't fulfil our role in the Lower Hutt community on our own, and our success depends largely on working closely with other people. We've forged a number of close and highly productive working relationships with people and groups in our community, including:

- Contractors, service suppliers, consultants and advisors
- Businesses and their representative organisations
- Local mana whenua and marae
- Local and central government agencies
- Volunteer organisations
- Community groups and individuals

Our community boards and community committees also work closely with people in their local area.

## SHARED SERVICES

The bulk of our current shared services are in joint operations with Upper Hutt, overseen by the Hutt Valley Services Committee, a joint committee of the two councils. These include Silverstream landfill, Akatarawa cemetery, the Hutt Valley Trunk Wastewater network including the Seaview treatment plant, emergency management, rural fire response,

environmental inspections, noise control, dog control, trade waste, eco design advice and swimming pool audit services. In addition we work together to achieve administrative and operating efficiencies in the roading area, participate in the SMART library shared services collaboration, and are part of Wellington Water Limited, a Council Controlled Organisation providing water services to the region, owned by Hutt City Council, Upper Hutt City Council, Porirua City Council, Wellington City Council and Greater Wellington Regional Council. Other initiatives underway include joint District Plan changes, exploration of potential Human Resources shared service opportunities, and the GoShift programme aimed at standardizing and simplifying the building consents process. Council also works closely with Upper Hutt City Council on community and economic development initiatives.

## PARTNERSHIPS WITH MAORI

### **Waiho i te toipoto, kaua i te toiroa Let us keep close, not far apart**

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

The Local Government Act 2002 acknowledges the Crown's responsibilities under the Treaty of Waitangi and the responsibility to maintain and improve opportunities for Maori to contribute to local government decision-making processes.

The obligation to consult includes recognising those who have mana whenua status. In fulfilling its obligations, Council will also consult other Maori within the city, including the city's marae

The current memoranda of understanding are being revised for the incoming Council to reflect the existing partnerships.

# OUR FINANCES

## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF THE HUTT CITY COUNCIL AND GROUP'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

The Auditor-General is the auditor of the Hutt City Council (the City Council) and group. The Auditor-General has appointed me, Andy Burns, using the staff and resources of Audit New Zealand, on her behalf, to:

- audit the information included in the City Council and group's annual report that we are required to audit under the Local Government Act 2002 (the audited information); and
- report on whether the City Council and group has complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report and the Local Government (Financial Reporting and Prudence) Regulations 2014.

#### Opinion on the audited information

In our opinion:

- the financial statements on pages 91 to 94 and pages 96 to 138:
  - present fairly, in all material respects:
    - the City Council and group's financial position as at 30 June 2016;
    - the results of its operations and cash flows for the year ended on that date; and

- comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 95, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council and group's Long term plan;
- the statement of service provision (referred to as performance summaries or how we measure the success of our services) on pages 10 to 78:
  - presents fairly, in all material respects, the City Council's levels of service for each group of activities for the year ended 30 June 2016, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and

- complies with generally accepted accounting practice in New Zealand;
- the statement about capital expenditure for each group of activities on pages 10 to 78, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council and group's Long term plan;
- the funding impact statement for each group of activities on pages 10 to 78, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council and group's Long term plan.

#### Compliance with requirements

The City Council and group has:

- complied with the requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report; and
- made the disclosures on pages 11 to 142 which are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 which represent a complete list of required disclosures and accurately

reflects the information drawn from the City Council and group's audited information.

Our audit was completed on 6 October 2016. This is the date at which our opinion is expressed.

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

#### Basis of opinion

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

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the audited information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

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

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of the disclosures in the information we audited;
- determining the appropriateness of the reported statement of service provision within the City Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the City Council and group complied with the requirements of Schedule 10 of the Local

Government Act 2002 that apply to the annual report, we limited our procedures to making sure the annual report included the required information and identifying material inconsistencies, if any, with the information we audited. We carried out this work in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

#### Responsibilities of the Council

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

#### Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the annual

report in accordance with the reporting requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014. Our responsibility arises from the Public Audit Act 2001.

#### Independence

When carrying out our audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to this audit, we carried out an assurance review of the City Council's Debenture Trust Deed, which is compatible with those independence requirements. Other than the audit of the City Council and group, and the assurance review, we have no relationship with or interests in the City Council or its subsidiaries.



**Andy Burns, Audit New Zealand**  
*On behalf of the Auditor-General*  
*Christchurch, New Zealand*

## STATEMENT OF COMPLIANCE AND RESPONSIBILITY

### STATEMENT OF COMPLIANCE

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



**Ray Wallace**  
**MAYOR**  
**6 OCTOBER 2016**



**Tony Stallinger**  
**CHIEF EXECUTIVE**  
**6 OCTOBER 2016**

# FINANCIAL STATEMENTS

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June 2016

	NOTES	COUNCIL			GROUP	
		ACTUAL 2016 \$000	BUDGET 2016 \$000	ACTUAL 2015 \$000	ACTUAL 2016 \$000	ACTUAL 2015 \$000
<b>Revenue</b>						
Rates	4.	95,458	95,474	92,871	95,200	92,611
Fees, charges and metered rates for water supply	5.	32,653	33,113	32,667	36,295	36,103
Development and financial contributions		307	570	556	304	555
Subsidies and grants	5.	10,186	14,108	9,865	10,186	9,865
Finance income	6.	1,092	850	1,167	330	480
Other revenue	5.	5,203	6,172	6,235	7,448	8,592
Gain on disposal	7.	-	-	104	-	828
<b>Total revenue</b>	<b>3.</b>	<b>144,899</b>	<b>150,288</b>	<b>143,465</b>	<b>149,763</b>	<b>149,034</b>
<b>Expenses</b>						
Employee costs	8.	30,968	30,545	28,837	32,167	29,906
Other expenses	9.	82,298	89,133	86,033	79,694	74,749
Finance costs	6.	5,561	7,810	5,474	5,561	5,474
Loss on disposal	7.	392	-	-	303	-
Loss on revaluation of financial instruments	7.	7,991	-	2,702	7,991	2,702
Depreciation and amortisation expenses	16 - 18.	33,568	33,729	31,446	34,652	32,455
<b>Total expense</b>		<b>160,778</b>	<b>161,217</b>	<b>154,492</b>	<b>160,368</b>	<b>145,286</b>
<b>Share of associate's surplus/(deficit)</b>	<b>19.</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84</b>	<b>154</b>
<b>Surplus/(deficit) before tax</b>		<b>(15,879)</b>	<b>(10,929)</b>	<b>(11,027)</b>	<b>(10,521)</b>	<b>3,902</b>
<b>Income tax expense/(benefit)</b>	<b>10.</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>166</b>
<b>Surplus/(deficit) after tax</b>		<b>(15,879)</b>	<b>(10,929)</b>	<b>(11,027)</b>	<b>(10,521)</b>	<b>3,736</b>
Surplus/(deficit) attributed to Hutt City Council:		(15,879)	(10,929)	(11,027)	(10,521)	3,736
<b>Other comprehensive revenue and expenses</b>						
Items that will not be reclassified to surplus/(deficit)						
Gain/(losses) on property revaluations		89	-	37,371	89	38,538
Impairment of property plant and equipment		-	-	-	-	-
Deferred tax on revaluation	10.	-	-	-	79	66
<b>Total other comprehensive revenue and expenses</b>		<b>89</b>	<b>-</b>	<b>37,371</b>	<b>168</b>	<b>38,604</b>
<b>Total comprehensive revenue and expenses</b>		<b>(15,790)</b>	<b>(10,929)</b>	<b>26,344</b>	<b>(10,353)</b>	<b>42,340</b>
<b>Total comprehensive revenue and expenses attributed to Hutt City Council:</b>		<b>(15,790)</b>	<b>(10,929)</b>	<b>26,344</b>	<b>(10,353)</b>	<b>42,340</b>

Explanations of the major variances against budget are provided in note 34.  
The accompanying notes form an integral part of these Financial Statements.

## STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

	NOTES	COUNCIL			GROUP	
		ACTUAL 2016 \$000	BUDGET 2016 \$000	ACTUAL 2015 \$000	ACTUAL 2016 \$000	ACTUAL 2015 \$000
<b>Balance at 1 July</b>		<b>1,268,708</b>	<b>1,270,360</b>	<b>1,242,364</b>	<b>1,288,218</b>	<b>1,245,878</b>
Total comprehensive revenue and expenses for the year		(15,790)	(10,929)	26,344	(10,353)	42,340
Adjustment to deferred tax on transition to PBE accounting standards		-	-	-	1,462	-
<b>Balance at 30 June</b>	<b>26.</b>	<b>1,252,918</b>	<b>1,259,431</b>	<b>1,268,708</b>	<b>1,279,327</b>	<b>1,288,218</b>
Total comprehensive revenue and expenses attributed to Hutt City Council:		(15,790)	(10,929)	26,344	(10,353)	42,340
<b>Total comprehensive revenue and expenses</b>		<b>(15,790)</b>	<b>(10,929)</b>	<b>26,344</b>	<b>(10,353)</b>	<b>42,340</b>

Explanations of the major variances against budget are provided in note 34.  
The accompanying notes form an integral part of these Financial Statements.



## STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	NOTES	COUNCIL			GROUP	
		ACTUAL 2016 \$000	BUDGET 2016 \$000	ACTUAL 2015 \$000	ACTUAL 2016 \$000	ACTUAL 2015 \$000
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	11.	5,069	14,500	9,833	9,400	14,464
Debtors and other receivables	12.	13,502	10,795	11,878	13,441	11,530
Inventories	14.	3,925	-	213	5,471	691
Derivative financial instruments	13.	-	800	-	-	-
Prepayments		869	-	516	959	544
Accrued interest		82	-	41	82	41
Other assets	20.	-	5,336	3,386	-	-
Non-current assets held for sale	15.	875	3,865	-	875	-
<b>Total current assets</b>		<b>24,322</b>	<b>35,296</b>	<b>25,867</b>	<b>30,228</b>	<b>27,270</b>
<b>Non-current assets</b>						
Property, plant and equipment	16.	1,349,890	1,385,717	1,328,193	1,396,661	1,361,606
Intangible assets	17.	2,901	1,694	2,712	2,902	2,714
Assets under construction	16.	14,332	5,885	15,547	18,331	32,318
Derivative financial instruments	13.	-	-	137	-	137
Investment in associate	19.	200	200	200	383	299
Other financial assets	20.					
- Investment in CCO's and other similar entities		30,609	22,135	30,129	1,364	884
- Investment in other entities		494	-	494	494	494
<b>Total other financial assets</b>		<b>31,103</b>	<b>22,135</b>	<b>30,623</b>	<b>1,858</b>	<b>1,378</b>
<b>Total non-current assets</b>		<b>1,398,426</b>	<b>1,415,631</b>	<b>1,377,412</b>	<b>1,420,135</b>	<b>1,398,452</b>
<b>Total assets</b>		<b>1,422,748</b>	<b>1,450,927</b>	<b>1,403,279</b>	<b>1,450,363</b>	<b>1,425,722</b>

	NOTES	COUNCIL			GROUP	
		ACTUAL 2016 \$000	BUDGET 2016 \$000	ACTUAL 2015 \$000	ACTUAL 2016 \$000	ACTUAL 2015 \$000
<b>Liabilities</b>						
<b>Current liabilities</b>						
Borrowings	22.	80	13,857	10,080	80	10,080
Derivative financial instruments	13.	-	4,300	11	-	11
Creditors and other payables	21.	21,481	18,725	18,333	22,533	19,659
Employee entitlements	23.	1,911	2,448	2,797	1,990	2,867
Provisions - current	24.	668	-	894	668	894
Other liabilities	25.	4,617	4,284	3,753	4,692	3,828
<b>Total current liabilities</b>		<b>28,757</b>	<b>43,614</b>	<b>35,868</b>	<b>29,963</b>	<b>37,339</b>
<b>Non-current liabilities</b>						
Borrowings	22.	121,837	141,069	86,917	121,837	86,917
Employee entitlements	23.	778	821	795	778	795
Derivative financial instruments	13.	12,729	-	4,864	12,729	4,864
Provisions - non current	24.	5,729	5,992	6,127	5,729	6,127
Deferred tax liability	10.	-	-	-	-	1,462
<b>Total non-current liabilities</b>		<b>141,073</b>	<b>147,882</b>	<b>98,703</b>	<b>141,073</b>	<b>100,165</b>
<b>Total liabilities</b>		<b>169,830</b>	<b>191,496</b>	<b>134,571</b>	<b>171,036</b>	<b>137,504</b>
<b>Net assets (assets minus liabilities)</b>		<b>1,252,918</b>	<b>1,259,431</b>	<b>1,268,708</b>	<b>1,279,327</b>	<b>1,288,218</b>
<b>Equity</b>						
Accumulated funds	26.	711,403	719,276	727,089	729,321	738,108
Reserves	26.	541,515	540,155	541,619	550,006	550,110
<b>Total Equity (attributable to Hutt City Council)</b>		<b>1,252,918</b>	<b>1,259,431</b>	<b>1,268,708</b>	<b>1,279,327</b>	<b>1,288,218</b>

Explanations of the major variances against budget are provided in note 34.  
The accompanying notes form an integral part of these Financial Statements.

## STATEMENT OF CASH FLOWS

For the year ended 30 June 2016

	NOTES	COUNCIL			GROUP	
		ACTUAL 2016 \$000	BUDGET 2016 \$000	ACTUAL 2015 \$000	ACTUAL 2016 \$000	ACTUAL 2015 \$000
<b>Cash flows from operating activities</b>						
<b>Cash was provided from:</b>						
Receipts from rates and levies - Council		95,866	95,475	93,226	95,608	92,966
Receipts from rates and levies - GWRC*		27,788	17,774	22,157	27,788	22,157
Receipts from user charges and other income		47,729	53,121	46,851	52,827	52,225
Receipts from sales of commercial developments		-	-	-	285	2,035
Interest received		1,051	850	1,143	289	456
Net GST received from Inland Revenue**		-	-	467	142	-
		<b>172,434</b>	<b>167,220</b>	<b>163,844</b>	<b>176,939</b>	<b>169,839</b>
<b>Cash was applied to:</b>						
Payments to employees		(31,871)	(30,545)	(28,514)	(33,062)	(29,578)
Payments to suppliers		(85,261)	(89,133)	(88,035)	(83,788)	(75,578)
Purchase of inventory held for commercial development		(2,800)	-	-	(3,499)	(908)
Interest paid		(5,266)	(7,810)	(4,900)	(5,266)	(4,900)
Net GST paid to Inland Revenue**		(372)	-	-	-	(19)
Rates and levies passed to GWRC*		(23,973)	(17,774)	(21,960)	(23,973)	(21,960)
		<b>(149,543)</b>	<b>(145,262)</b>	<b>(143,409)</b>	<b>(149,588)</b>	<b>(132,943)</b>
<b>Net cash flows from operating activities</b>	<b>27.</b>	<b>22,890</b>	<b>21,958</b>	<b>20,435</b>	<b>27,351</b>	<b>36,896</b>

	NOTES	COUNCIL			GROUP	
		ACTUAL 2016 \$000	BUDGET 2016 \$000	ACTUAL 2015 \$000	ACTUAL 2016 \$000	ACTUAL 2015 \$000
<b>Cash flows from investing activities</b>						
<b>Cash was provided from:</b>						
Receipts from sale of property, plant and equipment		43	4,450	3,544	2,018	4,320
Other investment receipts		36	-	-	-	-
		<b>79</b>	<b>4,450</b>	<b>3,544</b>	<b>2,018</b>	<b>4,320</b>
<b>Cash was applied to:</b>						
Purchase of property, plant and equipment		(51,700)	(80,016)	(38,869)	(58,399)	(61,178)
- less UHCC capital contribution		508	2,107	707	508	707
Purchase of assets under construction		-	(2,000)	1,032	-	1,032
Purchase of intangible assets		(982)	(2,284)	(540)	(982)	(540)
Other payments and investments		(480)	-	(6,754)	(480)	(368)
		<b>(52,654)</b>	<b>(82,193)</b>	<b>(44,424)</b>	<b>(59,353)</b>	<b>(60,347)</b>
<b>Net cash flows from investing activities</b>		<b>(52,574)</b>	<b>(77,743)</b>	<b>(40,880)</b>	<b>(57,334)</b>	<b>(56,027)</b>
<b>Cash flows from financing activities</b>						
<b>Cash was provided from:</b>						
Proceeds from borrowings		34,920	86,577	40,700	34,920	40,700
<b>Cash was applied to:</b>						
Repayment of borrowings		(10,000)	(30,792)	(24,925)	(10,000)	(24,925)
<b>Net cash flows from financing activities</b>		<b>24,920</b>	<b>55,785</b>	<b>15,775</b>	<b>24,920</b>	<b>15,775</b>
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		(4,764)	-	(4,670)	(5,064)	(3,356)
Cash, cash equivalents and bank overdrafts at the beginning of the year		9,833	14,500	14,503	14,464	17,820
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	<b>11.</b>	<b>5,069</b>	<b>14,500</b>	<b>9,833</b>	<b>9,400</b>	<b>14,464</b>

\* GWRC is the Greater Wellington Regional Council for which the Hutt City Council acts as a collection agency by including additional rates in its own billing processes. Once collected the monies are passed to GWRC.

\*\* The GST (net) component of operating activities reflects the net GST paid and received with Inland Revenue. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

\*\*\* Explanations of major variances against budget are provided in note 34. The accompanying notes form an integral part of these Financial Statements.



## FUNDING IMPACT STATEMENT

For the year ended 30 June 2016 (Whole of Council)

	COUNCIL			
	ACTUAL 2016 \$'000	BUDGET 2016 \$'000	ACTUAL 2015 \$'000	BUDGET 2015 \$'000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	64,467	64,043	67,224	66,333
Targeted rates	30,991	31,432	17,846	18,063
Subsidies and grants for operating purposes	6,408	6,606	6,510	6,338
Fees and charges	32,653	33,113	44,910	43,212
Local authorities fuel tax, fines, infringement fees, and other receipts	6,094	7,022	5,986	5,082
<b>Total operating funding (A)</b>	<b>140,613</b>	<b>142,216</b>	<b>142,476</b>	<b>139,028</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	113,267	119,678	114,862	111,661
Finance costs	5,561	7,810	5,472	5,152
Other operating funding applications	8,383	-	6,015	3,210
<b>Total applications of operating funding (B)</b>	<b>127,211</b>	<b>127,488</b>	<b>126,349</b>	<b>120,023</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>13,402</b>	<b>14,728</b>	<b>16,127</b>	<b>19,005</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	4,487	9,609	4,433	4,655
Development and financial contributions	307	570	556	615
Increase (decrease) in debt	37,024	54,943	14,006	19,816
Gross proceeds from sale of assets	900	4,450	3,544	4,300
<b>Total sources of capital funding (C)</b>	<b>42,718</b>	<b>69,572</b>	<b>22,539</b>	<b>29,386</b>
<b>Application of capital funding</b>				
<b>Capital expenditure</b>				
- to improve level of service	40,392	65,698	22,013	32,419
- to replace existing assets	15,728	18,602	16,653	15,972
<b>Total applications of capital funding (D)</b>	<b>56,120</b>	<b>84,300</b>	<b>38,666</b>	<b>48,391</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(13,402)</b>	<b>(14,728)</b>	<b>(16,127)</b>	<b>(19,005)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# NOTES TO THE FINANCIAL STATEMENTS

## I. STATEMENT OF ACCOUNTING POLICIES

### REPORTING ENTITY

Hutt City Council (referred to as 'Council') is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. 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 relevant legislation governing the Council's operations included the LGA and the Local Government (Rating) Act 2002.

The Group consists of the ultimate parent, Hutt City Council and its subsidiaries/ Council-Controlled Organisations (CCO's), Seaview Marina Limited, Urban Plus Limited Group and 177 High Street Limited (all 100% owned) and its controlled trust Hutt City Community Facilities Trust. The Urban Plus Limited Group consists on Urban Plus limited and its 100 owned subsidiaries Property Partnership Limited, Hutt Property Investments Limited, Gold Property Investments Limited and Two Guy Properties Limited. The Council's 21% equity share of its associate Wellington Water Services Limited is equity accounted. The Council's subsidiaries/ CCO's are incorporated and domiciled in New Zealand.

The Council and Group provide local infrastructure, local public services and perform regulatory functions to the community. The Council does not operate

to make a financial return. Accordingly, the Council has designated itself and the Group as public benefit entities (PBE's) for financial reporting purposes.

The Financial Statements of the Council and Group are for the year ended 30 June 2016. The financial statements were authorised for issue by Council on 6 October 2016.

### BASIS OF PREPARATION

#### Statement of compliance

The Financial Statements of the Council and Group have been prepared in accordance with the requirements of the LGA, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The Financial Statements have been prepared in accordance with Tier 1 PBE accounting standards. These Financial Statements comply with PBE accounting standards.

#### Measurement base

The Financial Statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets and financial instruments (including derivative instruments), which have been measured at fair value.

Management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. The Financial Statements have therefore been prepared on a going

concern basis, and the accounting policies have been applied consistently throughout the period.

#### Presentation currency and rounding

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 and Group 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 Statement of Comprehensive Revenue and Expenses.

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of consolidation

The consolidated Financial Statements are prepared by adding together like items of assets, liabilities, equity, revenue and expenses of entities in the Group on a line-by-line basis. All intragroup balances, transactions, revenue and expenses are eliminated on consolidation.

#### Subsidiaries/Council Controlled Entities (CCO's)

The Council consolidates in the Group Financial Statements all entities where the Council has the capacity to control their financial and operating policies so as to obtain benefits from the activities of the subsidiary/CCO. The power exists

where the Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by the Council or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary/CCO.

The Financial Statements of the controlled entities are prepared for the same reporting period as the Council, using consistent accounting policies.

Controlled entities are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is lost. Assets, liabilities, income and expenses of a controlled entity acquired or disposed of during the year are included in the Financial Statements from the date the Group gains control until the date the Group ceases to control the controlled entity.

Investments in controlled entities held by the Council are accounted for at cost less any impairment charges in the separate Financial Statements of the Council.

Dividends and other distributions from controlled entities are recognised as revenue in the Council's separate Statement of Comprehensive Revenue and Expenses, but only to the extent that these distributions are received from the controlled entity's accumulated comprehensive revenue and expenses arising after acquisition. Such distributions do not impact the recorded costs of the investment. Amounts due or received from controlled entities in excess of this

are regarded as recovery of investment and are recognised as a reduction in the cost of the investment.

At the end of each reporting period, the Council assesses whether there are any indicators that the carrying value of the investment in controlled entities may be impaired. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

### **Investments in associate**

The Council's associate investment is accounted for in the Group Financial Statements using the equity method. An associate is an entity over which the Group has significant influence and that is neither a subsidiary/CCO nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but who is not in control of the policies. The Group generally deems it has significant influence if it has over 20% of the voting rights in the investee. The Group holds ownership interest in the form of shareholdings or other formal equity structure in its associate.

Under the equity method, an investment in an associate is initially recognised in the consolidated statements of financial position at cost. The carrying amount of the investment is adjusted to recognise post-acquisition change in the Group's share of net asset to the associate. Distribution received from an associate reduces the carrying amount of the investment in the Group Financial Statements.

If Council's share of deficits of an associate equals or exceeds its interest in the associate, the Group 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.

Where the Group transacts with an associate, surpluses or deficits are eliminated to the extent of the Group's interest in the associate.

Diluted gains or losses arising from investments in associates are recognised in the surplus or deficit.

Council has one associate, Wellington Water Services Limited (formerly Capacity Infrastructure Services), which has a balance date of 30 June. Audited Financial Statements of Wellington Water Services Limited has been used in preparing the Group Financial Statements.

### **LGFA**

Council is a shareholder of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard & Poor's of AA+.

Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2016, NZLGFA had borrowings totalling \$6.22b (2015: \$4.96b) as disclosed in note 33. Financial reporting standards require Council to recognise the guarantee liability at fair value. However, the Council, along with other New Zealand councils, has been

unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default events in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

### **Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Group and the revenue can be reliability measured, regardless of when payment is being made.

Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Revenue is disclosed as either exchange or non-exchange transactions. Exchange transactions are transactions in which the Group receives resources (assets or services, or has liabilities extinguished), and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to the other party for the transaction. Non-exchange transactions are transactions in which the Group receives resources and provides nil or nominal consideration directly in return.

The specific recognition criteria described below must also be met before revenue is recognised.

### **Revenue from exchange transactions:**

#### *Direct charges – full cost recovery*

##### *(1) Rendering of services – full cost recovery*

Revenue from the rendering of services (such as marina fees) 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.

##### *(2) Sale of goods – full cost recovery*

Revenue from the sale of goods (such as rubbish bags) is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods, and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Group.

#### *Interest*

Interest income is recognised using the effective interest method.

#### *Dividends*

Revenue is recognised when the Group's or Council's right to receive the payment is established, which is generally when shareholders approve the dividend.

#### *Rental revenue*

Rental revenue arising from operating leases or rental agreements on properties is accounted for on a straight-line basis over the lease or rental term and is included in revenue in the Statement of Comprehensive Revenue and Expenses.

**Revenue from non-exchange transactions:**

*General and targeted rates revenue*

General rates, targeted rates (excluding water-by-meter) and uniform annual general charges 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. The Group recognises revenue from rates when the Council has struck the rate and provided the rates assessment. Rates revenue is measured at the amount assessed, which is the fair value of the cash received or receivable.

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

Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

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

Rates collected on behalf of the Greater Wellington Regional Council (GWRC) are not recognised in the Financial Statements as the Council is acting as an agent for the GWRC.

*Government grants subsidies and funding subsidies*

Council receives government grants from the New Zealand Transport Agency (NZTA), which subsidises part of the costs of maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement,

as conditions pertaining to eligible expenditure have been fulfilled.

The Council and Group receives grants and subsidies from other organisations, all grants and subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

*Infringement Fees and Fines*

The Group recognises revenue from fines (such as traffic and parking infringements) when the notice of infringement or breach is served by the Council or Group. The fair value of this revenue is determined based on the probability of collecting fines, which is estimated by considering the history of fines over the preceding two year period.

*Direct charges – subsidised*

(1) Rendering of services - subsidised

Rendering of services at a price that is not approximately equal to the value of the service provided by the Council or Group is considered a non-exchange transaction. This includes rendering of services where the price does not allow the Council to fully recover the cost of providing the service (such as resource consents, building consents, water connections, dog licensing, etc.), and where the shortfall is subsidised by income from other activities, such as rates. Generally there are no conditions attached to such revenue.

Revenue from such subsidised services is recognised at the amount of the invoice or bill, which is the fair value of the cash received or receivable for the service. Revenue is recognised by reference to the stage the conditions under the agreement are met to the extent that the Council or Group has an obligation to refund the cash

received from the service (or to the extent that the customer has the right to withhold payment from Council or Group for the service) if the service is not completed.

(2) Sale of goods – subsidised

A sale of goods at a price that is not approximately equal to the value of the goods provided by the Council or Group is considered a non-exchange transaction. This includes sales of goods where the price does not allow the Council to fully recover the cost of producing the goods (such as recycle bins), and where the shortfall is subsidised by income from other activities such as rates.

Revenue from the sale of such subsidised goods is recognised when the Council or Group issues the invoice or bill for the goods. Revenue is recognised as the amount of the invoice or bill, which is the fair value of the cash received or receivable for the goods.

*Development and financial contributions*

Development and financial contributions are recognised as revenue when the Council has the right to receive the funds for which the contribution was levied.

*Vested assets*

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue when control over the asset is obtained. The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property development, the fair value is based on construction price information provided by the property developer.

*Donated and bequeathed finance assets*

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability released to revenue as the conditions are met (e.g. as the funds spent for the nominated purpose).

**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 a specific contract, 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 contract is recognised immediately as an expense in the surplus or deficit.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred. When 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 surpluses less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregated costs incurred plus surplus less losses, the net amounts are presented as a liability.

## **Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Council and Group incurs in connection with the borrowing of funds. The Council and Group have chosen not to capitalise borrowing costs directly attributable to the acquisition, construction or production of assets.

## **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. The Council's grants awarded have no substantive conditions attached.

## **Income tax**

Income tax expense includes components relating to both 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 adjustment to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at 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 Statement of Financial Position and the corresponding tax bases used in the computation of taxable surplus.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

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 surplus 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 surplus nor taxable surplus.

Current tax and deferred tax is recognised against the surplus or deficit for the period, except when it relates to a business combination, or to transactions recognised in other comprehensive revenue and expenses or directly in equity.

## **Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement

at inception date. The substance of the arrangement depends on whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

## **Group as a lessee**

### *Finance leases*

The Group does not enter into Finance Lease arrangements.

### *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.

## **Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term. Rent received from an operating lease is recognised as income on a straight-line basis (except where the lease rate is linked to a percentage of the lessees earnings) over the lease terms and disclosed within revenue from exchange transactions in the Statement of Comprehensive Revenue and Expenses.

## **Cash and cash equivalents**

Cash and cash equivalents (current assets) in the Statement of Financial Position comprise of cash at bank, cash in

hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents, as defined above, net of outstanding bank overdrafts. Bank overdrafts are shown within interest bearing loans and borrowings in current liabilities in the Statement of Financial Position.

## **Debtors and other receivables**

Debtors and other receivables are initially measured at their face value, less any provision for impairment.

## **Derivative financial instruments**

The Group uses derivative financial instruments such as interest rate swaps to manage exposure to interest rate risks arising from the Council's and Group's operational and financing activities. In accordance with its treasury policy, Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value at each balance date. As the Council and Group do not designate its derivative financial instruments as hedging instruments for accounting purposes, the associated gains or losses on derivatives are recognised within surplus or deficit.

Derivatives are carried as current or non-current assets when their fair value is positive and as current or non-current

liabilities when their fair value is negative, depending on the maturity of the instrument.

**Other financial assets**

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Council and Group 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 and Group have transferred substantially all the risks and rewards or ownership.

Financial assets are classified into the following categories for the purpose or measurement:

- Fair value through surplus or deficit;
- Loans and receivables;
- Held-to-maturity investments; and
- Fair value through other comprehensive revenue and expenses.

The classification of a financial asset depends on the purpose for which the instrument was acquired.

**Financial assets at fair value through surplus or deficit**

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or part of a portfolio

of identified financial instruments that are managed together and for which there is evidence of short-term trading. Derivatives (e.g. interest rate swaps and options) are also categorised as held for trading.

Financial assets acquired principally for the purposes of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset.

After initial recognition assets financial assets in this category are measured at their fair values with gains or losses recognised in the surplus or deficit (or in the case of derivatives through comprehensive revenue and expenses).

**Loans and receivables**

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

The Council and group loans and receivables comprise cash and cash equivalents, trade and other receivables, term deposits and community and related party loans.

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

Loans 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 financial instrument.

The difference between the face value and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant expense. The loans are subsequently measured at amortised cost using the effective interest method.

**Held to maturity investments**

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

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

**Financial assets at fair value through other comprehensive revenue and expenses**

Financial assets at fair value through other comprehensive revenue and expenses are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of the balance date. The Council and Group includes in this category:

- investments that it intends to hold long-term but which may be realised before maturity; and
- shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

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

**Impairment of financial assets**

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

*Loans, receivables and term deposits*

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

community loans are recognised directly against the instrument's carrying amount.

#### ***Financial assets at fair value through other comprehensive revenue and expenses***

For equity investment, a significant or prolonged decline in the fair value of the investment below its cost is considered an indicator of impairment. For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payment are objective indicators that the asset is impaired.

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

#### ***Impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.***

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

#### **Derecognition**

Financial assets (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is 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.

#### **Inventory**

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis is measured at the lower of cost (using the FIFO method), adjusted when applicable, for any loss of service potential.

Inventories acquired through a non-exchange transaction are measured at fair value at the date of acquisition.

Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

When land held for the development and future resale is transferred from property, plant and equipment to inventory, the fair value of the land at the date of transfer is its deemed cost. Costs directly attributed to the developed land are capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant and equipment.

Emission trading units are held for consumption based on landfill emissions and are valued at net realisable value.

#### **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 rather than 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 surplus or deficit. 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.

#### **Property, plant and equipment**

Property, plant and equipment consist of:

*Operational assets* - these include land, buildings, landfill post-closure, improvements, library books, plant and equipment, collection items and motor vehicles.

*Restricted assets* – restricted assets are mainly parks and reserves owned by Council and Group that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

*Infrastructure assets* – infrastructure assets are fixed utility systems owned by Council and Group. Each asset class (roading assets, water assets, stormwater assets and wastewater assets) includes all items that are required for the network to function. For example, sewerage reticulation includes reticulation piping and sewer pump stations.

Land (operational and restricted, except land under roads) and art collections are

measured at fair value. Buildings and infrastructure assets are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

#### ***Measurement subsequent to initial recognition - revaluation***

Land (excluding land under roads), buildings, and infrastructural assets are revalued with sufficient regularity to ensure their carrying amount does not differentiate materially from fair value at least every three years.

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

Revaluation of property, plant and equipment is accounted for on a class-by-class basis.

The net revaluation results are credited or debited to other comprehensive revenue and expenses and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expenses but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expenses.

The fair value of land and buildings is their market value as determined by a

registered valuer. The fair value of the roading, water assets, stormwater assets and wastewater assets is measured using the depreciated replacement cost.

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

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

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

**Disposals**

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits or service potential are expected from its use or 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 reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

**Subsequent costs**

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with

the item will flow to the Council and Group and the cost of the item can be measured with reliability.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

**Depreciation**

Depreciation is provided on a straight-line basis on all property, plant and equipment (other than land, land under roads and art collections), at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

	YEARS	PERCENTAGES
<b>Operational assets</b>		
Site Improvements	2 - 35	2.86 - 50
Buildings	2 - 100	1.0 - 50
Landfill assets (including plant and infrastructure not associated with the network)	3 - 147	0.68 - 33.33
Library books	1 - 10	10 - 100
Plant and equipment:	1 - 40	2.5 - 100
Vehicles	5 - 20	5 - 20
Wharves	10 - 40	2.5 - 10
Breakwaters	68	1.47
<b>Infrastructure assets</b>		
Storm, supply and waste water utility assets:		
- Storm water assets	16 - 224	0.45 - 6.25
- Water supply assets	4 - 54	1.85 - 25
- Waste water assets (included treatment plant)	3 - 69	1.45 - 33.33
Roading network	2 - 91	1.10 - 50
Seawalls	46	2.17

The residual value and useful life of an asset is reviewed, and adjusted if applicable,

at each financial year end. In respect of revalued assets, the useful life is adjusted to a rate recommend by the independent valuer as at the date of the revaluation.

**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 33% 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 Statement of Financial Position. Funding contributions from Upper Hutt City Council are recognised as revenue in the surplus or deficit 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**

**Software acquisition and development**

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

Costs that are directly associated with the development of software for internal use by Council and Group, are recognised as an intangible asset.

Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs, costs associated with maintaining computer software and costs associated with development and maintenance of the Council's website are recognised as an expense when incurred.

**Resource Consents**

Costs associated with registering a resource consent in the wastewater activity 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 surplus or deficit.

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

	%
<b>Computer software</b>	
2 - 5 years	50% - 20%
<b>Resource consents</b>	
5 - 35 years	2.86% - 19% (Life of the consent)

**Impairment of property, plant and equipment and intangible assets**

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



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

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

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

#### ***Value in use for non-cash generating assets***

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

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

#### ***Value in use for cash-generating assets***

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

The value in use for cash-generating assets

and cash-generating units is the present value of expected future cash flows.

#### **Payables**

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

#### **Borrowings**

Borrowings are initially recognised at their face value plus transaction costs. After initial recognition, all borrowings are measured at amortised costs using the effective interest rate.

Borrowings are classified as current liabilities, unless the Council or Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

#### **Employee entitlements**

##### ***Short-term benefits***

Employee benefits that Council and Group expect to be settled within 12 months after the end of the period in which the employee renders the related service are measured 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 and Group recognise 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

and Group anticipates it will be used by staff to cover those future absences.

Council and Group recognise 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***

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, 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.

##### ***Presentation of employee entitlements***

Sick leave, annual leave and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of the balance date are classified as a current liabilities. All other employee entitlements are classified as a non-current liability.

#### **Superannuation schemes**

##### ***Defined contribution schemes***

Obligations for contributions to KiwiSaver and defined contribution superannuation schemes are recognised as an expense in the surplus and deficit 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 or 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 and Group 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 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 and is included in "finance costs".

##### ***Landfill post closure costs***

As operator of the Silverstream landfill site, Council has an obligation to ensure the on-going maintenance and monitoring

services at these landfill sites after closure. Council also has an obligation to monitor the closed landfill site at Wainuiomata and other 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 Statement of Financial Position. 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 for Silverstream is 29 years and Wainuiomata is 27 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.

The provision of landfill post closure costs is valued annually by an independent valuer.

#### ***Weathertightness provision***

The Group recognises a provision for the Council's estimated liability relating to the settlement of weathertightness claims. The provision related to claims made

under the Weathertight Homes Resolution Services Act 2006, as well as civil proceedings directly against the Council.

The provision calculation included the estimated net settlement that the Council is expected to make on:

- All claims that are currently actively managed by the Council; and
- All claims that have been lodged with Weathertight Homes Resolution Service but are not yet actively managed by the Council.

#### **Equity**

Equity is the community's interest in Council and is measured as the difference between total assets less total liabilities. Equity is disaggregated and classified into the following components:

- Accumulated Funds (Comprehensive revenue and expenses);
- Council created reserves;
- Restricted reserves; and
- Asset revaluation reserves.

Accumulated comprehensive revenue and expenses is the Council and Group's accumulated surplus or deficit since the formation of the Council, adjusted for transfers to/from specific 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.

Asset revaluation reserves relate to the revaluation of property, plant, and equipment to fair value after initial recognition.

#### **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.

#### **Budget figures**

The budget figures presented in these Financial Statements are those included in the Long Term Plan 2015-2025.

These figures are 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 Long Term Plan figures do not include budget information relating to the controlled organisations or associates. These figures do not include any additional expenditure subsequently approved by the Council outside the Long Term Plan 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.

Explanation for major variances between actual results and budgeted figures is provided in Note 34.

#### **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, judgements and assumptions**

In preparing these Financial Statements, Council and Group management has

made estimates, judgements and assumptions concerning the future that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures. 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:

#### **Infrastructure assets**

There are a number of assumptions and estimates used when performing depreciated replacement cost valuations over infrastructure 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 stormwater, 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 Statement of Comprehensive Income. 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.

#### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 24. Provisions are measured at the managements best estimate of the expenditures required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

#### **Provision for landfill aftercare costs:**

In determining the fair value of the provision, assumptions and estimates made in relation to the discount rate, the expected cost of the post-closure restoration and monitoring of the landfill site and the expected timing of these costs. Expected costs and timing of closure are based on the estimated remaining capacity of the landfill, based on the advice and judgement of qualified engineers. The estimates are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money.

#### **Provision for weathertight homes:**

In determining the fair value of the provision, assumptions and estimates are made in relation to the expected value of the settlement based on the level of the original claim compared to historical settlement of similar claims. No evaluation has been undertaken to quantify the level of unreported claims.

The discount rate used is the current New Zealand Government long-term bond rate as at 30 June each year, and the inflation rate used is the annual Consumer Price Index. 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.

#### **Critical judgements in applying accounting policies**

Management has exercised the following critical judgements in applying accounting policies for the year ended 30 June 2016:

#### **Classification of property**

The Council and Group own a number of properties held to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for a service delivery objective as part of the Council's social housing policy. The properties are therefore accounted for as property, plant and equipment rather than as investment property.

2. SUMMARY REVENUE AND EXPENDITURE FOR GROUP ACTIVITIES

	COUNCIL			
	ACTUAL 2016 \$000	BUDGET 2016 \$000	ACTUAL 2015 \$000	BUDGET 2015 \$000
<b>Revenue</b>				
Libraries	528	621	522	641
Museums	441	842	703	819
Aquatics and recreation	5,651	6,128	5,106	4,597
Parks and reserves	2,045	2,127	2,120	2,050
Community safety and connections	24	89	35	30
Community facilities development	-	-	-	-
Regulatory services	4,017	3,778	-	-
Emergency management	10	-	-	5
Roading and traffic	12,280	17,155	12,933	12,540
Water supply	2,587	2,485	14,521	14,805
Wastewater	3,687	4,134	20,333	20,550
Stormwater	120	178	268	275
Solid waste	13,028	12,900	13,890	12,565
Environmental policy	-	-	4,950	4,625
Environmental consents	3,241	2,898	-	-
Local urban environment	441	300	381	310
Economic development	171	150	518	718
City promotions	2,507	2,578	-	-
Elected members	9	-	8	-
Advice and support	-	-	-	-
Support services	53,294	53,517	19,126	18,414
<b>Total activity revenue</b>	<b>104,081</b>	<b>109,880</b>	<b>95,414</b>	<b>92,944</b>
Less internal revenue	(23,641)	(23,634)	(16,512)	(16,512)
General rates	64,459	64,042	64,563	64,043
<b>Total revenue</b>	<b>144,899</b>	<b>150,288</b>	<b>143,465</b>	<b>140,475</b>

	COUNCIL			
	ACTUAL 2016 \$000	BUDGET 2016 \$000	ACTUAL 2015 \$000	BUDGET 2015 \$000
<b>Expenditure</b>				
Libraries	10,067	9,892	9,440	9,690
Museums	4,310	4,457	4,234	4,464
Aquatics and recreation	12,092	12,432	10,641	10,417
Parks and reserves	12,805	13,189	12,843	13,177
Community safety and connections	2,483	2,434	2,534	2,417
Community facilities development	4,299	12,463	12,536	7,514
Regulatory services	5,784	5,665	-	-
Emergency management	774	823	762	804
Roading and traffic	28,297	28,595	28,209	27,518
Water supply	15,477	15,356	14,479	14,770
Wastewater	20,005	20,786	20,026	20,200
Stormwater	7,141	7,148	7,224	7,322
Solid waste	7,637	7,590	8,062	7,050
Environmental policy	1,222	1,678	10,180	10,702
Environmental consents	5,957	5,108	-	-
Local urban environment	6,896	4,180	1,829	1,470
Economic development	2,904	5,131	3,292	5,425
City promotions	2,873	2,863	-	-
Elected members	1,868	1,826	1,913	1,924
Advice and support	4,364	4,360	4,556	4,540
Support services	27,164	18,875	18,244	15,040
<b>Total activity expenditure</b>	<b>184,419</b>	<b>184,851</b>	<b>171,004</b>	<b>164,444</b>
Less internal expenditure	(23,641)	(23,634)	(16,512)	(16,512)
<b>Total operating expenditure</b>	<b>160,778</b>	<b>161,217</b>	<b>154,492</b>	<b>147,932</b>

Each significant activity is stated gross of internal costs and revenues, and includes targeted rates attributable to each activities (refer note 4). In order to fairly reflect the total external operations for the Council in the statement of comprehensive income, these transactions are eliminated as shown above.

### 3. REVENUE BY EXCHANGE AND NON-EXCHANGE TRANSACTIONS

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Exchange revenue</b>				
Fees, charges and targeted rates for water supply - Exchange	15,291	15,885	17,037	17,613
Other Revenue	734	813	898	1,003
Finance income	1,092	1,167	330	480
<b>Total exchange revenue</b>	<b>17,117</b>	<b>17,865</b>	<b>18,265</b>	<b>19,096</b>
<b>Non-exchange revenue</b>				
Rates, excluding targeted water supply rates	95,458	92,871	95,200	92,611
Fees, charges and targeted rates for water supply	17,362	16,782	19,258	18,490
Subsidies and grants - Non exchange	10,186	9,865	10,186	9,865
Other revenue	4,469	5,422	6,550	7,589
Development and financial contributions	307	556	304	555
Gain on disposal	-	104	-	828
<b>Total non-exchange revenue</b>	<b>127,782</b>	<b>125,600</b>	<b>131,498</b>	<b>129,938</b>
<b>Total revenue exchange and non-exchange</b>	<b>144,899</b>	<b>143,465</b>	<b>149,763</b>	<b>149,034</b>

### 4. RATES REVENUE

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>General rates</b>	<b>64,459</b>	<b>62,354</b>	<b>64,201</b>	<b>62,094</b>
<b>Targeted rates attributable to activities:</b>				
- water supply (excluding metered water supply rates)	12,871	12,451	12,871	12,451
- wastewater	16,651	16,700	16,651	16,700
- recycling	1,337	1,218	1,337	1,218
- Jackson street programme	132	134	132	134
- private drains	8	14	8	14
<b>Total rates (excluding metered water supply rates)</b>	<b>95,458</b>	<b>92,871</b>	<b>95,200</b>	<b>92,611</b>

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by the Council from other authorities for services provided by that Council for which those other Local Authorities rate. The annual rates income for the Council for the year ended 30 June 2016 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	COUNCIL	
	2016 \$000	2015 \$000
Rates, excluding targeted water supply rates	95,458	92,871
	<b>95,458</b>	<b>92,871</b>

### Rates remissions

Rates revenue is shown net of rates remissions, totalling \$290,000 (2015 \$297,000). The Council's rate remission policy (set out in detail in the 2009-2019 LTCCP) allows the Council to remit rates on condition of a ratepayer's extreme financial hardship, land used for sport, a hospital, and land protected for historical or cultural purposes, provided the property is used for community benefit and not for surplus. Rates remissions can also be considered for economic development reasons or where privately owned land is protected for conservation purposes.

### Non-rateable land

Under the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens and reserves. These non-rateable properties may be subject to targeted rates in respect of sewerage, water, refuse and sanitation. Non-rateable land does not constitute a remission under the Council's rates remission policy.

Rates remissions

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Total gross rates, excluding targeted water supply rates</b>	<b>95,748</b>	<b>93,168</b>	<b>95,490</b>	<b>92,908</b>
<b>Rates remissions:</b>				
- Schools	206	202	206	202
- Kindergartens/playcentres	7	9	7	9
- Sports bodies	3	4	3	4
- Churches	32	37	32	37
- Hospitals	18	21	18	21
- Other	13	12	13	12
- Penalty remissions	11	12	11	12
<b>Total rates remissions</b>	<b>290</b>	<b>297</b>	<b>290</b>	<b>297</b>
<b>Rates (net of remissions), excluding metered water supply rates</b>	<b>95,458</b>	<b>92,871</b>	<b>95,200</b>	<b>92,611</b>

5. USER CHARGES AND SUBSIDIES RECEIVED

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Fees, charges and metered rates for water supply</b>				
Rent	1,379	1,352	5,008	4,828
Water by meter	2,287	2,007	2,300	1,992
Parking fees	1,502	1,645	1,502	1,645
Service and entry fees	3,948	3,921	3,948	3,921
Solid waste collection and disposal	13,004	13,878	13,004	13,878
Other user charges	1,211	1,299	1,211	1,299
Regulatory revenue	6,127	4,914	6,127	4,889
Penalties	3,195	3,651	3,195	3,651
<b>Total fees, charges and metered rates for water supply</b>	<b>32,653</b>	<b>32,667</b>	<b>36,295</b>	<b>36,103</b>
<b>Subsidies and grants</b>				
Operating subsidies	27	33	27	33
New Zealand Transport Agency	7,674	7,354	7,674	7,354
Upper Hutt City Council	2,426	2,432	2,426	2,432
Other government	59	46	59	46
<b>Total subsidies and grants</b>	<b>10,186</b>	<b>9,865</b>	<b>10,186</b>	<b>9,865</b>
<b>Other revenue</b>				
Dividends	-	16	-	16
Vested assets	211	1,117	211	1,117
Petrol tax	395	400	395	400
Sale of goods	734	810	898	998
Insurance proceeds	-	-	8	15
Miscellaneous revenue	3,863	3,892	5,936	6,046
<b>Total other revenue</b>	<b>5,203</b>	<b>6,235</b>	<b>7,448</b>	<b>8,592</b>

There are no unfulfilled conditions or other contingences attached to New Zealand Transport Agency and other subsidies recognised.

## 6. FINANCE INCOME AND FINANCE COSTS

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Finance income</b>				
<b>Interest revenue</b>				
- call and term deposits	260	403	330	481
- related party deposits	832	764	-	(1)
<b>Total finance income</b>	<b>1,092</b>	<b>1,167</b>	<b>330</b>	<b>480</b>
<b>Finance costs</b>				
<b>Interest expense</b>				
- interest on bank borrowings	5,224	4,927	5,224	4,927
- discount unwind on provisions (note 24)	337	547	337	547
<b>Total finance costs</b>	<b>5,561</b>	<b>5,474</b>	<b>5,561</b>	<b>5,474</b>
<b>Net finance costs</b>	<b>4,469</b>	<b>4,307</b>	<b>5,231</b>	<b>4,994</b>

## 7. GAINS AND LOSSES

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Non-financial instruments</b>				
Property, plant and equipment gains/(losses) on disposal	(392)	104	(303)	828
<b>Total non-financial instruments gains/(losses)</b>	<b>(392)</b>	<b>104</b>	<b>(303)</b>	<b>828</b>
<b>Financial instruments</b>				
Gains/(Losses) on held for trading derivative financial instruments:				
- interest rate swaps	(7,991)	(2,702)	(7,991)	(2,702)
<b>Total financial instruments gains/(losses)</b>	<b>(7,991)</b>	<b>(2,702)</b>	<b>(7,991)</b>	<b>(2,702)</b>
<b>Total gains/(losses)</b>	<b>(8,383)</b>	<b>(2,598)</b>	<b>(8,294)</b>	<b>(1,874)</b>

## 8. EMPLOYEE COSTS

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Salaries and wages	30,203	27,062	31,297	28,086
Redundancy	110	5	110	5
Recruitment costs	130	98	177	108
Training	502	486	516	504
ACC	51	9	56	14
Other employee costs	255	230	259	236
Retiring and long service leave	(95)	(3)	(69)	(2)
Defined contribution plan employer contributions	715	627	715	627
Increase/(decrease) in employee entitlements/liabilities	(903)	323	(894)	328
<b>Total employee costs</b>	<b>30,968</b>	<b>28,837</b>	<b>32,167</b>	<b>29,906</b>

Employer contributions to defined contribution plans are the contributions to KiwiSaver and other superannuation plans.

## 9. OPERATING COSTS

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Auditors' fees				
- for auditing the financial statements	166	163	211	224
- for auditing the 2016 Long Term Plan	-	88	-	88
- for auditing special purpose CCO's	10	-	10	-
Impairment of receivables	53	152	47	154
Directors' fees	-	-	134	122
Entertainment	31	34	37	34
Grants	1,598	1,493	1,598	1,493
Insurance	1,893	1,950	2,188	2,173
Inventories	441	452	443	455
Legal services	307	410	327	429
Other specialist services	3,485	3,362	3,695	3,673
Impairment of inventory	4,004	-	4,004	-
Total remuneration to councillors	800	757	800	757
Minimum lease payments under operating leases	1,714	934	1,331	969
Operational contracts	25,574	26,077	25,228	25,735
Maintenance	10,433	9,787	10,824	10,100
GWRC bulk water charges	6,938	6,580	6,939	6,580
Energy costs	3,232	3,368	3,271	3,397
Other expenses	21,619	30,426	18,607	18,366
<b>Total operating costs</b>	<b>82,298</b>	<b>86,033</b>	<b>79,694</b>	<b>74,749</b>

10. TAXATION

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Components of tax expense</b>				
Deferred tax expense	-	-	(89)	201
<b>Tax expense/(benefit)</b>	-	-	<b>(89)</b>	<b>201</b>
<b>Relationship between tax expense and accounting surplus</b>				
<b>Net surplus/(deficit) before tax</b>	<b>(15,879)</b>	<b>(11,027)</b>	<b>(10,521)</b>	<b>3,902</b>
Tax at 28%	(4,446)	(3,088)	(2,946)	1,093
Plus/(less) tax effect of:				
Non-deductible expenditure	4,446	2,331	4,447	2,333
Non-taxable revenue	-	757	(1,372)	(3,482)
Prior year adjustment	-	-	(1)	-
Tax losses recognised	-	-	165	-
Tax losses not previously recognised	-	-	(204)	21
Deferred tax adjustment	-	-	(89)	201
<b>Tax expense/(benefit)</b>	-	-	-	<b>166</b>

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Deferred tax asset/(liability)</b>	<b>Property, plant and equipment</b>	<b>Other provisions</b>	<b>Tax losses</b>	<b>Deferred tax asset/(liability)</b>
<b>Council</b>				
<b>Balance at 30 June 2014</b>	-	-	-	-
<b>Balance at 30 June 2015</b>	-	-	-	-
<b>Balance at 30 June 2016</b>	-	-	-	-
<b>Group</b>				
<b>Balance at 30 June 2014</b>	<b>(2,865)</b>	<b>28</b>	<b>1,475</b>	<b>(1,362)</b>
Charged to surplus or deficit	(47)	1	(120)	(166)
Charged to equity	66	-	-	66
<b>Balance at 30 June 2015</b>	<b>(2,846)</b>	<b>29</b>	<b>1,355</b>	<b>(1,462)</b>
Charged to surplus or deficit	312	(8)	(304)	-
Charged to equity	-	-	1,462	1,462
Change in tax rate	-	-	-	-
<b>Balance at 30 June 2016</b>	<b>(2,534)</b>	<b>21</b>	<b>2,513</b>	<b>-</b>

Generally, local authorities are exempt from taxation except for income derived from any Council Controlled Company or port activity per section CW 39 of the Income Tax Act 2007.

Council has unrecognised tax losses available to carry forward of \$2,203,083 (2015: \$1,557,464), with a tax effect of \$616,863 (2015: \$436,090). The losses are available for offset against future assessable income.

The Group has unrecognised tax losses available to carry forward of \$5,573,195 (2015: \$10,335,778), with a tax effect of \$1,560,495 (2015: \$2,894,018). The losses are available for offset against future assessable income.

11. CASH AND CASH EQUIVALENTS

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Cash at bank and on hand	5,069	9,833	9,400	14,464
<b>Cash and cash equivalents</b>	<b>5,069</b>	<b>9,833</b>	<b>9,400</b>	<b>14,464</b>

The carrying value of cash at bank and term deposits with maturities less than three months approximate their fair value.

The total value of cash and cash equivalents within restricted reserves that can only be used for specified purposes, (as outlined in the relevant trust deeds) is \$83,000 (2015: \$81,000), as shown in note 26.

Cash, cash equivalent and bank overdrafts include the following for the purposes of the statement of cash flows.

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Cash at bank and on hand	5,069	9,833	9,400	14,464
<b>Total</b>	<b>5,069</b>	<b>9,833</b>	<b>9,400</b>	<b>14,464</b>



## 12. DEBTORS AND OTHER RECEIVABLES

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Rates receivable	3,180	3,430	3,180	3,430
<b>Other receivables:</b>				
- Amounts due from related parties (note 31)	886	968	-	-
- GST receivable	1,728	1,356	1,758	1,900
- Other receivables	8,251	6,641	9,071	6,750
<b>Total other receivables</b>	<b>10,865</b>	<b>8,965</b>	<b>10,829</b>	<b>8,650</b>
<b>Gross debtors and other receivables</b>	<b>14,045</b>	<b>12,395</b>	<b>14,009</b>	<b>12,080</b>
Less provision for impairment	(543)	(517)	(568)	(550)
<b>Total debtors and other receivables</b>	<b>13,502</b>	<b>11,878</b>	<b>13,441</b>	<b>11,530</b>
<b>Total receivables comprise of:</b>				
Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements and charges that are partly subsidised by rates	12,063	10,429	12,887	11,050
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	1,439	1,449	554	481
	<b>13,502</b>	<b>11,878</b>	<b>13,441</b>	<b>11,530</b>

### Fair value

Debtors and other receivables are non-interest bearing and receipts are normally on 30-day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

### Impairment

The Council seldom provides for any impairment on rates receivable, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payments. If payment has not been made within 3 months if the Courts judgement the Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material.

The carrying amount of receivables that would otherwise be past due or impaired, whose terms have been renegotiated is \$nil (2015: \$nil).

The ageing profile of receivables as at 30 June is detailed below:

	2016			2015		
	GROSS \$000	IMPAIRMENT \$000	NET \$000	GROSS \$000	IMPAIRMENT \$000	NET \$000
<b>Rates receivables</b>						
<b>Council</b>						
Not past due	-	-	-	-	-	-
Past due 1-60 days	3,027	-	3,027	3,285	-	3,285
Past due 61-120 days	-	-	-	-	-	-
Past due >120 days	153	-	153	145	-	145
<b>Total</b>	<b>3,180</b>	<b>-</b>	<b>3,180</b>	<b>3,430</b>	<b>-</b>	<b>3,430</b>
<b>Group</b>						
Not past due	-	-	-	-	-	-
Past due 1-60 days	3,027	-	3,027	3,285	-	3,285
Past due 61-120 days	-	-	-	-	-	-
Past due >120 days	153	-	153	145	-	145
<b>Total</b>	<b>3,180</b>	<b>-</b>	<b>3,180</b>	<b>3,430</b>	<b>-</b>	<b>3,430</b>
<b>Other receivables</b>						
<b>Council</b>						
Not past due	7,471	-	7,471	4,702	-	4,702
Past due 1-30 days	2,180	-	2,180	3,376	-	3,376
Past due 31-60 days	366	-	366	226	-	226
Past due >60 days	848	-543	305	661	-517	144
<b>Total</b>	<b>10,865</b>	<b>-543</b>	<b>10,322</b>	<b>8,965</b>	<b>-517</b>	<b>8,448</b>
<b>Group</b>						
Not past due	7,385	-	7,385	4,338	-1	4,337
Past due 1-30 days	2,207	-	2,207	3,394	-1	3,393
Past due 31-60 days	367	-	367	230	-1	229
Past due >60 days	870	-568	302	688	-547	141
<b>Total</b>	<b>10,829</b>	<b>-568</b>	<b>10,261</b>	<b>8,650</b>	<b>-550</b>	<b>8,100</b>
<b>Total receivables - Council</b>	<b>14,045</b>	<b>-543</b>	<b>13,502</b>	<b>12,395</b>	<b>-517</b>	<b>11,878</b>
<b>Total receivables - Group</b>	<b>14,009</b>	<b>-568</b>	<b>13,441</b>	<b>12,080</b>	<b>-550</b>	<b>11,530</b>

All receivables greater than 30 days in age are considered to be past due.

The impairment provision has been calculated based on expected losses for the Council's pool of debtors. Expected losses have been determined based on an analysis of the Council's losses in previous periods, and review of specific debtors as detailed below:

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Individual impairment	64	111	89	144
Collective impairment	479	406	479	406
<b>Total provision for impairment</b>	<b>543</b>	<b>517</b>	<b>568</b>	<b>550</b>

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor. An analysis of these individually impaired debtors is as follows:

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Not past due	-	-	-	-
Past due 1-30 days	-	-	-	-
Past due 31-60 days	-	-	-	-
Past due > 60 days	64	111	89	144
<b>Total individual impairment</b>	<b>64</b>	<b>111</b>	<b>89</b>	<b>144</b>

Movements in the provisions for impairment of receivables are as follows:

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
At 1 July	517	376	550	408
Additional provisions made during the year	26	141	26	141
Provisions reversed during the year	-	-	(8)	-
Receivables written-off during the period	-	-	-	1
<b>At 30 June</b>	<b>543</b>	<b>517</b>	<b>568</b>	<b>550</b>

The Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

### 13. DERIVATIVE FINANCIAL INSTRUMENTS

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2016 \$000
<b>Non-current asset portion</b>				
Interest rate swaps - held for trading	-	137	-	137
<b>Total non-current asset portion</b>	<b>-</b>	<b>137</b>	<b>-</b>	<b>137</b>
<b>Total derivative financial instrument assets</b>	<b>-</b>	<b>137</b>	<b>-</b>	<b>137</b>
<b>Current liability portion</b>				
Interest rate swaps - held for trading	-	11	-	11
<b>Total current liability portion</b>	<b>-</b>	<b>11</b>	<b>-</b>	<b>11</b>
<b>Non-current liability portion</b>				
Interest rate swaps - held for trading	12,729	4,864	12,729	4,864
<b>Total non-current liability portion</b>	<b>12,729</b>	<b>4,864</b>	<b>12,729</b>	<b>4,864</b>
<b>Total derivative financial instrument liabilities</b>	<b>12,729</b>	<b>4,875</b>	<b>12,729</b>	<b>4,875</b>
<b>Total derivative financial instruments</b>	<b>(12,729)</b>	<b>(4,738)</b>	<b>(12,729)</b>	<b>(4,738)</b>

#### Fair value

The fair value of interest rate swaps has been determined using a discounted cash flows valuation technique based on quoted market prices as required by PBE IPSAS 29 Financial Instruments - Recognition and Measurement. The interest rates swaps were independently valued at 30 June 2016 by Richard Eaddy of Hedgebook Limited

#### Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for the Council and Group were \$101 million (2015: \$45 million). At 30 June 2016, the fixed interest rates of cash flow hedges interest rate swaps vary from 3.59% to 6.05% (2015: 3.95% to 6.10%).

## 14. INVENTORIES

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Commercial inventories held for sale:</b>				
Diesel	-	-	3	-
Emission trading units	108	108	108	108
Inventory	159	105	159	105
Commercial property developments	3,658	-	5,201	478
<b>Total inventories</b>	<b>3,925</b>	<b>213</b>	<b>5,471</b>	<b>691</b>

No inventories are pledged as security for liabilities (2015: \$nil). However, some inventories are subject to retention of title clauses. Commercial inventories are valued at cost, as there are no impairments of inventories.

## 15. NON-CURRENT ASSETS HELD FOR SALE

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Non-current assets held for sale are:</b>				
- land and buildings	875	-	875	-
<b>Total non-current assets held for sale are:</b>	<b>875</b>	<b>-</b>	<b>875</b>	<b>-</b>



16. PROPERTY, PLANT AND EQUIPMENT

	COST/ VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000	CURRENT YEAR ADDITIONS \$000	VESTED ASSETS \$000	CURRENT YEAR DISPOSALS \$000	CATEGORY AD- JUSTMENTS TO COST \$000	ACCUMULATED DEPRECIATION ON DISPOSALS AND REVALUATION \$000	CURRENT YEAR IMPAIRMENT CHARGES \$000	CATEGORY ADJUSTMENTS TO DEPRECIATION \$000	CURRENT YEAR DEPRECIATION \$000	REVALUATION SURPLUS/ IMPAIR CHARGES TO REVALUATION RESERVES \$000	COST/ VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000
<b>Council 2016</b>															
<b>Operational assets</b>															
Land	38,624	-	38,624	-	-	-	982	-	-	-	-	89	39,695	-	39,695
Site improvements	13,865	(320)	13,545	4,296	-	(68)	-	8	-	-	(942)	-	18,093	(1,254)	16,839
Buildings	56,790	(1,394)	55,396	23,198	-	(739)	-	95	-	-	(3,036)	-	79,249	(4,335)	74,914
Landfill assets	4,851	(148)	4,703	2,950	-	-	24,746	-	-	(1,689)	(483)	-	32,547	(2,320)	30,227
Library books	8,623	(5,415)	3,208	923	-	-	-	-	-	-	(788)	-	9,546	(6,203)	3,343
Plant and equipment	11,289	(5,517)	5,771	3,804	-	(12)	-	-	-	-	(1,686)	-	15,081	(7,203)	7,877
Vehicles	541	(85)	456	168	-	-	-	-	-	-	(128)	-	709	(213)	496
Landfill plant	14,556	(642)	13,914	-	-	-	(14,556)	-	-	745	(102)	-	-	-	-
Wharves	2,637	(2,046)	591	-	-	-	-	-	-	-	(57)	-	2,637	(2,103)	534
Breakwaters	5,101	(37)	5,064	-	-	-	-	-	-	-	(75)	-	5,101	(112)	4,989
	<b>156,876</b>	<b>(15,604)</b>	<b>141,272</b>	<b>35,339</b>	-	<b>(819)</b>	<b>11,172</b>	<b>104</b>	-	<b>(944)</b>	<b>(7,297)</b>	<b>89</b>	<b>202,658</b>	<b>(23,743)</b>	<b>178,914</b>
<b>Collection Assets</b>															
Paintings	6,132	-	6,132	-	-	-	-	-	-	-	-	-	6,132	-	6,132
Works on paper (NZ and international)	1,450	-	1,450	-	-	-	-	-	-	-	-	-	1,450	-	1,450
Public art collections	1,627	-	1,627	-	-	-	-	-	-	-	-	-	1,627	-	1,627
Other collection items	8,231	-	8,231	30	-	-	-	-	-	-	-	-	8,261	-	8,261
Petone Settlers	85	-	85	-	-	-	-	-	-	-	-	-	85	-	85
<b>Total collections</b>	<b>17,525</b>	<b>-</b>	<b>17,525</b>	<b>30</b>	-	-	-	-	-	-	-	-	<b>17,555</b>	<b>-</b>	<b>17,555</b>
<b>Total operational assets</b>	<b>174,401</b>	<b>(15,604)</b>	<b>158,797</b>	<b>35,369</b>	-	<b>(819)</b>	<b>11,172</b>	<b>104</b>	-	<b>(944)</b>	<b>(7,297)</b>	<b>89</b>	<b>220,213</b>	<b>(23,743)</b>	<b>196,469</b>
<b>Infrastructural assets</b>															
Waste water system	188,954	(3,087)	185,867	3,859	75	-	-	-	-	-	(5,940)	-	192,888	(9,027)	183,861
Waste water treatment plant	44,397	(1,064)	43,333	-	-	-	-	-	-	-	(2,620)	-	44,397	(3,684)	40,713
Less UHCC share in HVS assets	(40,550)	822	(39,728)	(508)	-	-	-	-	-	-	1,634	-	(41,058)	2,456	(38,602)
	<b>192,801</b>	<b>(3,329)</b>	<b>189,472</b>	<b>3,351</b>	<b>75</b>	-	-	-	-	-	<b>(6,926)</b>	-	<b>196,227</b>	<b>(10,255)</b>	<b>185,972</b>
Land	15,568	-	15,568	-	-	(10)	-	-	-	-	-	-	15,558	-	15,558
Land under roads	144,872	-	144,872	-	-	(166)	-	-	-	-	-	-	144,706	-	144,706
Landfill Land Asset	982	-	982	-	-	-	(982)	-	-	-	-	-	-	-	-
Storm water system	172,726	(1,470)	171,256	2,706	93	-	-	-	-	-	(2,986)	-	175,525	(4,456)	171,069
Storm water Landfill assets	6,934	(641)	6,293	-	-	-	(6,934)	-	-	723	(82)	-	-	-	-
Water supply system	108,780	(1,699)	107,081	3,590	32	-	-	-	-	-	(3,521)	-	112,402	(5,220)	107,182
Roading network	426,593	(5,533)	421,060	10,456	11	-	-	-	-	-	(11,827)	-	437,060	(17,358)	419,702
Roading Landfill Assets	3,257	(197)	3,060	-	-	-	(3,256)	-	-	221	(24)	-	-	-	-
Seawalls	5,185	(56)	5,129	-	-	-	-	-	-	-	(113)	-	5,185	(169)	5,016
<b>Total infrastructural assets</b>	<b>1,077,698</b>	<b>(12,926)</b>	<b>1,064,772</b>	<b>20,103</b>	<b>211</b>	<b>(176)</b>	<b>(11,172)</b>	-	-	<b>944</b>	<b>(25,478)</b>	-	<b>1,086,663</b>	<b>(37,459)</b>	<b>1,049,204</b>
<b>Restricted assets</b>															
Land	104,624	-	104,624	11	-	(419)	-	-	-	-	-	-	104,216	-	104,216
<b>Total restricted assets</b>	<b>104,624</b>	<b>-</b>	<b>104,624</b>	<b>11</b>	-	<b>(419)</b>	-	-	-	-	-	-	<b>104,216</b>	<b>-</b>	<b>104,216</b>
<b>Total property, plant and equipment</b>	<b>1,356,723</b>	<b>(28,530)</b>	<b>1,328,193</b>	<b>55,483</b>	<b>211</b>	<b>(1,414)</b>	-	<b>104</b>	-	-	<b>(32,775)</b>	<b>89</b>	<b>1,411,092</b>	<b>(61,202)</b>	<b>1,349,890</b>

	COST/ VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000	CURRENT YEAR ADDITIONS \$000	VESTED ASSETS \$000	CURRENT YEAR DISPOSALS \$000	CATEGORY AD- JUSTMENTS TO COST \$000	ACCUMULATED DEPRECIATION ON DISPOSALS AND REVALUATION \$000	CURRENT YEAR IMPAIRMENT CHARGES \$000	CATEGORY ADJUSTMENTS TO DEPRECIATION \$000	CURRENT YEAR DEPRECIATION \$000	REVALUATION SURPLUS/ IMPAIR CHARGES TO REVALUATION RESERVES \$000	COST/ VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000
<b>Council 2015</b>															
<b>Operational assets</b>															
Land	40,582	-	40,582	(88)	-	(134)	(4,014)	-	-	-	-	2,278	38,624	-	38,624
Site improvements	-	-	-	3,686	-	(18)	10,502	546	-	(454)	(412)	(305)	13,865	(320)	13,545
Buildings	60,991	(7,402)	53,589	2,255	-	-	1,482	10,295	-	(1,329)	(2,958)	(7,938)	56,790	(1,394)	55,396
Landfill assets	4,560	(185)	4,375	2,167	-	(7)	(118)	118	-	6	(87)	(1,751)	4,851	(148)	4,703
Library books	8,597	(5,369)	3,228	838	-	(520)	(292)	516	-	226	(788)	-	8,623	(5,415)	3,208
Plant and equipment	19,746	(10,186)	9,560	1,803	-	(4,161)	(6,076)	4,098	-	2,048	(1,477)	(23)	11,289	(5,517)	5,771
Vehicles	16	-	16	437	-	(170)	258	110	-	(120)	(75)	-	541	(85)	456
Landfill plant	13,787	(429)	13,358	-	-	-	784	5	-	-	(217)	(15)	14,556	(642)	13,914
Wharves	2,637	(1,990)	647	-	-	-	-	-	-	-	(56)	-	2,637	(2,046)	591
Breakwaters	5,786	(162)	5,624	1	-	-	-	195	-	-	(70)	(686)	5,101	(37)	5,064
	<b>156,701</b>	<b>(25,723)</b>	<b>130,979</b>	<b>11,099</b>	<b>-</b>	<b>(5,010)</b>	<b>2,526</b>	<b>15,884</b>	<b>-</b>	<b>377</b>	<b>(6,140)</b>	<b>(8,440)</b>	<b>156,876</b>	<b>(15,604)</b>	<b>141,272</b>
<b>Collection Assets</b>															
Paintings	5,958	-	5,958	-	-	-	-	-	-	-	-	174	6,132	-	6,132
Works on paper (NZ and international)	911	-	911	-	-	1	-	-	-	-	-	538	1,450	-	1,450
Public art collections	-	-	-	29	-	-	268	34	-	(34)	-	1,330	1,627	-	1,627
Other collection items	2,759	-	2,759	44	-	-	-	-	-	-	-	5,428	8,231	-	8,231
Petone Settlers	151	-	151	-	-	-	-	-	-	-	-	(66)	85	-	85
<b>Total collections</b>	<b>9,779</b>	<b>-</b>	<b>9,779</b>	<b>73</b>	<b>-</b>	<b>1</b>	<b>268</b>	<b>34</b>	<b>-</b>	<b>(34)</b>	<b>-</b>	<b>7,404</b>	<b>17,525</b>	<b>-</b>	<b>17,525</b>
<b>Total operational assets</b>	<b>166,480</b>	<b>(25,723)</b>	<b>140,758</b>	<b>11,172</b>	<b>-</b>	<b>(5,009)</b>	<b>2,794</b>	<b>15,918</b>	<b>-</b>	<b>343</b>	<b>(6,140)</b>	<b>(1,036)</b>	<b>174,401</b>	<b>(15,604)</b>	<b>158,797</b>
<b>Infrastructural assets</b>															
Waste water system	200,549	(15,719)	184,830	3,692	326	-	(992)	18,500	-	463	(6,331)	(14,621)	188,954	(3,087)	185,867
Waste water treatment plant	50,209	(5,436)	44,773	1,087	-	-	(1,121)	6,136	-	358	(2,122)	(5,778)	44,397	(1,064)	43,333
Less UHCC share in HVS assets	(44,220)	3,871	(40,349)	(707)	-	-	-	(4,575)	-	-	1,526	4,377	(40,550)	822	(39,728)
	<b>206,538</b>	<b>(17,284)</b>	<b>189,254</b>	<b>4,072</b>	<b>326</b>	<b>-</b>	<b>(2,113)</b>	<b>20,061</b>	<b>-</b>	<b>821</b>	<b>(6,927)</b>	<b>(16,022)</b>	<b>192,801</b>	<b>(3,329)</b>	<b>189,472</b>
Land	161,569	-	161,569	-	-	-	(146,349)	-	-	-	-	348	15,568	-	15,568
Land under roads	-	-	-	-	119	-	144,753	-	-	-	-	-	144,872	-	144,872
Landfill Land Asset	3,456	-	3,456	-	-	-	(202)	-	-	-	-	(2,272)	982	-	982
Storm water system	181,399	(7,380)	174,019	1,326	192	-	(102)	8,891	-	4	(2,985)	(10,089)	172,726	(1,470)	171,256
Storm water Landfill assets	6,934	(458)	6,476	-	-	-	-	-	-	-	(183)	-	6,934	(641)	6,293
Water supply system	109,864	(8,078)	101,786	3,035	129	-	84	9,781	-	-	(3,402)	(4,332)	108,780	(1,699)	107,081
Roading network	432,485	(23,936)	408,549	8,035	351	-	734	29,558	-	(347)	(10,810)	(15,012)	426,593	(5,533)	421,060
Roading Landfill Assets	3,728	(177)	3,551	-	-	-	-	53	-	-	(73)	(471)	3,257	(197)	3,060
Seawalls	3,901	(185)	3,716	-	-	-	-	223	-	-	(94)	1,284	5,185	(56)	5,129
<b>Total infrastructural assets</b>	<b>1,109,874</b>	<b>(57,498)</b>	<b>1,052,376</b>	<b>16,468</b>	<b>1,117</b>	<b>-</b>	<b>(3,195)</b>	<b>68,567</b>	<b>-</b>	<b>478</b>	<b>(24,473)</b>	<b>(46,566)</b>	<b>1,077,698</b>	<b>(12,926)</b>	<b>1,064,772</b>
<b>Restricted assets</b>															
Land	101,459	-	101,459	70	-	(367)	(1,729)	-	-	-	-	5,191	104,624	-	104,624
<b>Total restricted assets</b>	<b>101,459</b>	<b>-</b>	<b>101,459</b>	<b>70</b>	<b>-</b>	<b>(367)</b>	<b>(1,729)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,191</b>	<b>104,624</b>	<b>-</b>	<b>104,624</b>
<b>Total property, plant and equipment</b>	<b>1,377,813</b>	<b>(83,221)</b>	<b>1,294,593</b>	<b>27,710</b>	<b>1,117</b>	<b>(5,376)</b>	<b>(2,130)</b>	<b>84,485</b>	<b>-</b>	<b>821</b>	<b>(30,613)</b>	<b>(42,411)</b>	<b>1,356,723</b>	<b>(28,530)</b>	<b>1,328,193</b>

	COST/VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000	CURRENT YEAR ADDITIONS \$000	VESTED ASSETS \$000	CURRENT YEAR DISPOSALS \$000	CATEGORY ADJUSTMENTS TO COST \$000	ACCUMULATED DEPRECIATION ON DISPOSALS AND REVALUATION \$000	CURRENT YEAR IMPAIRMENT CHARGES \$000	CATEGORY ADJUSTMENTS TO DEPRECIATION \$000	CURRENT YEAR DEPRECIATION \$000	REVALUATION SURPLUS/ IMPAIR CHARGES TO REVALUATION RESERVES \$000	COST/VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000
<b>Group 2016</b>															
<b>Operational assets</b>															
Land	38,624	-	38,624	-	-	-	982	-	-	-	-	89	39,695	-	39,695
Site improvements	13,865	(320)	13,545	4,296	-	(68)	-	8	-	-	(942)	-	18,093	(1,254)	16,839
Buildings	56,790	(1,394)	55,396	23,198	-	(739)	-	95	-	-	(3,036)	-	79,249	(4,335)	74,914
Landfill assets	4,851	(148)	4,703	2,950	-	-	24,746	-	-	(1,689)	(483)	-	32,547	(2,320)	30,227
Library books	8,623	(5,415)	3,208	923	-	-	-	-	-	-	(788)	-	9,546	(6,203)	3,343
Plant and equipment	11,289	(5,517)	5,771	3,804	-	(12)	-	-	-	-	(1,686)	-	15,081	(7,203)	7,877
Vehicles	541	(85)	456	168	-	-	-	-	-	-	(128)	-	709	(213)	496
Landfill plant	14,556	(642)	13,914	-	-	-	(14,556)	-	-	745	(102)	-	-	-	-
Wharves	2,637	(2,046)	591	-	-	-	-	-	-	-	(57)	-	2,637	(2,103)	534
Breakwaters	5,101	(37)	5,064	-	-	-	-	-	-	-	(75)	-	5,101	(112)	4,989
Seaview Marina	3,387	(1,127)	2,260	528	-	-	-	-	-	-	(155)	-	3,915	(1,282)	2,633
Marina Service Centre	3,784	(496)	3,288	3	-	-	-	-	-	-	(104)	-	3,787	(600)	3,187
Piers and berths	3,803	(1,160)	2,643	56	-	-	-	-	-	-	(134)	-	3,859	(1,294)	2,565
Urbanplus land	10,508	-	10,508	-	-	(310)	-	-	-	-	-	-	10,198	-	10,198
Urbanplus buildings	10,774	(189)	10,585	1,306	-	(733)	-	61	-	-	(399)	-	11,347	(527)	10,820
Urbanplus other assets	13	(10)	3	29	-	-	-	-	-	-	(23)	-	42	(33)	9
Urbanplus Group CCO's assets	910	(7)	903	-	-	(910)	-	7	-	-	-	-	-	-	-
Hutt City Community Facilities Buildings	-	-	-	14,410	-	-	-	-	-	-	(180)	-	14,410	(180)	14,230
Hutt City Community Facilities site improvements	3,216	(23)	3,193	-	-	-	-	-	-	-	(106)	-	3,216	(129)	3,087
Hutt City Community Facilities Trust equipment	31	(2)	29	17	-	-	-	-	-	-	(3)	-	48	(5)	43
	<b>193,303</b>	<b>(18,617)</b>	<b>174,686</b>	<b>51,688</b>	-	<b>(2,772)</b>	<b>11,172</b>	<b>171</b>	-	<b>(944)</b>	<b>(8,401)</b>	<b>89</b>	<b>253,480</b>	<b>(27,793)</b>	<b>225,686</b>
<b>Collection assets</b>															
Paintings	6,132	-	6,132	-	-	-	-	-	-	-	-	-	6,132	-	6,132
Works on paper (NZ and international)	1,450	-	1,450	-	-	-	-	-	-	-	-	-	1,450	-	1,450
Public art collection	1,627	-	1,627	-	-	-	-	-	-	-	-	-	1,627	-	1,627
Other collection items	8,231	-	8,231	30	-	-	-	-	-	-	-	-	8,261	-	8,261
Petone Settlers	85	-	85	-	-	-	-	-	-	-	-	-	85	-	85
<b>Total collections</b>	<b>17,525</b>	<b>-</b>	<b>17,525</b>	<b>30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,555</b>	<b>-</b>	<b>17,555</b>
<b>Total operational assets</b>	<b>210,828</b>	<b>(18,617)</b>	<b>192,211</b>	<b>51,718</b>	<b>-</b>	<b>(2,772)</b>	<b>11,172</b>	<b>171</b>	<b>-</b>	<b>(944)</b>	<b>(8,401)</b>	<b>89</b>	<b>271,035</b>	<b>(27,793)</b>	<b>243,241</b>
<b>Infrastructural assets</b>															
Wastewater system	188,954	(3,087)	185,867	3,859	75	-	-	-	-	-	(5,940)	-	192,888	(9,027)	183,861
Wastewater treatment plant	44,397	(1,064)	43,333	-	-	-	-	-	-	-	(2,620)	-	44,397	(3,684)	40,713
Less UHCC share in HVS assets	(40,550)	822	(39,728)	(508)	-	-	-	-	-	-	1,634	-	(41,058)	2,456	(38,602)
	<b>192,801</b>	<b>(3,329)</b>	<b>189,472</b>	<b>3,351</b>	<b>75</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,926)</b>	<b>-</b>	<b>196,227</b>	<b>(10,255)</b>	<b>185,972</b>
Land	15,568	-	15,568	-	-	(10)	-	-	-	-	-	-	15,558	-	15,558
Land under roads	144,872	-	144,872	-	-	(166)	-	-	-	-	-	-	144,706	-	144,706
Landfill land assets	982	-	982	-	-	-	(982)	-	-	-	-	-	-	-	-
Stormwater system	172,726	(1,470)	171,256	2,706	93	-	-	-	-	-	(2,986)	-	175,525	(4,456)	171,069
Stormwater landfill assets	6,934	(641)	6,293	-	-	-	(6,934)	-	-	723	(82)	-	-	-	-

	COST/VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000	CURRENT YEAR ADDITIONS \$000	VESTED ASSETS \$000	CURRENT YEAR DISPOSALS \$000	CATEGORY ADJUSTMENTS TO COST \$000	ACCUMULATED DEPRECIATION ON DISPOSALS AND REVALUATION \$000	CURRENT YEAR IMPAIRMENT CHARGES \$000	CATEGORY ADJUSTMENTS TO DEPRECIATION \$000	CURRENT YEAR DEPRECIATION \$000	REVALUATION SURPLUS/ IMPAIR CHARGES TO REVALUATION RESERVES \$000	COST/VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000
<b>Group 2016</b>															
Water supply system	108,780	(1,699)	107,081	3,590	32	-	-	-	-	-	(3,521)	-	112,402	(5,220)	107,182
Roading network	426,593	(5,533)	421,060	10,456	11	-	-	-	-	-	(11,827)	-	437,060	(17,358)	419,702
Roading landfill assets	3,257	(197)	3,060	-	-	-	(3,256)	-	-	221	(24)	-	-	-	-
Seawalls	5,185	(56)	5,129	-	-	-	-	-	-	-	(113)	-	5,185	(169)	5,016
<b>Total infrastructural assets</b>	<b>1,077,698</b>	<b>(12,926)</b>	<b>1,064,772</b>	<b>20,103</b>	<b>211</b>	<b>(176)</b>	<b>(11,172)</b>	<b>-</b>	<b>-</b>	<b>944</b>	<b>(25,478)</b>	<b>-</b>	<b>1,086,663</b>	<b>(37,459)</b>	<b>1,049,204</b>
<b>Restricted assets</b>															
Land	104,624	-	104,624	11	-	(419)	-	-	-	-	-	-	104,216	-	104,216
<b>Total restricted assets</b>	<b>104,624</b>	<b>-</b>	<b>104,624</b>	<b>11</b>	<b>-</b>	<b>(419)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>104,216</b>	<b>-</b>	<b>104,216</b>
<b>Total property, plant and equipment</b>	<b>1,393,150</b>	<b>(31,544)</b>	<b>1,361,606</b>	<b>71,832</b>	<b>211</b>	<b>(3,367)</b>	<b>-</b>	<b>171</b>	<b>-</b>	<b>-</b>	<b>(33,879)</b>	<b>89</b>	<b>1,461,914</b>	<b>(65,252)</b>	<b>1,396,661</b>

	COST/VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000	CURRENT YEAR ADDITIONS \$000	VESTED ASSETS \$000	CURRENT YEAR DISPOSALS \$000	CATEGORY ADJUSTMENTS TO COST \$000	ACCUMULATED DEPRECIATION ON DISPOSALS AND REVALUATION \$000	CURRENT YEAR IMPAIRMENT CHARGES \$000	CATEGORY ADJUSTMENTS TO DEPRECIATION \$000	CURRENT YEAR DEPRECIATION \$000	REVALUATION SURPLUS/ IMPAIR CHARGES TO REVALUATION RESERVES \$000	COST/VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000
<b>Group 2015</b>															
<b>Operational assets</b>															
Land	40,582	-	40,582	(88)	-	(134)	(4,014)	-	-	-	-	2,278	38,624	-	38,624
Site improvements	-	-	-	3,686	-	(18)	10,502	546	-	(454)	(412)	(305)	13,865	(320)	13,545
Buildings	60,991	(7,402)	53,589	2,255	-	-	1,482	10,295	-	(1,329)	(2,958)	(7,938)	56,790	(1,394)	55,396
Landfill assets	4,560	(185)	4,375	2,167	-	(7)	(118)	118	-	6	(87)	(1,751)	4,851	(148)	4,703
Library books	8,597	(5,369)	3,228	838	-	(520)	(292)	516	-	226	(788)	-	8,623	(5,415)	3,208
Plant and equipment	19,746	(10,186)	9,560	1,803	-	(4,161)	(6,076)	4,098	-	2,048	(1,477)	(23)	11,289	(5,517)	5,771
Vehicles	16	-	16	437	-	(170)	258	110	-	(120)	(75)	-	541	(85)	456
Landfill plant	13,787	(429)	13,358	-	-	-	784	5	-	-	(217)	(15)	14,556	(642)	13,914
Wharves	2,637	(1,990)	647	-	-	-	-	-	-	-	(56)	-	2,637	(2,046)	591
Breakwaters	5,786	(162)	5,624	1	-	-	-	195	-	-	(70)	(686)	5,101	(37)	5,064
Seaview Marina	3,265	(1,012)	2,253	174	-	(52)	-	34	-	-	(149)	-	3,387	(1,127)	2,260
Marina Service Centre	3,763	(393)	3,370	21	-	-	-	-	-	-	(103)	-	3,784	(496)	3,288
Piers and berths	2,877	(1,042)	1,835	926	-	-	-	-	-	-	(118)	-	3,803	(1,160)	2,643
Urbanplus land	9,313	-	9,313	265	-	-	-	-	-	-	-	930	10,508	-	10,508
Urbanplus buildings	9,832	-	9,832	1,122	-	-	-	416	-	-	(605)	(180)	10,774	(189)	10,585
Urbanplus other assets	10	(10)	-	3	-	-	-	-	-	-	-	-	13	(10)	3
Urbanplus Group CCO's assets	-	-	-	910	-	-	-	-	-	-	(7)	-	910	(7)	903
Hutt City Community Facilities Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hutt City Community Facilities site improvements	-	-	-	3,216	-	-	-	-	-	-	(23)	-	3,216	(23)	3,193
Hutt City Community Facilities Trust equipment	30	(1)	29	1	-	-	-	-	-	-	(1)	-	31	(2)	29
	<b>185,792</b>	<b>(28,181)</b>	<b>157,611</b>	<b>17,737</b>	<b>-</b>	<b>(5,062)</b>	<b>2,526</b>	<b>16,333</b>	<b>-</b>	<b>377</b>	<b>(7,146)</b>	<b>(7,690)</b>	<b>193,303</b>	<b>(18,617)</b>	<b>174,686</b>

	COST/VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000	CURRENT YEAR ADDITIONS \$000	VESTED ASSETS \$000	CURRENT YEAR DISPOSALS \$000	CATEGORY ADJUSTMENTS TO COST \$000	ACCUMULATED DEPRECIATION ON DISPOSALS AND REVALUATION \$000	CURRENT YEAR IMPAIRMENT CHARGES \$000	CATEGORY ADJUSTMENTS TO DEPRECIATION \$000	CURRENT YEAR DEPRECIATION \$000	REVALUATION SURPLUS/ IMPAIR CHARGES TO REVALUATION RESERVES \$000	COST/VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000
<b>Group 2015</b>															
<b>Collection assets</b>															
Paintings	5,958	-	5,958	-	-	-	-	-	-	-	-	174	6,132	-	6,132
Works on paper (NZ and international)	911	-	911	-	-	1	-	-	-	-	-	538	1,450	-	1,450
Public art collection	-	-	-	29	-	-	268	34	-	(34)	-	1,330	1,627	-	1,627
Other collection items	2,759	-	2,759	44	-	-	-	-	-	-	-	5,428	8,231	-	8,231
Petone Settlers	151	-	151	-	-	-	-	-	-	-	-	(66)	85	-	85
<b>Total collections</b>	<b>9,779</b>	<b>-</b>	<b>9,779</b>	<b>73</b>	<b>-</b>	<b>1</b>	<b>268</b>	<b>34</b>	<b>-</b>	<b>(34)</b>	<b>-</b>	<b>7,404</b>	<b>17,525</b>	<b>-</b>	<b>17,525</b>
<b>Total operational assets</b>	<b>195,571</b>	<b>(28,181)</b>	<b>167,390</b>	<b>17,810</b>	<b>-</b>	<b>(5,061)</b>	<b>2,794</b>	<b>16,367</b>	<b>-</b>	<b>343</b>	<b>(7,146)</b>	<b>(286)</b>	<b>210,828</b>	<b>(18,617)</b>	<b>192,211</b>
<b>Infrastructural assets</b>															
Wastewater system	200,549	(15,719)	184,830	3,692	326	-	(992)	18,500	-	463	(6,331)	(14,621)	188,954	(3,087)	185,867
Wastewater treatment plant	50,209	(5,436)	44,773	1,087	-	-	(1,121)	6,136	-	358	(2,122)	(5,778)	44,397	(1,064)	43,333
Less UHCC share in HVS assets	(44,220)	3,871	(40,349)	(707)	-	-	-	(4,575)	-	-	1,526	4,377	(40,550)	822	(39,728)
	<b>206,538</b>	<b>(17,284)</b>	<b>189,254</b>	<b>4,072</b>	<b>326</b>	<b>-</b>	<b>(2,113)</b>	<b>20,061</b>	<b>-</b>	<b>821</b>	<b>(6,927)</b>	<b>(16,022)</b>	<b>192,801</b>	<b>(3,329)</b>	<b>189,472</b>
Land	161,569	-	161,569	-	-	-	(146,349)	-	-	-	-	348	15,568	-	15,568
Land under roads	-	-	-	-	119	-	144,753	-	-	-	-	-	144,872	-	144,872
Landfill land assets	3,456	-	3,456	-	-	-	(202)	-	-	-	-	(2,272)	982	-	982
Stormwater system	181,399	(7,380)	174,019	1,326	192	-	(102)	8,891	-	4	(2,985)	(10,089)	172,726	(1,470)	171,256
Stormwater landfill assets	6,934	(458)	6,476	-	-	-	-	-	-	-	(183)	-	6,934	(641)	6,293
Water supply system	109,864	(8,078)	101,786	3,035	129	-	84	9,781	-	-	(3,402)	(4,332)	108,780	(1,699)	107,081
Roading network	432,485	(23,936)	408,549	8,035	351	-	734	29,558	-	(347)	(10,810)	(15,012)	426,593	(5,533)	421,060
Roading landfill assets	3,728	(177)	3,551	-	-	-	-	53	-	-	(73)	(471)	3,257	(197)	3,060
Seawalls	3,901	(185)	3,716	-	-	-	-	223	-	-	(94)	1,284	5,185	(56)	5,129
<b>Total infrastructural assets</b>	<b>1,109,874</b>	<b>(57,498)</b>	<b>1,052,376</b>	<b>16,468</b>	<b>1,117</b>	<b>-</b>	<b>(3,195)</b>	<b>68,567</b>	<b>-</b>	<b>478</b>	<b>(24,473)</b>	<b>(46,566)</b>	<b>1,077,698</b>	<b>(12,926)</b>	<b>1,064,772</b>
<b>Restricted assets</b>															
Land	101,459	-	101,459	70	-	(367)	(1,729)	-	-	-	-	5,191	104,624	-	104,624
<b>Total restricted assets</b>	<b>101,459</b>	<b>-</b>	<b>101,459</b>	<b>70</b>	<b>-</b>	<b>(367)</b>	<b>(1,729)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,191</b>	<b>104,624</b>	<b>-</b>	<b>104,624</b>
<b>Total property, plant and equipment</b>	<b>1,406,904</b>	<b>(85,679)</b>	<b>1,321,225</b>	<b>34,348</b>	<b>1,117</b>	<b>(5,428)</b>	<b>(2,130)</b>	<b>84,934</b>	<b>-</b>	<b>821</b>	<b>(31,619)</b>	<b>(41,661)</b>	<b>1,393,150</b>	<b>(31,544)</b>	<b>1,361,606</b>

**Valuation**

*Operational and restricted land and buildings*

For the purposes of the market value for financial reporting purposes assessment, we have valued each property in its entirety; being the total value of the land and improvements together. This total value has then been apportioned amongst the different components forming the improvements and the land. As many of the improvements, such as reserves, fall over several parcels of land, where applicable, we have treated these parcels as contingent and provided a single value for the amalgamated land component.

The land component of the valuation has been derived from market based evidence based on its highest & best with reference to sales of comparably zoned land in surrounding areas. Adjustments have been made to land values where there is a designation against the land or the use of the land is restricted because of reserve status.

Specialised buildings which are generally used for operational purposes i.e. amenities and hall buildings, are rarely sold separately, with the result that there is little or no comparable sales information available. In this scenario, the best indication of the assets fair value



is the depreciated replacement cost approach which is the current replacement cost of the asset less where applicable accumulated depreciation to reflect the age of the asset.

We have utilised the straight line method of depreciation with assets ages & remaining lives estimated. Asset's replacement costs are based on the replacement with modern equivalent assets with adjustments for appropriate obsolescence. For Council's earthquake prone buildings, the estimated earthquake strengthening costs have been deducted from the depreciated replacement cost.

The most recent independent valuations for land and buildings was performed by Simon O'Brien, MPINZ AAPI, of Aon Risk Solutions, and the valuation is effective as at 31 December 2014.

#### ***Infrastructural assets (excluding land under roads)***

The market value for financial reporting purposes was calculated using the depreciated optimised replacement cost approach. This is based on the current replacement cost of modern equivalent replacement assets (MERA) that is adjusted for over-design, over-capacity and/or redundant assets, less an allowance for depreciation.

Hutt City Council, through Wellington Water Services, provided established asset groupings and further to these groupings, asset component classifications levels. Aon have used the Hutt City Council asset groupings and asset component levels, to establish a level of valuation. Physical inspections of all asset types were undertaken.

During the site inspections, and whilst at the Capacity Infrastructure Services (Capacity) offices, the valuer systematically inspected and documented each asset type, including key technical details, age, life and the assets remaining useful lives.

Development of replacement costs of the piping services, Water Infrastructure Assets, Storage Tanks and Reservoirs have been valued by using normalised/standardised rates based on modern equivalent asset costs, in particular metre rates per diameter or the like. Using standardised costs allowed a realistic balance between extreme positions of valuing on a "whole of system approach" and requiring precise asset detail.

The ages of the subject assets have, in general, been comprehensively documented and as a result, the ages of a considerable portion of the assets have been accurately recorded. During site visits ages of the assets were determined through Hutt City Council documentation, GIS and staff knowledge.

Once an appropriate unit replacement cost and asset ages and lives were established a straight-line depreciation was attributed to each asset component to establish the ODRC and value.

The most recent independent valuations for infrastructural assets (excluding land under roads) was performed by Ian Henderson, AAPI, of Aon Risk Solutions, and the valuation is effective as at 31 December 2014.

Councils most recent estimate of the replacement cost of infrastructural asset is at 31 December 2014:

	\$000
Waste water	417,736
Waste water treatment plant	75,421
Storm water	299,672
Water supply	244,936
Roading (excluding land under roads)	859,688
	<b>1,897,453</b>

#### ***Collection items***

The collections are valued at fair value, being an amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. Fair value is considered as representing the best estimate of the intrinsic cultural or heritage value of an asset.

Determination of fair value has been made by reference to observable prices in an active market (be it primary retail or secondary auction market) for the same or similar asset. If there is no active market, fair value is determined by other market based evidence adjudged by the valuer as active and knowledgeable participants in the market.

Painting and works on paper were valued as at 31 December 2014 by James Parkinson (MPINZ), Art+Object, cultural and forensic specialists contracted as independent valuers.

#### ***Assets held by Subsidiaries***

Assets held by Seaview Marina Limited are recorded at deemed cost or actual cost and are not revalued.

Urban Plus flats and other non specialised properties were valued at fair value using market based evidence. We have utilised two methods. Firstly, the capitalisation of income method of valuation where a yield is applied to an income to assess a market value. In addition we have also used the comparable sales method to value. This method considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. In general, the subject property is compared with sales of similar properties that have been transacted in the open market. Where required, adjustments for required structural maintenance & earthquake strengthening costs were applied. The most recent independent valuation was performed by an independent valuer Simon O'Brien, MPINZ AAPI of Aon Risk Solutions and the valuation is effective as at 31 December 2014.

**Insurance**

ASSET TYPE	POLICY TYPE	TOTAL DECLARED VALUE	MAXIMUM LIMIT OF LIABILITY
Buildings, Plant and Equipment and above ground infrastructure property (land, roading assets and bridges are not insured)	Material Damage	202,381,095	<p><b>Natural Catastrophe:</b> \$150 million any one loss or series of losses arising out of any one event and in annual aggregate for all four Councils.</p> <p><b>All other losses:</b> \$150 million any one loss or series of losses arising out of any one event for all four Councils.</p>
Underground Infrastructure assets	Material Damage - Natural Catastrophe only	1,130,416,801	<p><b>Natural Catastrophe:</b> \$500 million each and every loss or series of losses arising out of any one event for all four Councils and limited to a \$330 million sublimit for HCC</p>
Residential Property	Material Damage	6,091,118	<p><b>Natural Catastrophe:</b> First \$100,000 per unit to be recovered from the Earthquake Commission. Any remaining top up required per unit to a maximum of \$6,091,118 for 28 units.</p> <p><b>All other losses:</b> Replacement value per unit to a maximum of \$6,091,118 for 28 units.</p>
Motor Vehicle	Comprehensive Motor Vehicle	2,146,501	<p><b>Market value at time of loss.</b> Maximum limit any one vehicle \$250,000, unless agreed by insurer prior to loss.</p> <p><b>Third party liability</b> - limit any one accident \$10 million.</p>
Fine Arts	Material Damage	23,033,285	<p><b>Permanent Collection:</b> \$23,033,285 any one loss.</p> <p><b>Exhibitions and Temporary Loans, incoming and outgoing:</b> Whilst at any unnamed location: \$2,000,000 any one loss.</p> <p><b>Transit Limit:</b> \$750,000 any one loss</p>

**Assets under construction**

Property, plant and equipment in the course of construction by class of asset is detailed below:

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Landfills	395	283	395	283
Land	6,195	1,713	6,195	1,713
Buildings	7,585	12,850	11,012	28,385
Other	157	701	729	1,937
<b>Total assets under construction</b>	<b>14,332</b>	<b>15,547</b>	<b>18,331</b>	<b>32,318</b>

## 17. INTANGIBLE ASSETS

	COST/VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000	CURRENT YEAR ADDITIONS \$000	VESTED ASSETS \$000	CURRENT YEAR DISPOSALS \$000	CATEGORY ADJUSTMENTS TO COST \$000	ACCUMULATED DEPRECIATION ON DISPOSALS AND REVALUATION \$000	CURRENT YEAR IMPAIRMENT CHARGES \$000	CATEGORY ADJUSTMENTS TO DEPRECIATION \$000	CURRENT YEAR DEPRECIATION \$000	REVALUATION SURPLUS/ IMPAIR CHARGES TO REVALUATION RESERVES \$000	COST/ VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000
<b>Council 2016</b>															
Software	6,063	(4,599)	1,464	982	-	-	-	-	-	-	(708)	-	7,045	(5,307)	1,738
Resource consents	2,131	(883)	1,248	-	-	-	-	-	-	-	(85)	-	2,131	(968)	1,163
	<b>8,194</b>	<b>(5,482)</b>	<b>2,712</b>	<b>982</b>	-	-	-	-	-	-	<b>(793)</b>	-	<b>9,176</b>	<b>(6,275)</b>	<b>2,901</b>
<b>Council 2015</b>															
Software	7,606	(5,912)	1,694	540	-	(2,083)	-	2,068	-	-	(755)	-	6,063	(4,599)	1,464
Resource consents	-	-	-	-	-	-	2,131	-	-	(798)	(85)	-	2,131	(883)	1,248
	<b>7,606</b>	<b>(5,912)</b>	<b>1,694</b>	<b>540</b>	-	<b>(2,083)</b>	<b>2,131</b>	<b>2,068</b>	-	<b>(798)</b>	<b>(840)</b>	-	<b>8,194</b>	<b>(5,482)</b>	<b>2,712</b>
<b>Group 2016</b>															
Software	6,149	(4,683)	1,466	982	-	(32)	-	31	-	-	(708)	-	7,099	(5,360)	1,739
Resource consents	2,131	(883)	1,248	-	-	-	-	-	-	-	(85)	-	2,131	(968)	1,163
	<b>8,280</b>	<b>(5,566)</b>	<b>2,714</b>	<b>982</b>	-	<b>(32)</b>	-	<b>31</b>	-	-	<b>(793)</b>	-	<b>9,230</b>	<b>(6,328)</b>	<b>2,902</b>
<b>Group 2015</b>															
Software	7,692	(5,996)	1,696	540	-	(2,083)	-	2,068	-	-	(755)	-	6,149	(4,683)	1,466
Resource consents	-	-	-	-	-	-	2,131	-	-	(798)	(85)	-	2,131	(883)	1,248
	<b>7,692</b>	<b>(5,996)</b>	<b>1,696</b>	<b>540</b>	-	<b>(2,083)</b>	<b>2,131</b>	<b>2,068</b>	-	<b>(798)</b>	<b>(840)</b>	-	<b>8,280</b>	<b>(5,566)</b>	<b>2,714</b>



18. DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY

	COUNCIL	
	ACTUAL 2016 \$000	ACTUAL 2015 \$000
<b>Directly attributable depreciation and amortisation expense by activity (group of activity)</b>		
Libraries	1,689	1,531
Museums	583	524
Aquatics and recreation	1,186	1,141
Parks and reserves	1,772	1,502
Community safety	191	126
<b>Group people</b>	<b>5,421</b>	<b>4,824</b>
Community facilities	-	-
Road and traffic	11,963	10,878
Water supply	3,526	3,413
Wastewater	7,229	7,144
Stormwater	2,986	2,978
Solid waste	702	565
Environmental consents	39	-
Regulatory Services	41	35
Emergency management	18	31
<b>Group environment</b>	<b>98</b>	<b>66</b>
Local urban environment	16	54
Economic development	12	9
<b>Group economy</b>	<b>28</b>	<b>63</b>
Elected members	-	3
City promotions	10	-
Advice and support services	-	-
Support services	1,605	1,512
<b>Group organisation</b>	<b>1,615</b>	<b>1,515</b>
<b>Total directly attributable depreciation and amortisation expense by group of activity</b>	<b>33,568</b>	<b>31,446</b>
<b>Depreciation and amortisation not directly attributable by group of activity</b>	<b>-</b>	<b>-</b>
<b>Total depreciation and amortisation expense</b>	<b>33,568</b>	<b>31,446</b>

19. INVESTMENT IN ASSOCIATE

Wellington Water Limited (formerly Capacity Infrastructure Services) was jointly created with Wellington City Council on 9 July 2003 and has a balance date of 30 June. The nature of the business is to jointly manage the water services for Lower Hutt and Wellington cities.

The Company has issued Class A shares representing voting rights and Class B shares which confers the level of contributions and ownership between each council.

During October 2013, Upper Hutt and Porirua Councils purchased shares in the Company and during 2015 shares were issued to Greater Wellington Regional Council. The company is considered to be jointly controlled because of the equal share of voting rights conferred through the Class A shares and is therefore an associate of all Councils in accordance with IAS 28: Investments in Associates. Each Council will equity account for their respective ownership interest as determined by the proportionate value of Class A and Class B shares held. Hutt City Council's ownership interest in the company is 21% (2015: 21%).

	SHARES ON ISSUE	HUTT CITY COUNCIL	WELLINGTON CITY COUNCIL	UPPER HUTT CITY COUNCIL	PORIRUA CITY COUNCIL	GREATER WELLINGTON REGIONAL COUNCIL
<b>2016</b>						
Class A shares (voting entitlements)	750	150	150	150	150	150
		20%	20%	20%	20%	20%
Class B shares (financial entitlements)	475	100	200	40	60	75
		21%	42%	8%	13%	16%
<b>2015</b>						
Class A shares (voting entitlements)	750	150	150	150	150	150
		20%	20%	20%	20%	20%
Class B shares (financial entitlements)	475	100	200	40	60	75
		21%	42%	8%	13%	16%

Wellington Water Limited is an unlisted company and accordingly there are no published price quotations to determine the fair value of the Council's investment in the Company.

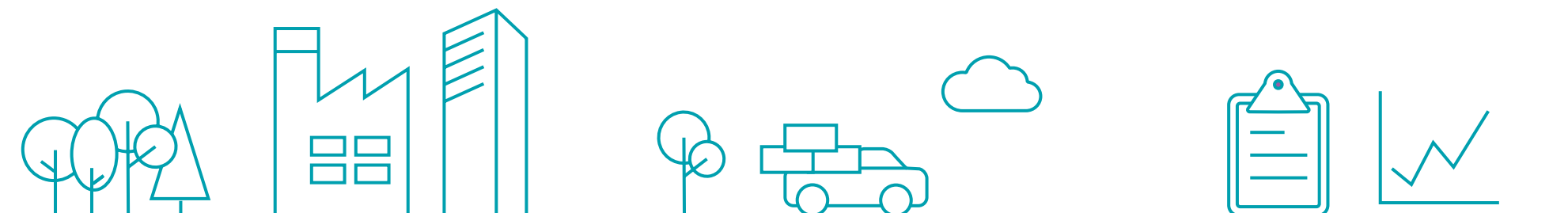
	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Wellington Water Limited</b>				
Balance at beginning of the year	200	200	299	155
New Shares issued	-	-	-	-
B Shares sold	-	-	-	-
Share of operating surplus/(deficit)	-	-	84	154
<b>Balance at end of year</b>	<b>200</b>	<b>200</b>	<b>383</b>	<b>299</b>

	TOTAL WELLINGTON WATER LTD		GROUP SHARE	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Revenue	46,306	25,988	9,724	5,457
Expenditure	45,702	24,962	9,597	5,242
Surplus (Deficit) before taxation	604	1,026	127	215
Taxation (Expense)/benefit	(203)	(271)	(43)	(57)
<b>Surplus (Deficit) after taxation</b>	<b>401</b>	<b>755</b>	<b>84</b>	<b>159</b>
Assets	10,097	9,355	2,120	1,965
Liabilities	8,137	7,795	1,709	1,637
Equity	1,960	1,560	411	328

## 20. OTHER FINANCIAL ASSETS

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Current portion</b>				
Loans to related parties (note 31)	-	3,386	-	-
<b>Total other assets - current portion</b>	<b>-</b>	<b>3,386</b>	<b>-</b>	<b>-</b>
<b>Non-current portion</b>				
<b>Investment in CCO's and other similar entities</b>				
Shares in subsidiaries	14,545	14,545	-	-
Loans to related parties (note 31)	14,700	14,700	-	-
Unlisted shares in LGFA	100	100	100	100
Borrower notes from LGFA	1,264	784	1,264	784
<b>Total investment in CCO's and other similar entities</b>	<b>30,609</b>	<b>30,129</b>	<b>1,364</b>	<b>884</b>
<b>Investment in other entities</b>				
NZ Local Government Insurance Company	455	455	455	455
Smartlinx 3 Limited	39	39	39	39
Community and development loans	-	-	-	-
<b>Total investment in other entities</b>	<b>494</b>	<b>494</b>	<b>494</b>	<b>494</b>
<b>Total other assets - non-current portion</b>	<b>31,103</b>	<b>30,623</b>	<b>1,858</b>	<b>1,378</b>
<b>Total other assets</b>	<b>31,103</b>	<b>34,009</b>	<b>1,858</b>	<b>1,378</b>

Urbanplus Limited and Seaview Marina Limited are 100% owned subsidiaries (Council Controlled Organisations).



**Unlisted shares**

The fair value of the unlisted shares held in NZ Local Government Insurance Company has been determined using historical cost. The fair value of the unlisted shares held in Smartlinx 3 Limited has been determined using the last share issue price.

**Impairment**

There has been no impairment provision made on the investment in NZ Local Government Insurance Company (2015: \$nil).

There has been an impairment provision made on the investment in Smartlinx 3 Limited due to the financial state of the company. Movements in the provision for impairment of Smartlinx 3 Limited are as follows:

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
At 1 July	(426)	(426)	(426)	(426)
Additional provisions made during the year	-	-	-	-
Provisions reversed during the year	-	-	-	-
<b>At 30 June</b>	<b>(426)</b>	<b>(426)</b>	<b>(426)</b>	<b>(426)</b>

**Community and development loans**

The face value of community and development loans is \$3,367 (2015: \$7,367).

**Impairment**

There have been impairment provisions made on community and development loans due to the financial risks of the payees. Movements in the provision for impairment of community and development loans are as follows:

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
At 1 July	(7)	(11)	(7)	(11)
Provisions reversed during the year	4	4	4	4
<b>At 30 June</b>	<b>(3)</b>	<b>(7)</b>	<b>(3)</b>	<b>(7)</b>

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Trade and other payables	4,940	5,467	4,974	5,511
Deposits and bonds	269	251	270	253
Accrued expenses	12,995	9,792	13,801	11,072
Rates in advance	965	807	965	807
Amounts due to customers for contract work	2,312	2,016	2,523	2,016
<b>Total creditors and other payables</b>	<b>21,481</b>	<b>18,333</b>	<b>22,533</b>	<b>19,659</b>

Creditors and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of creditors and other payables approximate their fair value.

All creditors and other payables are classified as exchange transactions.

**22. BORROWINGS**

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

	NOTES	COUNCIL		GROUP	
		2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Current portion</b>					
Bank overdraft	11.	-	-	-	-
Secured loans		80	10,080	80	10,080
<b>Total current portion</b>		<b>80</b>	<b>10,080</b>	<b>80</b>	<b>10,080</b>
<b>Non-current portion</b>					
Secured loans		121,837	86,917	121,837	86,917
<b>Total non-current portion</b>		<b>121,837</b>	<b>86,917</b>	<b>121,837</b>	<b>86,917</b>
<b>Total borrowing</b>		<b>121,917</b>	<b>96,997</b>	<b>121,917</b>	<b>96,997</b>

Maturity profile:

MATURITY PROFILE	INTEREST COST		COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Years of maturity</b>						
Under 1 year	3	512	80	10,080	80	10,080
1 to 2 years	563	4	13,137	80	13,137	80
2 to 3 years	1,358	1,056	31,700	20,780	31,700	20,780
3 to 4 years	-	1,222	-	24,057	-	24,057
4 to 5 years	1,371	-	32,000	-	32,000	-
Over 5 years	1,929	2,133	45,000	42,000	45,000	42,000
<b>Total borrowing</b>	<b>5,224</b>	<b>4,927</b>	<b>121,917</b>	<b>96,997</b>	<b>121,917</b>	<b>96,997</b>

### Secured loans

The Council's debt of \$122 million (2015: \$97 million) is issued at a range of maturities in accordance with the borrowing policy, at interest rates ranging from 2.50% to 5.00% (2015: 3.64% to 5.00%). Where the interest rate is floating, the rate is generally reset quarterly based on the 90-day bank bill rate plus a margin for credit.

### Security

A debenture trust deed has been established and Covenant Trustee Services Limited (formerly Foundation Corporate Trust Limited) appointed as Trustee. All borrowing is secured by a charge overall rating in favour of the Trustee.

Council has a \$15 million (2015: \$15 million) wholesale advance facility signed on 28 September 2012 and subsequent amendment 12 June 2015. As at 30 June a total of \$nil (2015: \$nil) had been drawn against this facility. The Facility is secured under the Debenture Trust Deed.

### Internal borrowings

Council borrows on a consolidated level and as such does not use internal borrowing and therefore does not prepare internal borrowing statements

### Fair values

Due to interest rates on debt resetting to the market rate every three months, the carrying amounts of the secured loans approximate their fair value.

## 23. EMPLOYEE ENTITLEMENTS

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Current portion</b>				
Accrued salaries and wages	(81)	781	(81)	781
Time in lieu	35	31	35	31
Annual leave	1,908	1,857	1,987	1,926
Long service leave	49	53	49	53
Sick leave	-	75	-	75
<b>Total current portion</b>	<b>1,911</b>	<b>2,797</b>	<b>1,990</b>	<b>2,867</b>
<b>Non-current portion</b>				
Long service leave	29	30	29	30
Retirement gratuities	749	765	749	765
<b>Total non-current portion</b>	<b>778</b>	<b>795</b>	<b>778</b>	<b>795</b>
<b>Total employee entitlements</b>	<b>2,689</b>	<b>3,592</b>	<b>2,768</b>	<b>3,662</b>

The present value of retirement and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculation this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from independent actuary. Discount rates range from 2.12% for 2017 to 4.75% for 2055 and beyond (2015: 2.93% for 2016 to 5.50% for 2046 and beyond) and an inflation factor of 2.5% (2015: 3.0%) were used.

Sick Leave, Long Service Leave and Retirement Gratuities are independently valued by Jonathan Eriksen (FNZSA) of Eriksen & Associates Limited and is effective as at 30 June 2016.

24. PROVISIONS

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Provision for landfill aftercare	5,729	6,127	5,729	6,127
Weather tight home	668	894	668	894
<b>Total provisions</b>	<b>6,397</b>	<b>7,021</b>	<b>6,397</b>	<b>7,021</b>

Movements in provision:

	LANDFILL AFTERCARE	
	2016 \$000	2015 \$000
Balance at beginning of the year	6,127	5,992
Discount unwinding	337	547
Amounts charged to provision during the period	(735)	(412)
<b>Balance at end of the year (non-current liability)</b>	<b>5,729</b>	<b>6,127</b>

	WEATHER TIGHT HOME	
	2016 \$000	2015 \$000
Balance at beginning of the year	894	1,230
Claims settled during the year	(1,018)	(768)
Amounts charged to provision during the period	792	432
<b>Balance at end of the year (current liability)</b>	<b>668</b>	<b>894</b>

**Landfill aftercare costs**

The Council has resource consents to operate the Silverstream landfill. Wainuiomata Landfill was closed during 2013. The Council has responsibility under the resource consent to provide on-going maintenance and monitoring of the landfill after the sites are closed. Closure responsibilities include final cover and application of vegetation, completing facilities for leachate collection, water quality and gas monitoring. The management of the landfills will influence the timing of recognition of some liabilities.

Council currently operates one landfill, Silverstream (stage 1 and 2). The stage 2 landfill is consented to be developed progressively with a total estimated airspace of 5.3 million cubic metres. The estimated available airspace in the completed section of the landfill is 86,000 cubic metres (2015: 53,000 cubic metres) with work underway to provide an

additional 372,000 cubic meters. Airspace usage is currently approximately 126,000 cubic meters (2015: 126,000 cubic metres) per annum including cover material and an allowance for settlement. The life of stage two, which has been operating for seven years, is projected to be approximately 40-44 years. Council is monitoring gas, leachate, and water for six closed landfills identified as potential risks.

The cash outflows for the closed landfills at Silverstream stage 1 and Wainuiomata are expected to continue for at least twenty to thirty years. 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 5.0%. (2015: 5.5%) and an inflation rate of 2.0%. The accounting treatment of this provision is described in detail in the Statement of Accounting Policies.

The provision is independently valued by Jonathan Eriksen (FNZSA) of Eriksen & Associates Limited and is effective as at 30 June 2016.

**Weather tight home provision**

The Council is subject to claims in respect to weather tight building defects that were advised to it by the Weathertight Homes Resolution Service (WHRS). The Council has also received claims directly. The provision is calculated with reference to past history of Weathertight claims submitted and resolved and therefore actual costs to the Council may vary significantly from the amount of the provision currently recognised, particularly in relation to unreported claims.

The Council has provided for the likely costs to be incurred as a result of these active and reported claims. Active claims are accrued based on the best estimate of what the council expects to pay on a case by case basis. The costs for reported claims are based on an estimate as at 30 June 2016. This provision includes both estimates of the repair costs as well as the estimated legal costs and other professional fee expenses. Due to the level of uncertainty about future unreported claims, the Council has not recorded these claims as part of this provision. The provision is comprised of active and reported claims. Active are those which are actively being managed through a resolution process. As these claims are nearing resolution there is considered to be a high level of certainty regarding this provision amount. Reported claims are those which have been notified to the Council or the Weathertight Homes Resolution Service. The material assumptions when deriving the reported claim provision balance are as follows:

1. The number of claims settled through the Government’s Financial Assistance Scheme in relation to weathertight building defects whereby the councils and the Crown would each pay a cap of 25 per cent of the agreed repair costs.
2. Amount claimed - This assumption is derived from the claims settled to date. The ultimate cost will vary to the extent that the claim amounts vary in the future either through an increase or decrease.
3. Settlement level award - This relates to the settlement award from the resolution process for those claims not assumed to be under the Government Financial Assistance Package. This amount has increased over time and future increases are allowed for in the provision.



4. Council contribution to the settlement amount - This assumption is based on historical data regarding council contributions and will apply to those claims not assumed to be under the Government Financial Assistance Package. The Council's share has increased over time and future increases are allowed for in the provision.

## 25. OTHER LIABILITIES

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Other liabilities - current portion</b>				
Accrued interest expenses	786	828	786	828
Third party funds	221	141	221	141
Miscellaneous current liabilities	802	1,096	801	1,099
Income earned in advance	2,668	1,432	2,744	1,504
Development contributions	140	256	140	256
<b>Total other liabilities - current portion</b>	<b>4,617</b>	<b>3,753</b>	<b>4,692</b>	<b>3,828</b>
<b>Other liabilities - non-current portion</b>				
<b>Total other liabilities - non-current portion</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total other liabilities</b>	<b>4,617</b>	<b>3,753</b>	<b>4,692</b>	<b>3,828</b>

## 26. EQUITY

	NOTES	COUNCIL		GROUP	
		2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Accumulated funds</b>					
Balance at beginning of the year		727,089	738,722	738,108	734,913
Adjustment for deferred tax on transition to PBE accounting standards		-	-	1,462	-
Deferred tax on revaluations		-	-	79	66
Interest allocated to reserves		(240)	(624)	(240)	(624)
Other transfers to reserves		-	(339)	-	(339)
Transfers from reserves		433	356	433	356
Net surplus/(deficit) after tax		(15,879)	(11,027)	(10,521)	3,736
<b>Accumulated funds - balance at end of the year</b>		<b>711,403</b>	<b>727,089</b>	<b>729,320</b>	<b>738,108</b>
<b>Council created reserves</b>					
Balance at beginning of the year		21,169	20,565	22,416	21,812
Transfers to accumulated funds		(433)	(356)	(433)	(356)
Transfers from accumulated funds		-	339	-	339
Interest earned		238	621	238	621
<b>Council created reserves - balance at end of the year</b>		<b>20,974</b>	<b>21,169</b>	<b>22,221</b>	<b>22,416</b>
<b>Restricted reserves*</b>					
Balance at beginning of the year		81	78	87	84
Interest earned		2	3	2	3
<b>Restricted reserves - balance at end of the year</b>	<b>11.</b>	<b>83</b>	<b>81</b>	<b>89</b>	<b>87</b>
<b>Asset revaluation reserve</b>					
Balance at beginning of the year		520,370	482,999	527,607	489,069
Changes in asset value		89	37,371	89	38,538
<b>Asset revaluation reserve - balance at end of the year</b>		<b>520,459</b>	<b>520,370</b>	<b>527,696</b>	<b>527,607</b>
<b>Asset revaluation reserves consist of:</b>					
<b>Operational Assets</b>					
Library books		706	706	706	706
Buildings		15,768	15,768	18,810	18,810
Land		11,326	11,237	15,521	15,432
Collections		10,855	10,855	10,855	10,855
<b>Infrastructure Assets</b>					
Land		71,736	71,736	71,736	71,736
Wastewater		78,792	78,792	78,792	78,792
Stormwater		85,455	85,455	85,455	85,455
Water		42,161	42,161	42,161	42,161
Road		150,850	150,850	150,850	150,850

	NOTES	COUNCIL		GROUP	
		2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Restricted Assets</b>					
Land		52,810	52,810	52,810	52,810
<b>Total asset revaluation reserves</b>		<b>520,459</b>	<b>520,370</b>	<b>527,696</b>	<b>527,607</b>
<b>Total other reserves</b>		<b>541,515</b>	<b>541,619</b>	<b>550,006</b>	<b>550,110</b>
<b>Total equity</b>		<b>1,252,918</b>	<b>1,268,708</b>	<b>1,279,327</b>	<b>1,288,218</b>

\* Restricted reserves relate to bequest and trust money for a specific purpose  
For more details on the purpose of the reserves, please refer to the "Reserve Funds" statement at the end of this report.

## 27. RECONCILIATION OF SURPLUS AFTERTAX WITH CASH FLOWS FROM OPERATING ACTIVITIES

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Surplus after tax</b>	<b>(15,879)</b>	<b>(11,027)</b>	<b>(10,521)</b>	<b>3,736</b>
<b>Add/(less) non-cash items:</b>				
Depreciation and amortisation	33,568	31,446	34,652	32,455
Share of associates (surplus)/deficit	-	-	(84)	(154)
Net bad debts/impairment expense	2,511	144	2,595	142
Gain/(Loss) on revaluation of financial instruments	7,991	2,702	7,991	2,702
Landfill and weather tight home provision	(624)	(201)	(624)	(201)
Vested Assets	(211)	(1,117)	(211)	(1,117)
Income tax expense	-	-	-	166
<b>Add/(less) movements in working capital:</b>				
(Increase)/decrease in accounts receivable and other assets	(4,880)	(1,772)	(7,344)	(267)
Increase/(decrease) in creditors	92	(658)	(182)	422
Increase in provisions and other liabilities	(39)	1,022	(30)	(160)
<b>Add/(less) items classified as investing activities:</b>				
Surplus on sale of property, plant and equipment and other movements	361	(104)	1,109	(828)
<b>Net cash inflows from operating activities</b>	<b>22,890</b>	<b>20,435</b>	<b>27,351</b>	<b>36,896</b>

## 28. FINANCIAL INSTRUMENTS RISKS

	NOTES	COUNCIL		GROUP	
		2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Financial assets</b>					
<b>Fair value through surplus or deficit - held for trading</b>					
Derivative financial instrument assets	13.	-	137	-	137
<b>Total fair value through surplus or deficit - held for trading</b>		<b>-</b>	<b>137</b>	<b>-</b>	<b>137</b>
<b>Loans and receivables</b>					
Cash and cash equivalents	11.	5,069	9,833	9,400	14,464
Debtors and other receivables	12.	13,502	11,878	13,441	11,530
Other financial assets:					
Community and development loans	20.	-	-	-	-
Loans to Related Parties	20.	14,700	18,086	-	-
<b>Total loans and receivables</b>		<b>33,271</b>	<b>39,797</b>	<b>22,841</b>	<b>25,994</b>
<b>Held to maturity</b>					
Other financial assets:					
- NZ Local Government Insurance Company	20.	455	455	455	455
- NZ Local Government Funding Agency	20.	1,364	884	1,364	884
- Local authority stock		-	-	-	-
<b>Total held to maturity</b>		<b>1,819</b>	<b>1,339</b>	<b>1,819</b>	<b>1,339</b>
<b>Fair value through equity</b>					
Other financial assets					
- local authority stock		-	-	-	-
- unlisted shares	20.	39	39	39	39
- listed shares		-	-	-	-
<b>Total fair value through equity</b>		<b>39</b>	<b>39</b>	<b>39</b>	<b>39</b>
<b>Total financial assets</b>		<b>35,129</b>	<b>41,312</b>	<b>24,699</b>	<b>27,509</b>
<b>Financial liabilities</b>					
<b>Fair value through surplus or deficit - held for trading</b>					
Derivative financial instrument liabilities	13.	12,729	4,875	12,729	4,875
<b>Total fair value through surplus or deficit - held for trading</b>		<b>12,729</b>	<b>4,875</b>	<b>12,729</b>	<b>4,875</b>
<b>Financial liabilities at amortised cost</b>					
Trade creditors and other payables	21.	21,481	18,333	22,533	19,659
Borrowings:					
- bank overdraft	22.	-	-	-	-
- secured loans	22.	121,917	96,997	121,917	96,997
<b>Total financial liabilities at amortised cost</b>		<b>143,398</b>	<b>115,330</b>	<b>144,450</b>	<b>116,656</b>
<b>Total financial liabilities</b>		<b>156,127</b>	<b>120,205</b>	<b>157,179</b>	<b>121,531</b>

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

## Market Risk

### Price risk

Price risk is the risk the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The Council is exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through equity. This price risk arises due to market movements in listed securities. The price risk is managed by diversification of the Council's investment portfolio in accordance with the limits set out in the Council's Investment Policy.

### Currency risk

Currency risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate due to changes in foreign exchange rates. As at 30 June the Council does not have any foreign currency risk (2015: \$nil).

### Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose the Council to fair value interest rate risk. The Council's Liability Management Policy is to maintain approximately between 55% and 95% of its borrowings in fixed rate instruments. Floating to fixed interest rate swaps are entered into to hedge the fair value interest rate risk arising where the Council has borrowed at floating rates.

### Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows of a financial instrument will fluctuate because of changes in market interest rates. Borrowing and investments issued at variable interest rates expose the Council to cash flow interest rate risk. Generally, the Council raises long-term borrowings at floating rates and swaps them into fixed rates using interest rate swaps in order to manage the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if the Council borrowed at fixed rates directly. Under the interest rate swaps, the Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

## Credit risk

Credit risk is the risk that a third party will default on its obligation to the Council, causing the Council to incur a loss. Due to the timing of its cash flows and outflows, the Council at times invests surplus cash into bank and term deposits which gives rise to credit risk. The Council Investment Policy limits the amount of credit exposure to any one financial institution or organisation. The group only invest funds with entities that have a Standard and Poor's credit rating of at least A- for short term and A- for long-term investments. The Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk. Financial instruments which potentially subject the group to credit risk principally consist of cash and/or cash equivalents, trade and other receivables, other assets, financial guarantees and interest rate swaps and options.

The maximum exposure to credit risk:

	NOTES	COUNCIL		GROUP	
		2016 \$000	2015 \$000	2016 \$000	2015 \$000
Cash, cash equivalents and term deposits	11.	5,069	9,833	9,400	14,464
Debtors and other receivables	12.	13,502	11,878	13,441	11,530
Other assets	20.	494	494	494	494
Community and development loans	20.	-	-	-	-
Loans to related parties	20.	14,700	18,086	-	-
Financial guarantees	33.	149	110	149	110
Derivative financial instrument assets (interest rate swaps and options)	13.	-	137	-	137
<b>Total credit risk</b>		<b>33,914</b>	<b>40,538</b>	<b>23,484</b>	<b>26,735</b>

The Council is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in note 33.

**Credit quality of financial assets**

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

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Counterparties with credit ratings</b>				
<b>Cash at bank and term deposits</b>				
AA	5,069	9,833	9,400	14,464
<b>Total cash at bank and term deposits</b>	<b>5,069</b>	<b>9,833</b>	<b>9,400</b>	<b>14,464</b>
<b>Derivative financial instrument assets</b>				
AA+	-	-	-	-
AA	-	137	-	137
<b>Total derivative financial instrument assets</b>	<b>-</b>	<b>137</b>	<b>-</b>	<b>137</b>
<b>Counterparties without credit ratings</b>				
<b>Community and related party loans</b>				
Existing counterparty with no defaults in the past	14,700	18,086	-	-
<b>Total community, development and related party loans</b>	<b>14,700</b>	<b>18,086</b>	<b>-</b>	<b>-</b>

Debtors and other receivables mainly arise from the Council's statutory functions. Therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The Council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

**Liquidity risk**

**Management of liquidity risk**

Liquidity risk is the risk that the 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 and the ability to close out market positions. The Council aims to maintain flexibility in funding by keeping committed credit lines available. The Council manages its borrowings in accordance with its funding and financial policies. These policies have been adopted as part of the Council's Long Term Plan. The Council has a policy to maintain the overdraft facility to below \$250,000 at any one time, and has undrawn credit facilities totalling \$15 million (2015: \$15 million).

The Council is exposed to liquidity risk as a guarantor of all of the LGFA borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 33.

**Contractual maturity analysis of financial liabilities**

The table below analyses the Council's financial liabilities into the relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt are based in the floating rate on the instrument at balance date. The amounts disclosed are contractual undiscounted cash flows. Financial guarantees are included in the time band containing the earliest date they can be called upon.

	CARRYING AMOUNT \$000	CONTRAC- TUAL CASH FLOWS \$000	LESS THAN 1 YEAR \$000	BETWEEN 1-3 YEARS \$000	BETWEEN 3-5 YEARS \$000	GREATER THAN 5 YEARS \$000
<b>Council 2016</b>						
Trade creditors and other payables	4,940	4,940	4,940	-	-	-
Secured loans	121,917	127,141	83	46,758	33,371	46,929
Financial guarantees	149	149	149	-	-	-
<b>Total</b>	<b>127,006</b>	<b>132,230</b>	<b>5,172</b>	<b>46,758</b>	<b>33,371</b>	<b>46,929</b>
<b>Group 2016</b>						
Trade creditors and other payables	4,974	4,974	4,974	-	-	-
Secured loans	121,917	127,141	83	46,758	33,371	46,929
Financial guarantees	149	149	149	-	-	-
<b>Total</b>	<b>127,040</b>	<b>132,264</b>	<b>5,206</b>	<b>46,758</b>	<b>33,371</b>	<b>46,929</b>
<b>Council 2015</b>						
Trade Creditors and other payables	5,467	5,467	5,467	-	-	-
Secured loans	96,997	101,924	10,592	21,920	25,279	44,133
Financial guarantees	110	110	110	-	-	-
<b>Total</b>	<b>102,574</b>	<b>107,501</b>	<b>16,169</b>	<b>21,920</b>	<b>25,279</b>	<b>44,133</b>
<b>Group 2015</b>						
Trade Creditors and other payables	5,511	5,511	5,511	-	-	-
Secured loans	96,997	101,924	10,592	21,920	25,279	44,133
Financial guarantees	110	110	110	-	-	-
<b>Total</b>	<b>102,618</b>	<b>107,545</b>	<b>16,213</b>	<b>21,920</b>	<b>25,279</b>	<b>44,133</b>

### Contractual maturity analysis of financial assets

The table below analyses the Council's financial assets into the relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

	CARRYING AMOUNT \$000	CONTRAC- TUAL CASH FLOWS \$000	LESS THAN 1 YEAR \$000	BETWEEN 1-3 YEARS \$000	BETWEEN 3-5 YEARS \$000	GREATER THAN 5 YEARS \$000
<b>Council 2016</b>						
Cash and cash equivalents	5,069	5,069	5,069	-	-	-
Debtors and other receivables	13,502	13,502	13,502	-	-	-
Other financial assets:						
- loans to related parties	14,700	14,700	-	14,700	-	-
<b>Total</b>	<b>33,271</b>	<b>33,271</b>	<b>18,571</b>	<b>14,700</b>	-	-
<b>Group 2016</b>						
Cash and cash equivalents	9,400	9,400	9,400	-	-	-
Debtors and other receivables	13,441	13,441	13,441	-	-	-
<b>Total</b>	<b>22,841</b>	<b>22,841</b>	<b>22,841</b>	-	-	-
<b>Council 2015</b>						
Cash and cash equivalents	9,833	9,833	9,833	-	-	-
Debtors and other receivables	11,878	11,878	11,878	-	-	-
Other financial assets:						
- loans to related parties	18,086	18,086	3,386	14,700	-	-
<b>Total</b>	<b>39,797</b>	<b>39,797</b>	<b>25,097</b>	<b>14,700</b>	-	-
<b>Group 2015</b>						
Cash and cash equivalents	14,464	14,464	14,464	-	-	-
Debtors and other receivables	11,530	11,530	11,530	-	-	-
<b>Total</b>	<b>25,994</b>	<b>25,994</b>	<b>25,994</b>	-	-	-

### Sensitivity analysis

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

	2016 \$000				2015 \$000			
	- 100 BASIS POINTS		+ 100 BASIS POINTS		- 100 BASIS POINTS		+ 100 BASIS POINTS	
	SURPLUS	OTHER EQUITY	SURPLUS	OTHER EQUITY	SURPLUS	OTHER EQUITY	SURPLUS	OTHER EQUITY
<b>INTEREST RATE RISK</b>								
<b>Council</b>								
<b>Financial assets</b>								
Derivatives held for trading	(7,530)	-	6,814	-	(4,750)	-	4,337	-
<b>Financial liabilities</b>								
Borrowing:								
- short term loans	1	-	(1)	-	101	-	(101)	-
- term loans	1,071	-	(1,071)	-	699	-	(699)	-
<b>Total sensitivity to interest rate risk</b>	<b>(6,458)</b>	<b>-</b>	<b>5,742</b>	<b>-</b>	<b>(3,950)</b>	<b>-</b>	<b>3,537</b>	<b>-</b>
<b>Group</b>								
<b>Financial assets</b>								
Derivatives held for trading	(7,530)	-	6,814	-	(4,750)	-	4,337	-
<b>Financial liabilities</b>								
Borrowing:								
- short term loans	1	-	(1)	-	101	-	(101)	-
- term loans	1,071	-	(1,071)	-	699	-	(699)	-
<b>Total sensitivity to interest rate risk</b>	<b>(6,458)</b>	<b>-</b>	<b>5,742</b>	<b>-</b>	<b>(3,950)</b>	<b>-</b>	<b>3,537</b>	<b>-</b>

### Explanation of sensitivity analysis

Derivative net financial assets and derivatives held for trading include interest rate swaps with a fair value liability totalling \$12,729,000 (2015 liability: \$4,738,000). A movement in interest rates of plus 1% has an effect of \$4,750,000 (2015: \$4,337,000) on the unrealised value of the derivatives.

No equity instruments are held. No foreign exchange instruments are held.

**Short term loans**

Council has short term floating rate debt with a principal amount totalling \$0.2 million (2015: \$10 million). A movement in interest rates of plus or minus 1% has an effect on interest expense of \$2,000 (2015: \$103,000).

**Term loans**

Council has term floating rate debt with a principal amount totalling \$107 million (2015: \$70 million). A movement in interest rates of plus or minus 1% has an effect on interest expense of \$1,070,000 (2015: \$697,000). A movement in market interest rates on fixed rate debt \$15 million (2015: \$17 million) does not have any impact because secured loans are accounted for at amortised value using the effective interest method.

**Fair value hierarchy disclosures**

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

- Quoted market price (level 1) – Financial instruments with quoted prices for identified instruments in active markets
- Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value on the statement of financial position.

	2016				2015			
	VALUATION TECHNIQUE			TOTAL	VALUATION TECHNIQUE			TOTAL
	LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3	
QUOTED MARKET PRICE \$000	OBSERVABLE INPUTS \$000	SIGNIFICANT NON-OBSERVABLE INPUTS \$000		QUOTED MARKET PRICE \$000	OBSERVABLE INPUTS \$000	SIGNIFICANT NON-OBSERVABLE INPUTS \$000		
<b>Council</b>								
<b>Financial assets</b>								
Derivatives	-	-	-	-	-	137	-	137
Shares	-	-	1,858	1,858	-	-	1,378	1,378
<b>Financial liabilities</b>								
Derivatives	-	12,729	-	12,729	-	4,875	-	4,875
<b>Group</b>								
<b>Financial assets</b>								
Derivatives	-	-	-	-	-	137	-	137
Shares	-	-	1,858	1,858	-	-	1,378	1,378
<b>Financial liabilities</b>								
Derivatives	-	12,729	-	12,729	-	4,875	-	4,875

There were no transfers between the different levels of the fair value hierarchy.

**Valuation techniques with significant non-observable inputs (level 3)**

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

	2016 \$000	2015 \$000
Balance at 1 July	1,378	1,010
Purchases	480	368
<b>Balance at 30 June</b>	<b>1,858</b>	<b>1,378</b>

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value.

## 29. REMUNERATION

The Chief Executive received the following remuneration:

	2016				2015			
	SALARY	MOTOR VEHICLE	POST EMPLOYMENT BENEFITS	TOTAL REMUNERATION	SALARY	MOTOR VEHICLE	POST EMPLOYMENT BENEFITS	TOTAL REMUNERATION
Chief Executive	352,781	0	11,084	363,865	334,387	4,576	10,031	348,994

Elected Representatives received the following remuneration:

MAYOR AND COUNCILLORS	COUNCIL			COUNCIL		
	2016			2015		
	REMUNERATION	DIRECTOR FEES	TOTAL REMUNERATION	REMUNERATION	DIRECTOR FEES	TOTAL REMUNERATION
WR Wallace	135,818	-	135,818	130,902	-	130,902
C Barry	51,530	-	51,530	48,042	-	48,042
D Bassett	77,074	8,319	85,393	67,199	-	67,199
B Branch	50,669	-	50,669	48,157	-	48,157
L Bridson	51,703	-	51,703	51,929	-	51,929
D Butler *	-	2,000	2,000	-	-	-
M Cousins	59,097	2,000	61,097	59,096	-	59,096
A Finlayson	58,270	15,566	73,836	55,264	14,960	70,224
M Flowers *	-	2,000	2,000	-	-	-
S Govind *	-	2,000	2,000	-	-	-
A Leslie *	-	2,000	2,000	-	-	-
T Lewis	50,669	-	50,669	48,409	-	48,409
M Lulich	50,669	-	50,669	48,043	-	48,043
G McDonald	50,669	-	50,669	48,043	-	48,043
C Milne	50,669	12,972	63,641	50,203	12,467	62,670
K Patterson *	-	2,000	2,000	-	-	-
MJ Shierlaw	58,685	-	58,685	55,784	-	55,784
A Skene *	-	18,298	18,298	-	14,960	14,960
A Stewart *	-	28,538	28,538	-	27,427	27,427
RW Styles *	-	-	-	-	11,048	11,048
B Walshe *	-	42,806	42,806	-	41,141	41,141
M Willard	50,669	-	50,669	48,043	-	48,043
<b>Total</b>	<b>796,191</b>	<b>138,499</b>	<b>934,690</b>	<b>759,113</b>	<b>122,004</b>	<b>881,116</b>
<b>Total Full Time Equivalent</b>	<b>13</b>	<b>12</b>	<b>21</b>	<b>13</b>	<b>6</b>	<b>17</b>

Due to the difficulty in determining the full-time equivalent for Councillors this figure is taken as the number of Councillors. Remuneration to Councillors includes annual salary payments and resource consent hearing fees

\* These representatives are appointed to directorships rather than elected by the public.

Meeting attendance of Elected Representatives 2016:

MEETING	COUNCIL	POLICY AND REGULATORY	CITY DEVELOPMENT	FINANCE AND AUDIT	COMMUNITY PLAN	HUTT VALLEY SERVICES
<b>Number of meetings held</b>	<b>14</b>	<b>5</b>	<b>7</b>	<b>7</b>	<b>4</b>	<b>4</b>
WR Wallace	11	4	6	5	4	0
D Bassett	13	4	7	7	4	2
C Barry	13	4	2	7	4	-
B Branch	10	4	6	1	4	-
L Bridson	10	5	-	7	4	-
MJ Cousins	13	5	7	7	4	-
A Finlayson	10	5	7	2	3	3
T Lewis	14	5	7	1	4	2
M Lulich	14	5	4	7	4	-
G McDonald	13	-	7	1	4	-
C Milne	11	5	5	7	4	2
MJ Shierlaw	12	-	6	7	4	-
M Willard	13	5	7	1	4	-

Meeting attendance of Elected Representatives 2015:

MEETING	COUNCIL	POLICY AND REGULATORY	CITY DEVELOPMENT	FINANCE AND AUDIT	COMMUNITY PLAN	HUTT VALLEY SERVICES
<b>Number of meetings held</b>	<b>16</b>	<b>9</b>	<b>6</b>	<b>6</b>	<b>4</b>	<b>4</b>
WR Wallace	15	7	3	2	4	1
D Bassett	16	8	6	6	4	1
C Barry	13	7	2	6	3	-
B Branch	9	6	5	-	4	3
L Bridson	15	9	-	6	4	-
MJ Cousins	16	9	6	6	3	-
A Finlayson	14	9	6	-	4	4
T Lewis	15	8	6	-	4	1
M Lulich	16	9	-	6	4	-
G McDonald	15	-	6	-	4	-
C Milne	11	5	5	4	4	2
MJ Shierlaw	15	-	6	6	4	-
M Willard	13	7	6	-	4	-

Note: Where no number is shown, the councillor named is not a member of that committee.

Employee staffing levels and remuneration:

	COUNCIL		GROUP	
	2016	2015	2016	2015
Full-time equivalent salaried employees	358.33	342.89	371.33	355.34
Full-time equivalent waged and temporary employees	95.52	81.54	95.52	81.54
<b>Total full time equivalent</b>	<b>453.85</b>	<b>424.43</b>	<b>466.85</b>	<b>436.88</b>
<b>Total number of staff</b>	<b>522.00</b>	<b>483.00</b>	<b>535.00</b>	<b>496.00</b>

Definition: One Full-time equivalent employee is a person in an employment relationship with Hutt City Council or Group employed to work 40 hours per week for the year.

The number of employees earning per annum:

SALARY RANGE	COUNCIL		GROUP	
	2016	2015	2016	2015
\$180,000 - \$379,999	5	6	5	6
\$140,000 - \$179,999	5	3	5	4
\$120,000 - \$139,999	8	10	10	10
\$100,000 - \$119,999	20	14	21	16
\$80,000 - \$99,999	42	49	45	50
\$60,000 - \$79,999	105	84	106	86
Less than \$59,999	337	317	343	324
<b>Total</b>	<b>522</b>	<b>483</b>	<b>535</b>	<b>496</b>

### 30. 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.

	COUNCIL		GROUP	
	2016	2015	2016	2015
Severance payments	5,000	-	5,000	5,833
Number of employees	1	-	1	1

### 31. RELATED PARTY TRANSACTIONS

The Council is the ultimate parent of the group and controls the following entities, being Urbanplus Limited (and their group), Seaview Marina Limited, 177 High Street Limited, Hutt City Community Facilities Trust, and has significant influence over Wellington Water Limited as an associate.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Council and group would have adopted in dealing with the party at arms length in the same circumstances.

Related party disclosures have not been made for transactions with entities within the Council group (such as funding and financing flows) where the transactions are consistent with the normal operating relationship between the entities and normal terms and conditions for such group transactions.

#### Transactions with key management personnel

Key management personnel include the Chief Executive and members of the strategic leadership team.

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Key management personnel costs</b>				
Salary and other short term benefits	1,215	1,178	1,699	1,580
Post-employment benefits	37	35	49	47
<b>Total key management personnel costs</b>	<b>1,252</b>	<b>1,213</b>	<b>1,748</b>	<b>1,627</b>
<b>Total full time equivalent</b>	<b>5</b>	<b>5</b>	<b>8</b>	<b>8</b>



## 32. CAPITAL COMMITMENTS AND OPERATING LEASES

### Capital commitments

Commitments for capital expenditure contracted, but not provided for:

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
<b>Property, plant and equipment</b>				
- Water systems	4,923	171	4,923	171
- Roading network	13,065	11,840	13,065	11,840
- Buildings	8,020	11,462	17,543	13,275
Other	1,005	-	1,005	-
Intangible assets	-	54	-	54
<b>Total capital commitments</b>	<b>27,013</b>	<b>23,527</b>	<b>36,536</b>	<b>25,340</b>

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

### Operating leases as lessee

The Council leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum leases payments payable under non-cancellable leases are as follows:

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Not later than one year	774	1,115	807	1,190
Later than one year and not later than five years	1,274	1,322	1,304	1,353
Later than five years	-	294	95	294
<b>Total non-cancellable operating leases</b>	<b>2,048</b>	<b>2,731</b>	<b>2,206</b>	<b>2,837</b>

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2014: \$nil).

Leases can be renewed at the Council's option, with rents set by reference to current market rates for items of equivalent age and condition. The Council does not have the option to purchase the asset at the end of the lease term.

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

### Operating leases as lessor

The Council leases property under operating leases. The majority of these leases have a non-cancellable term of 36 months, with the exception of housing leases that have a non-cancellable term of 22 working days. The future aggregate minimum leases payments payable under non-cancellable leases are as follows:

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Not later than one year	-	-	151	154
Later than one year and not later than five years	-	-	449	161
Later than five years	-	-	118	-
<b>Total operating leases as lessor</b>	<b>-</b>	<b>-</b>	<b>718</b>	<b>315</b>

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

## 33. CONTINGENCIES

	COUNCIL		GROUP	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
Financial guarantees	149	110	149	110
Wastewater	2,510	3,051	2,510	3,051
<b>Total contingent liabilities</b>	<b>2,659</b>	<b>3,161</b>	<b>2,659</b>	<b>3,161</b>

### Financial guarantees

The value of financial guarantees disclosed as contingent liabilities reflects the Council's assessment of the undiscounted portion of financial guarantees owing by the other party to the guarantee as disclosed in their annual reports, that are not recognised in the Statement of Financial Position, to local community groups. The Council has recognised \$nil (2015: \$nil) financial guarantees in the Statement of Financial Position.

### Waste water

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 6 years and payments are calculated based on volume. The contingent liability is calculated based on the minimum payments due under the contract in the event of cancellation, using a discount factor of 6% (2015: 6%).

### Other legal proceedings

No information has been disclosed as any disclosure may seriously prejudice the outcome.

### Unquantified claims

RiskPool provides public liability and professional indemnity insurance for its members. The Council is a member of RiskPool. The Trust Deed of RiskPool provides that, if there is shortfall (whereby claims exceed contribution of members and reinsurance recoveries) in any Fund year, then the Board may make a call on members for that Fund year. A liability will be recognised for the future calls when there is more certainty over the amount of the calls.

### Superannuation schemes

The Council is a participating employer in the Defined Benefit Plan contributors Scheme (the scheme), which is a multi-employer defined benefit scheme. If the participating employers cease to participate in the scheme, the Council could be responsible for any deficit of the scheme. Similarly, if a number of employers cease to participate in the scheme, the Council could be responsible for an increased share of any deficit.

### Associate's contingent liabilities

There are no contingent liabilities associated with the Wellington Water Limited (associate) (2015: \$nil).

### Local Government Funding Agency

"The Council is a guarantor of the New Zealand local Government Funding Agency limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a credit rating from Standard & Poor's of AA+.

The Council is one of 30 local authority shareholders (with the NZ Government being the other major shareholder) and 11 local authority guarantors of the LGFA. In that regard it has uncalled capital of \$1m (Council's share being \$100k). When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, the Council is a guarantor of all of LGFAs borrowings. At 30 June 2016, NZLGFA had borrowings totalling \$6.22 billion (2015: \$4.96 billion).

Financial reporting standards require the Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:"

- It is not aware of any local authority debt default events in New Zealand; and
- Local authority legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

### Contingent assets

The Council operates a system whereby community services and sports clubs are able to construct facilities (e.g. club rooms) on reserve land. The community services and clubs control the use of these facilities and the Council will only gain control of the asset if the community service/club vacates the facility, no other organisation is willing to purchase the facility and it is not removed (per the lease agreement). Until these events occur these assets are not recognised as assets in the Statement of Financial Position.

### 34. MAJOR BUDGET VARIATIONS

Explanations for major variations from Council's budgeted figures in the 2015/2016 Long Term Plan are as follows:

The statement of comprehensive revenue and expenses discloses the financial performance of Council and the group for the financial year ended 30 June 2016. The statement shows the operating revenue and expenditure as well as other transactions that have impacted on the Council's and the group's wealth. The following are the significant variances:

- Subsidies and grants \$3.9mil below budget. This is due to lower funding from NZ Transport Authority for capital roading projects
- Other expenses is \$6.8mil below budget. This is a result of large capital project funding projects (eg: Stokes Valley Hub) budgeted in the current year however the project has been delayed to the 2016-17 year.
- Finance costs are \$2.2mil below budget. This is a result of lower borrowing levels and lower interest rates than expected
- Loss on revaluation of financial instruments is \$8.0mil above budget. The variance is a result of reducing interest rates.
- The above has contributed to net deficit after tax result of \$4.9mil below budget.
- The above has contributed to total comprehensive revenue and expenses of \$4.9mil below budget.

The statement of financial position (that is what council own and owe) is as at 30 June 2016. The following are significant variances in the statement of financial position:

- Cash and cash equivalents is \$9.4mil below budget. Refer to cash flow explanations
- Other assets is \$5.3mil below budget. This is due to renegotiated intercompany borrowing resulting in the majority of current borrowing moved to non-current borrowing reflecting the new term. Balance eliminates at Group level.
- Property, plant and equipment is \$35.8mil below budget - due to delay in completion of various projects including the Huia Pool development, Avalon Park and Civic Event Centre.
- Intangible assets is \$1.2mil above budget. This is due to resource consents being transferred to intangible assets during 2015 which was not included in the budget.

- Assets under construction is \$8.4mil above budget. This is due to the timing of completing various projects and the transfer to fixed assets. At balance date the major projects include the Civic Events Centre, Huia Pool, Avalon Park and Riddiford Garden redevelopment.
- Investments in CCO is \$8.5mil above budget. This is due to the renegotiated intercompany borrowing resulting in a move from current to non-current borrowing reflecting the new term and additional borrowings to CCO's. Balance eliminates at Group level.
- Current and non-current borrowing is \$33.0mil below budget. This is due to lower than anticipated capital spend.
- Current and Non current derivative financial instruments is \$8.4mil above budget. This is due to the revaluation of Council's interest rate swap portfolio.
- Creditors and other payables are \$2.8mil above budget. This is due to timing of payments to suppliers for operational and capital expenditure.
- The accumulation of the above, results in Net Assets and Equity being \$6.5mil below budget.

The following are significant variances in the statement of cash flows:

- Cash flow from Investing \$25.1mil below budget. Relates to lower than expected level of capital purchases
- Cash flow from financing \$30.9 below budget. Relates to lower level of borrowings required to fund capital projects.

Explanations for further budget variations are shown at the end of the financial performance statement for each activity.

### 35. CAPITAL MANAGEMENT

The Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds 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 managed largely 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 Plan (LTP) and annual plan (where applicable) to meet the expenditure needs identified in those plans. And the Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

Hutt City Council has the following Council created reserves:

- reserves for different areas of benefit
- 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.

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.

### 36. EVENTS AFTER THE BALANCE DATE

There have been no significant events occurring after balance date.

## RESERVE FUNDS

Reserves are held to ensure that funds received for a particular purpose are used for that purpose and any surplus created is managed in accordance with the reason for which the reserve was established. Surplus held in reserves are credited with interest. The Council holds 12 reserves, with 5 being restricted reserves. Restricted reserves are reserves that have rules set by legal obligation that restrict the use that the Council may put the funds towards. The remaining Council created reserves are discretionary reserves which the Council has established for the fair and transparent use of monies. Reserves are not separately held in cash and the funds are managed as part of the Council's treasury management.

Below is a list of current reserves outlining the purpose for holding each reserve and the Council activity to which each reserve relates, together with summary financial balances for the 2015/2016 year:

	OPENING BALANCE JULY 2015 \$000	DEPOSITS \$000	EXPENDITURE \$000	CLOSING BALANCE JUNE 2016 \$000
<b>Council Created Reserves – Purpose of the Fund</b>				
<b>Reserve Purchase &amp; Development (Parks and Reserves Activity)</b> To provide for the purchase of land for reserves purposes or the development of existing reserves. The Fund is made up of financial contributions from subdivision and revenue from the sale of surplus reserve land. The main purpose of the Fund is to provide open space and recreational opportunity to offset the effects of land use intensification.	5,710	151	(432)	5,429
<b>Election Fund (Managing Services Activity)</b> To annually provide for the cost of Council elections and by-elections.	150	-	-	150
<b>Landfills Reserve (Solid Waste Activity)</b> To set funds aside for the longer term replacement of the landfill. This figure has been capped at \$12 million.	12,000	-	-	12,000
<b>Waste Minimisation Reserve</b> To encourage a reduction in the amount of waste generated and disposed of in New Zealand, and to lessen the environmental harm of waste. This reserve was created in 2009 as a result of the Waste Minimisation Act 2008. Funding is distributed to local authorities by the Ministry for the Environment and expenditure includes grants to others, waste minimisation initiative operating expenses and recycling contract.	2,860	79	-	2,939
<b>Wingate Landfill Reserve (Parks and Reserves Activity)</b> To provide for the development and major maintenance of the former landfill areas (top areas) at the end of Page Grove, Wingate, now managed as reserve land and used for various recreational activities.	164	4	-	168

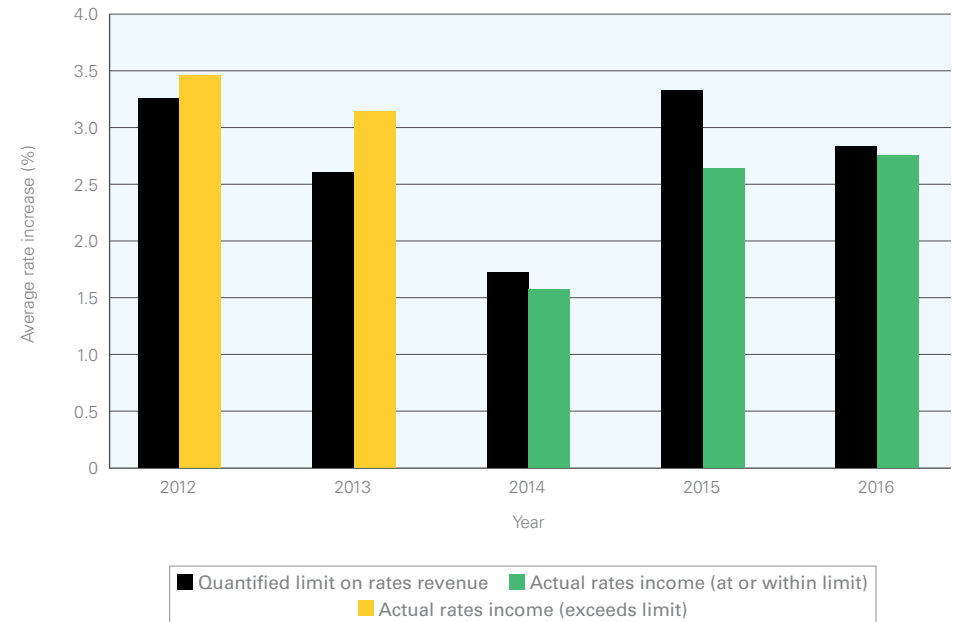
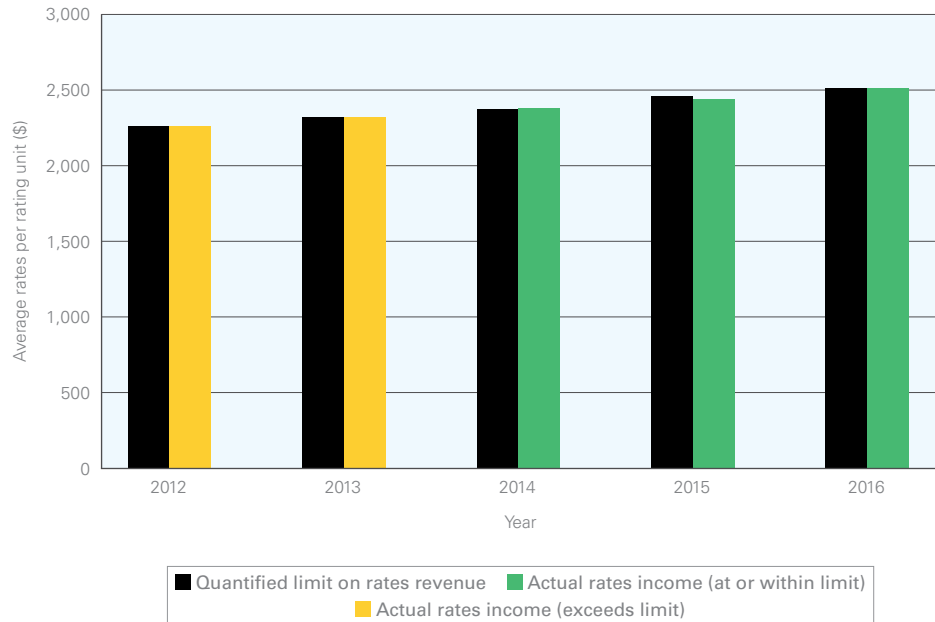
	OPENING BALANCE JULY 2015 \$000	DEPOSITS \$000	EXPENDITURE \$000	CLOSING BALANCE JUNE 2016 \$000
<b>Wingate Park (Parks and Reserves Activity)</b> To provide for the development and major maintenance of the former landfill areas (bottom areas) at the end of Page Grove, Wingate, now managed as reserve land and used for various recreational activities.	163	-	-	163
<b>Ex Hillary Commission Funds (Aquatics and Recreation)</b> To provide funding for sporting activities. Approval needs to be given by Sport New Zealand.	122	3	-	125
<b>Totals</b>	<b>21,169</b>	<b>237</b>	<b>(432)</b>	<b>20,974</b>

	OPENING BALANCE JULY 2015 \$000	DEPOSITS \$000	EXPENDITURE \$000	CLOSING BALANCE JUNE 2016 \$000
<b>Restricted Reserves – Purpose of the Fund</b>				
<b>Taita Cemetery - JV Bently (Parks and Reserves Activity)</b> The Council is contracted to maintain Plot 32/33 block 7, St James section in perpetuity. The plots contain Issac Young, Eliza Young and AG Talbut.	3	-	-	3
<b>Lavelle Tree Bequest (Parks and Reserves Activity)</b> To provide for the planting of trees in and around Hutt City on major thoroughfares.	30	1	-	31
<b>JWT Adams Bequest (Museums Activity)</b> To be utilised to establish and service a photographic collection for the Dowse.  There is no specific expenditure plan for the coming ten years on the purchase of photographic items for the collection.	20	1	-	21
<b>ML Talbut Bequest (Parks and Reserves Activity)</b> To provide for the planting and maintenance of reserves.	13	-	-	13
<b>Eastbourne Arts Trust (Museums Activity)</b> To purchase for the Dowse Collection works of art created by Eastbourne artists, being artists who have or have had a significant association with Eastbourne.	14	1	-	15
<b>Totals</b>	<b>80</b>	<b>3</b>	<b>-</b>	<b>83</b>

## PRUDENCE REPORTING

The Council meets the rates affordability benchmark if:

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

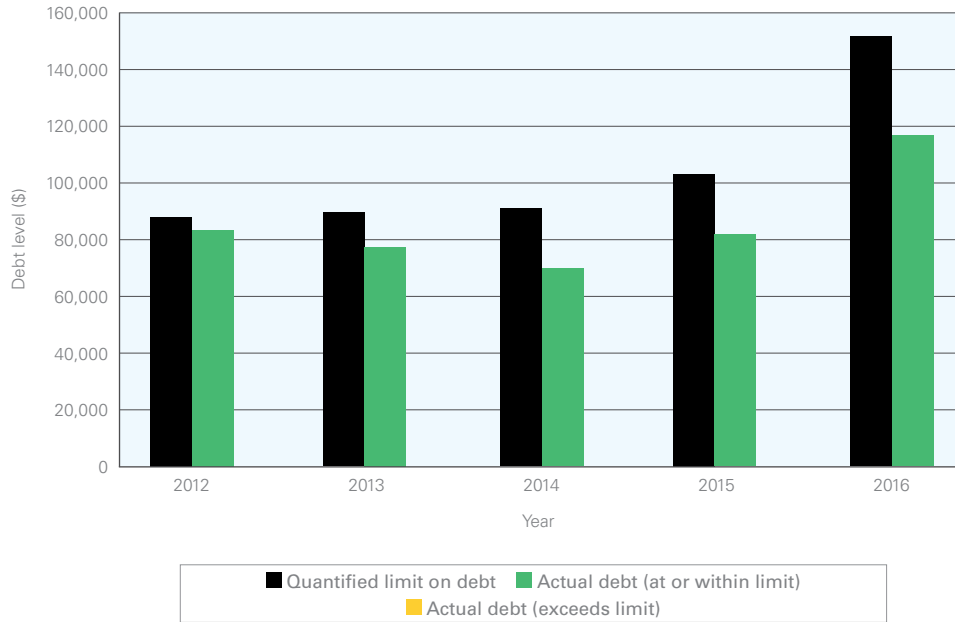


### RATES (INCOME) AFFORDABILITY BENCHMARK

The above graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is to increase rates by no more than inflation (plus 0.5% for year 2010, increasing to 1.0% by 2015).

### RATES (INCREASES) AFFORDABILITY BENCHMARK

The above graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is to increase rates by no more than inflation (plus 0.5% for year 2010, increasing to 1.0% by 2015).

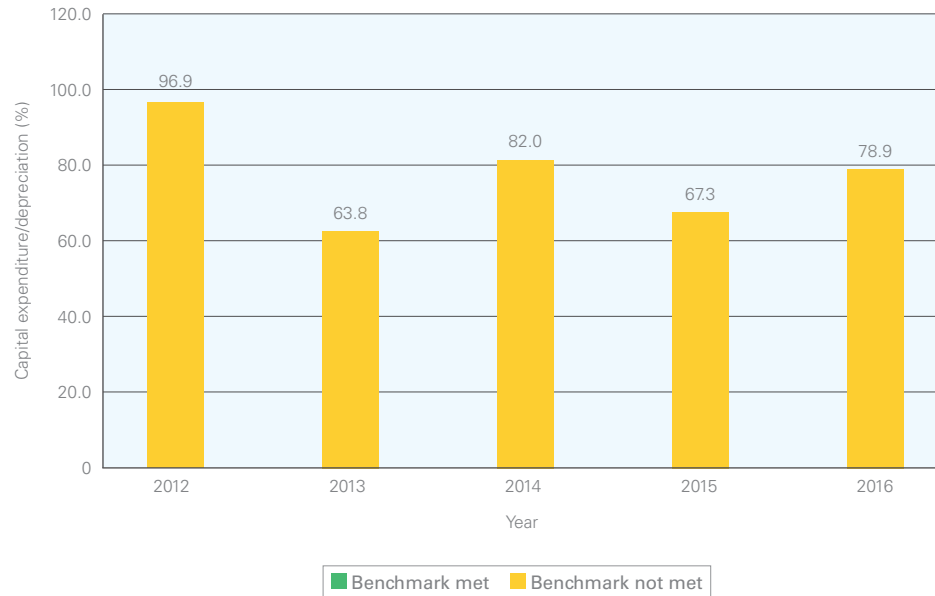


### DEBT AFFORDABILITY BENCHMARK

The above graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term and annual plans. The quantified limit is to achieve debt levels below our annual target (as outlined in the long term plan).

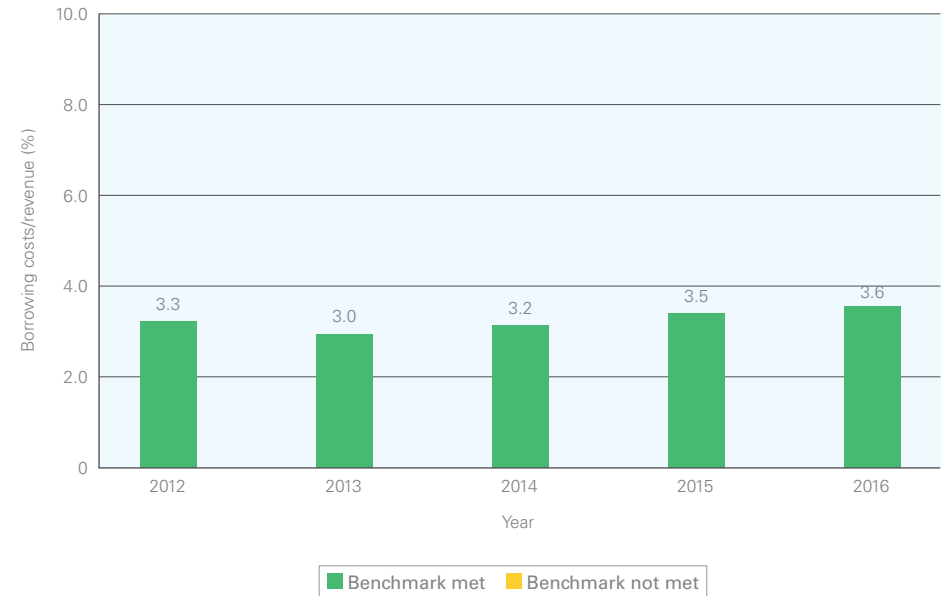
### BALANCED BUDGET BENCHMARK

The above graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivate financial instruments and revaluations of property, plant or equipment). The council meets this benchmark if its revenue equals or is greater than its operating expenses.



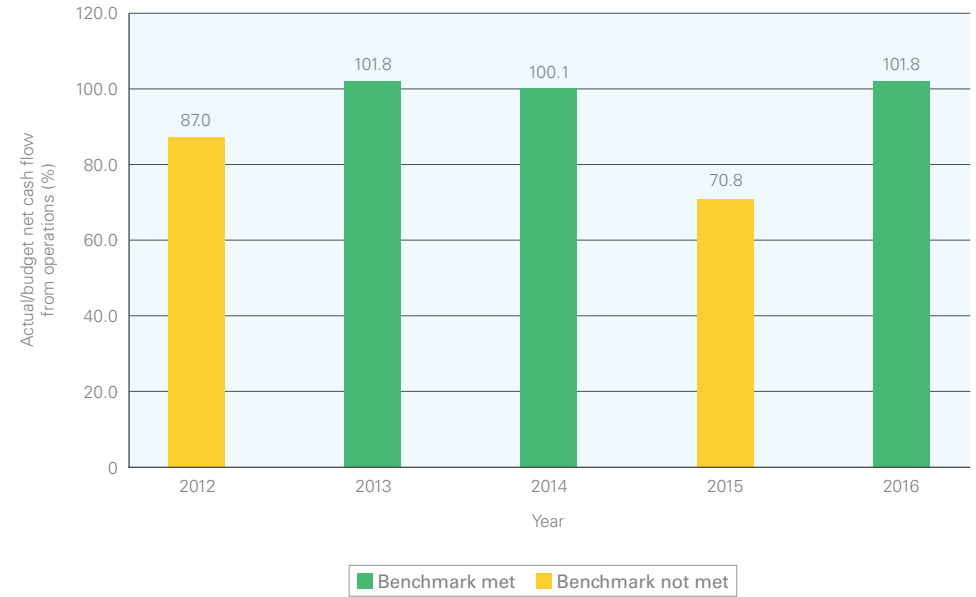
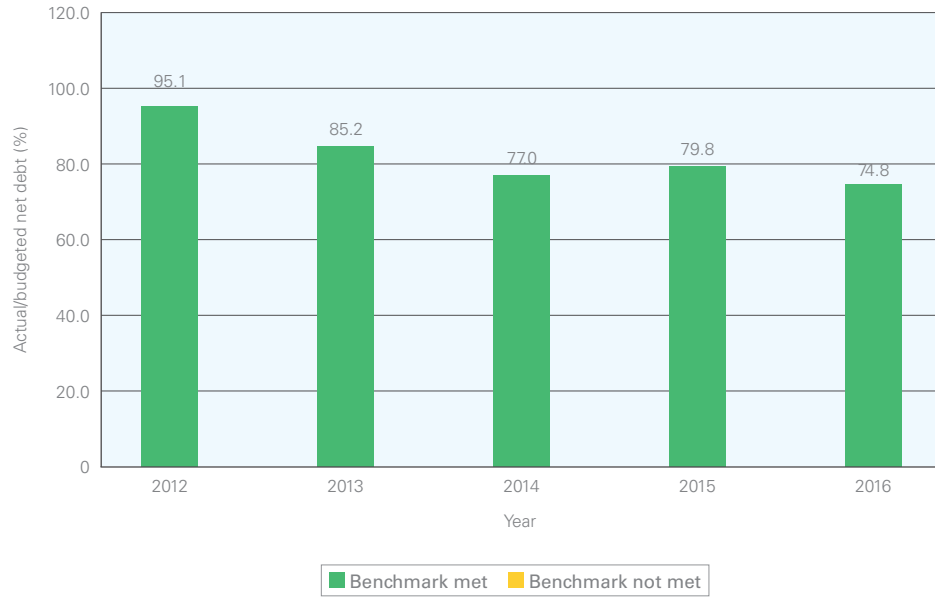
## ESSENTIAL SERVICES BENCHMARK

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



## DEBT SERVICING BENCHMARK

The above graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluation of property, plant and equipment). Because Statistics New Zealand projects the council's population will grow as fast as the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equals or are less than 10% of its revenue.



### DEBT CONTROL BENCHMARK

The above graph displays the council’s actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

### OPERATIONAL CONTROL BENCHMARK

The above graph displays the council’s actual net cash flow from operations as a proportion of its planned net cash flow from operations. The council meets the operational control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



# APPENDICES

## OUR PROFILE

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. The city has an area of approximately 38,000 hectares and over 40 kilometres of coastline. Lower Hutt 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.

### SUMMARY

Land area	37,998 hectares
<b>Population<sup>1</sup></b>	
Northern Ward	15,650
Eastern Ward	17,200
Western Ward	15,850
Central Ward	17,000
Wainuiomata Ward	17,950
Harbour Ward	18,050
Total population	101,700
<b>Number of households</b>	
Northern Ward	5,840
Eastern Ward	6,840
Western Ward	5,690
Central Ward	6,930
Wainuiomata Ward	6,320
Harbour Ward	7,460
Total households	39,080
<b>Age<sup>2</sup></b>	
0 to 14	21.9%
15 to 39	33.7%
40 to 64	32.4%
65 and over	12.0%

Ethnicity <sup>2</sup>	
European	71.8%
Māori	18.5%
Pacific Peoples	12.0%
Asian	10.0%

1 Statistics from Statistics New Zealand 2013 Census

2 Statistics from Statistics New Zealand Medium Series Projections based on the 2006 Census

### HUTT CITY ASSETS

<b>Total Council assets as at 30 June 2016</b>	<b>\$1,422,748,000</b>
Area of parks and reserves	3,760 hectares
Number of swimming pools	6
Number of libraries	8
Length of roads	482.5 km
Length of footpaths	728 km
Number of street lights	13,740
Length of wastewater pipes	686 km
Length of stormwater pipes	540 km
Length of water pipes	679.9 km
Rating system	Capital
Rateable units	39,075
Average rates per residential ratepayer	\$2,189
Capital value of rating units	\$17,286,445,000
Total land value of rating units (30 June 2016)	\$8,909,767,050
Capital value of the city (30 June 2016)	\$18,228,753,150

# 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.

## ANNUAL PLAN

A plan that describes the activities of the local authority, with a particular focus on the financial year for which the document is produced.

## APPROPRIATION/APPROPRIATED

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

## ASSET

Something of value that Council owns on behalf of the people of Lower Hutt, 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.

## ASSOCIATE

Companies in which the Council owns between 20 and 50% of voting shares so has the power to participate in the financial and operating policy decisions without having overall control of the policies.

## 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. Hutt City Council has three community boards: Eastbourne, Petone and Wainuiomata.

## COMMUNITY COMMITTEES

Local committees set up by Council. Community committees are consulted by Council and can represent community concerns to Council. In 2015-16 Hutt City Council had four community committees: Central, Western, Northern and Eastern.

## COMMUNITY OUTCOME

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

## COUNCIL-CONTROLLED ORGANISATIONS (CCOS)

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

## COUNCIL-CONTROLLED TRADING ORGANISATIONS (CCTOS)

CCOs 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.

## FORECAST FINANCIAL STATEMENT

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

## 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 Council.

## LONG TERM PLAN (LTP)

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.

## MAINTENANCE COSTS

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

## MANA WHENUA

People with the mana of the land.

## N/A

No peer average available.

## OPERATING EXPENDITURE

Expenditure for the normal services of Council.

## OPERATING PROJECTS

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

## PEER AVERAGE

See the next page for information about the NRB Communitrak Survey. For Hutt City Council, our peer group of similar authorities are those councils comprising a city or urban area together with a small rural or no rural component. NRB has defined the Urban Peer Group as those territorial authorities where more than 91% of dwellings are in urban meshblocks, as classified by Statistics New Zealand 2013 Census data. In this group are Auckland, Christchurch, Dunedin, Hamilton, Invercargill, Napier, Nelson, Palmerston North, Porirua, Tauranga, Upper Hutt, Wanganui and Wellington City Councils, and Kapiti Coast and Kawerau District Councils.

For the Water, Wastewater and Stormwater Activities, the peer average is provided by Wellington Water Limited and is an average of the results from each of the five councils: Wellington, Porirua, Upper Hutt and Hutt City Councils and, where applicable, Greater Wellington Regional Council.

## PERFORMANCE MEASURE

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

## PORT NICHOLSON BLOCK SETTLEMENT TRUST

A Trust established in August 2008 to receive and manage the Taranaki Whanui ki Te Upoko o Te Ika treaty settlement.

## 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 also include Targeted Rates.

## 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 wellbeing of the community.

## SIGNIFICANT ACTIVITIES

The Annual Plan lists 21 separate significant activities that fall within four groups of activities.

## SUPPLIER COSTS

Expenditure for the purchase of general goods and services.

## SUPPORT COSTS

The internal allocation of expenditure incorporated in the Support Services activity.

## TAONGA

A highly prized resource.

## TARGETED RATES

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

## TE ATIAWA

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

## TE RUNANGANUI OTARANAKI WHANUI KITE UPOKO OTE IKA A MAUI

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

## USER CHARGES

Income to Council through fees paid by those who use specific services provided by Council.

# SOURCE OF INFORMATION FOR LEVEL OF ACHIEVEMENT

Our Annual Report indicates the source of information for each performance measure in the interests of improving 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. Our 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% and the maximum level of significant difference at the 95% level of confidence is 6%. These maximums for the margin of error and significant difference will occur when the sample is split 50/50 on an issue. 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.

## SURVEY OF ELECTED AND APPOINTED MEMBERS

As part of its commitment to continuous improvement, Hutt City Council commissions an annual survey of Councillors' and community board/

committee members. The survey explores the organisation's performance in providing advice to members. The survey for 2015-16 was conducted by Peter Glen Research.

## 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 WORKPLACES SURVEY

We participate in the annual Kenexa Best Workplaces Survey, formerly known as the John Robertson & Associates' Best Places to Work Survey. This survey provides Council with important information on how staff view Council, and how this compares with other organisations.

# CONTACT DETAILS

## Contact the Mayor or any Councillor:

Hutt City Council, 30 Laings Rd, Private Bag 31 912, Lower Hutt 5040

**P:** 04 570 6666 or 0800 HUTT CITY

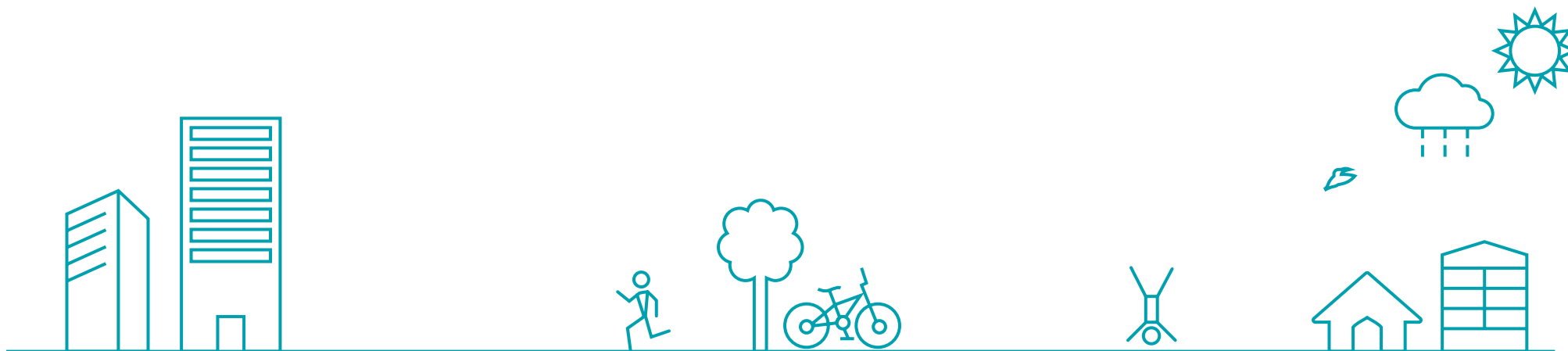
**E:** [contact@huttcity.govt.nz](mailto:contact@huttcity.govt.nz)

**F:** 04 569 4290

**W:** [huttcity.govt.nz](http://huttcity.govt.nz)

## STRATEGIC LEADERSHIP TEAM

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**HUTT CITY**  
TE AWA KAIRANGI