

# GROWING OUR CITY

ANNUAL REPORT 2016-2017



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# HUTT CITY COUNCIL'S ANNUAL REPORT TO 30 JUNE 2017

**It's been a busy year and we've been working hard to achieve our vision for Lower Hutt: creating a great place to live, work and play.**

We are part way through the largest concentrated rejuvenation in our city's history. Look up on any given day and you'll see it in action. In almost every community, across Lower Hutt, we are building. New pools, new playgrounds, community hubs, sports facilities, gardens, walkways and cycle ways. The city is thriving.

But this is not rejuvenation at any cost. We have balanced rejuvenation with prudent financial management. We retain our excellent credit rating with AA long-term and A-1+ short-term ratings from Standard and Poors.

It is our robust financial history that allows us to invest in our city while maintaining low rates rises and keeping debt within our target levels. Our investment is attracting hundreds of millions of dollars of private investment which is also contributing to the city's growth.

We've been focussed on developing and upgrading key infrastructure, as well as a number of social development projects in communities facing deprivation, and sporting and leisure facilities for all our residents to enjoy.

On any given weekend the new Avalon Park draws children and parents

from across the region. Huia Pool's newly opened hydrotherapy pool is a life-changing asset for those in our community with limited mobility, health conditions, or in need of rehabilitation. In March, the Walter Nash Centre saw its one-millionth visitor.

We have been recognised for our work "Empowering Tamariki for the Future" - making a positive impact in communities in our northern suburbs through increasing access to literacy, recreation and arts programmes. Our YOUth Inspire programme which supports young people into jobs, training and study is going from strength to strength.

We continue to have the fourth largest number of people in New Zealand employed in medium-high tech manufacturing. Another successful STEMM festival was held this year, highlighting the science, technology, engineering, mathematics and manufacturing industries to our youth.

We're contributing to keeping our community safe from harm. Free dog training and educational programmes are proving beneficial, evidenced by a reduction in the number of dog bites reported in Lower Hutt despite

a nationwide increase. Our Smokefree Policy has been extended to cover popular outdoor areas like parks and sports grounds and public places are designed with safety and security in mind.

We're working with Greater Wellington Regional Council and the New Zealand Transport Agency on the Riverlink project which will improve flood protection for the CBD and also enhance connections between the CBD and the Hutt River. Rejuvenation continues with the Lower Hutt Events Centre and refurbished Town Hall construction in full swing and the Riddiford Gardens upgrade entering the next phase.

Building consent numbers continue to rise and requests for LIMs have increased significantly in the last two years. A new fees calculator for building consent fees is making doing business with us much easier.

A Quality of Life survey rated Hutt City Council above average for residents feeling like they have an influence on council decisions. Our Annual Plan consultation attracted over 1,200 submissions, with nearly three-quarters of these supportive of our vision to rejuvenate Lower Hutt through

investment in the things that matter to our community.

Lower Hutt is in good shape and Hutt City Council is working hard to make a better city – a vibrant, thriving community that we are all proud to be a part of.



*Ray Wallace*

**Ray Wallace**  
MAYOR OF  
LOWER HUTT



*Tony Stallinger*

**Tony Stallinger**  
CHIEF EXECUTIVE  
HUTT CITY COUNCIL

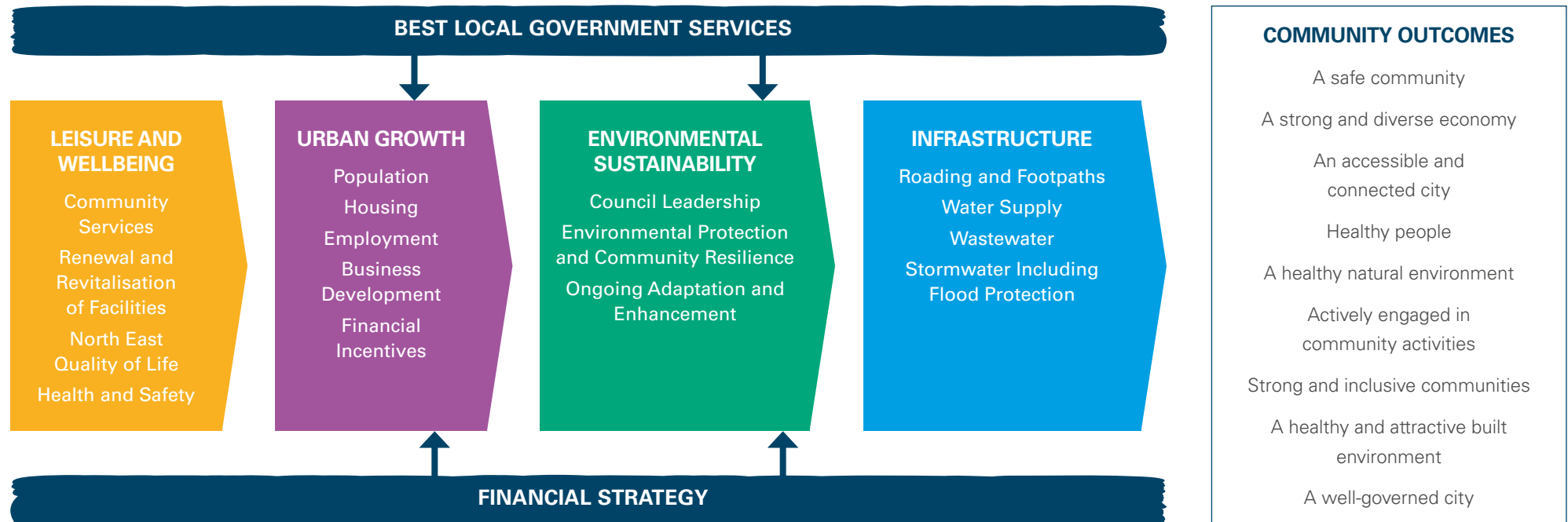
# VISION FOR THE CITY:

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 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 AND COMMUNITY OUTCOMES

Our vision is to make our city a great place to live, work and play. The move to rejuvenate and revitalise Hutt City is underpinned by four key strategies Council developed since 2012 – Leisure and Wellbeing, Urban Growth, Environmental Sustainability and Infrastructure. The four strategies are linked to the nine community outcomes described in our Long Term Plan. 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 our community outcomes.



# GROWING OUR CITY

## LEISURE & WELLBEING

The Leisure and Wellbeing Strategy is a long-term approach to improving the cultural, physical and educational wellbeing of 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. Building skills from a young age has been highlighted as a priority and will be fundamental to achieving this Strategy's goals. The Leisure and Wellbeing activities contribute to the majority of the community outcomes but are closely linked to: a safe community; healthy people; actively engaged in community activities and strong inclusive communities. Below are a few of the achievements over the past 12 months for each of the community outcomes.

## A SAFE COMMUNITY

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

We continue to support various initiatives and voluntary organisations helping make our city a safe place under the Hutt Safe City Trust. Our Safe City Ambassadors patrol our streets to look out for people's safety, provide a presence on the streets to deter crime and look out for criminal activity. Their presence contributes to residents feeling more comfortable and safe in our city.

We know a lot of crime in our city is related to, or made worse by alcohol consumption. To make our city safer we consulted on and made changes to the Local Alcohol Policy, which sets the opening hours for on- and off-license premises across Lower Hutt, and introduced a revised Control of Alcohol in Public Places Bylaw. The new Bylaw introduced permanent alcohol free zones and a 9pm-5am ban on the consumption of alcohol in all public places except for Eastbourne and the Western Hills.

We continue to encourage positive Crime Prevention Through Environmental Design (CPTED) as part of all new developments, as well as making positive CPTED changes to existing public places. This project is based on the principle the environment can influence both the level

of crime committed and the fear of crime in an area.

An increasing number of New Zealanders are being admitted to hospital each year for dog bites. Lower Hutt is the exception where the number of dog bites is dropping significantly. Government is interested in learning about the dog control initiatives we have in place which are driving our declining rates of dog bites. These initiatives include 'Safety Around Dogs' a programme run at schools which teaches children how to be safe around dogs, particularly unknown dogs and free community dog training.

Overall our residents feel safe in their community with residents' perceived safety within their own home and in the city higher than national averages in the 2016 Quality of Life Survey.

## HEALTHY PEOPLE

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

We all want to be healthy. A number of activities within the Leisure and Wellbeing strategy encourage us to be healthier by providing access to facilities and services supporting fitness and recreation. The redeveloped Huia Pool+Fitness opened in July 2017 with an expanded range of facilities including two additional swimming pools and other amenities.

The programme pool includes hydrotherapy facilities, making it accessible to more people. The Action Replay campaign offers big and small sports gear items as a free community loan from Wainuiomata Library. It encourages an active lifestyle by removing the cost barrier. The programme targets families, schools, churches and sporting groups who may not be in the position to prioritise paying for sport equipment. The newly created Walter Nash Centre in Taita celebrated its first birthday with 750,000 visitors in its first year. More than 70 games of basketball, netball or volleyball are played every week and sports programming is delivering to more than 5,000 children.

A healthy home provides an environment for healthier living. Many residents have taken up the opportunity for our Eco Design Advisor to visit them at their house and advise them on how to make their home warmer, drier and healthier. We also offer a number of online resources to assist residents in making their own home more energy efficient and healthy. All of these services are available to anyone living in Lower Hutt free of charge.

Providing smokefree areas for everyone to enjoy has been another priority for the Council. In 2016 the Council unanimously agreed to extend smokefree areas to all parks and sports grounds, train stations, bus shelters, beaches, outdoor dining on pavements, outdoor areas in town centres

and outdoor public areas around Council buildings and facilities. The Policy leads the way in promoting a smokefree life and aims to reduce smoking and the impact of second hand smoking.

## 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, by working to renew and revitalise the city's network of community facilities and improving the quality of life and wellbeing of those living in high deprivation communities.

Funding was confirmed in last year's Annual Plan for a new purpose-built Stokes Valley Community Hub. This Hub will integrate a range of community, council and other services, as well as being flexible for different uses. It is due to open later in 2017.

The reopening of our upgraded Avalon Park Playground was one of our big achievements in the past year, proving a drawcard for families from across the region and receiving overwhelmingly positive feedback. In addition Walter Mildenhall Park behind Naenae Olympic

Pool was opened in September 2017. The park features the only indoor bowls facility of its kind in the region, along with open bowling greens, petanque pistes, new clubrooms and community meeting rooms.

Our museums offered a variety of exhibitions that attracted over 225,000 visitors in the past year. During the year Petone Settlers Museum was refurbished and welcomed significantly more visitors than previous years.

## 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 through the range of community facilities and services described in 'Actively engaging in community activities', as well as through a number of trusts and initiatives we have underway.

We recognise and provide for the special relationship Māori have with their culture, traditions and tāonga within our community. We do this by incorporating aspects of Māori culture into civic ceremonies, including all citizenship

ceremonies and openings of community spaces and buildings, as well as within our organisation where staff have access to Treaty of Waitangi and Te Reo Māori training, and a Kapa Haka Group. We honour our commitment to engage with Māori, and to improve the opportunities for Māori to contribute to local government decision-making processes by recognising those who have mana whenua status, Taranaki Whānui, represented by the Port Nicholson Block Settlement Trust and engaging with Te Runanganui o Te Atiawa ki te Upoko o te Ika a Maui as mana whenua. We also consult with other Māori in Hutt City, including our city's seven marae.

For the past 23 years the city has hosted Te Rā o Te Raukura, an outdoor whānau and community focused music festival. Each year Te Rā o Te Raukura brings together about 20,000 people to promote sentiments of love, respect and togetherness towards our fellow neighbours. While music takes front stage, the event is not just about music. In 2017 Te Awakairangi Health Network promoted a 'healthier Hutt Valley for all' in association with Te Rūnanganui o Te Atiawa ki te Upoko o te Ika a Maui offering free health checks. The work of Te Rā o Te Raukura and the values it promotes were recognised in the Wellington Airport Regional Community Awards (Lower Hutt) in August where it was awarded the Supreme Winner in the Arts and Culture section.

The Northeast Pathways Project (NEPP) received a Community Impact Award from the Government sports body, Sport NZ. The Award celebrates, promotes and encourages collaborative projects that will have a positive impact on the community and community sport. NEPP ties together seven schools in the Taita, Stokes Valley and Pomare area in a project designed to use sport as an engagement tool to encourage greater student participation in education and improved educational results. NEPP is part of "Empowering Tamariki for the Future", a wider Council-driven project aimed at making sure all Lower Hutt children have access to literacy, recreation, arts programmes and facilities of benefit to them.

For the second time we secured external funding to run the successful two-week Naenae Akoranga Programme. The programme brought together pools, libraries, clubhouses, Hutt Science, museums and community partners to provide services for about 60 children who would not usually have access to such services. The Council-led Te Awakairangi (TAKA) Trust, formed in partnership with community, schools, government and businesses, was set up to help children from challenged high deprivation communities such as Taita and Pomare to access opportunities, learning and experiences that will make a life-changing difference.

## URBAN GROWTH STRATEGY

The Urban Growth Strategy 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. We are working on increasing the number of houses built, providing more employment opportunities through improved economic conditions and increasing our population.

The Urban Growth Strategy contributes to the majority of the community outcomes but is closely linked to: a strong and diverse economy; and a healthy and attractive built environment. Below are a few of the achievements over the past 12 months for the community outcomes.

## 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.**

There are signs of a strong and diverse economy with record numbers of building consent applications and requests for Land Information Memorandums (LIMs) rising. Over the past year 325 new homes were built, more than was targeted. Latest figures from the Ministry of Business, Innovation and Employment indicate tourism spend is up in the Hutt.

We're working on developing the medium and high-tech sector to ensure the resilience of the city's economic base. For the second year Lower Hutt hosted the STEMM Festival which highlights what is happening in the areas of science, technology, engineering, mathematics and manufacturing (or STEMM). The festival aims to encourage young people into STEMM industries and to showcase the enterprises and enterprising people benefiting the city. With technological developments affecting more aspects of life, we are encouraging children to take an interest in science and to

understand the challenges technological developments can bring such as increased automation and a changing job market.

As part of our priority to deliver best local government services we are making it easier for our customers to do business with us. In addition to retaining our existing services, we have moved a number of our services online. An example of this is our new fees calculator for building consents that allows applicants to calculate a quote for application fees. We know a large proportion of building consent queries received through our contact centre and over our counter are requests for quotes. By providing this service online our customers are able to access this information whenever it suits them. We have also made building information searches for building consents and building permit documentation available to the public online.

## 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.**

Council has a long-term plan to rejuvenate and revitalise our city, to make our city a

healthy and attractive environment for all to enjoy. Three current priorities for the city are completing the Events Centre and associated Town Hall, finalising the redevelopment of Riddiford Garden, and working with Greater Wellington Regional Council to integrate Council's vision of turning the CBD towards Te Awakairangi/ Hutt River with Greater Wellington's planned floodplain and stopbank works and NZTA's Melling interchange project. Good progress has been made on each of these projects over the year with the Events Centre and associated Town Hall due to be completed in 2018.

During the year the earthquake strengthened, revitalised Hutt City Council administration building on Laings Road won four prestigious architecture awards in the heritage, interior architecture and public architecture categories. These awards provide recognition of building and design excellence in the city and complement the wider rejuvenation strategy.

The majority of Lower Hutt residents are proud of the city we live in, with over three quarters of residents satisfied with the overall look and feel of the city.



## ENVIRONMENTAL SUSTAINABILITY STRATEGY

Our 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, including working in partnership with the community and local businesses to use resources efficiently and to minimise pollution. The strategy recognises our dependence on the environment is fundamental to many aspects of our lives, and proper care is essential if the city and our communities are to prosper. The strategy guides future decision-making for Council.

The Environmental Sustainability Strategy contributes to the majority of the community outcomes but is closely linked to a healthy natural environment and healthy people. Below are a few of the achievements over the past 12 months for the community outcomes.

## 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.

We are working on a number of environmental challenges, including climate change, sea level rise and natural hazards, to find out more about communities and assets under threat. This will help to identify appropriate responses, including exploring any changes that may be required to our district and long term planning.

Key pieces of our work on waste minimisation have included delivering waste minimisation education and initiatives to reduce commercial waste and exploring ways to increase residential recycling.

In August 2016 we held the Kids Connect event with Enviroschools, an organisation promoting sustainability programmes in schools. The Kids Connect event consisted of a mix of discussions and activities aimed for the future generation, on sustainability and protecting the environment.

We are working with communities and business to improve the efficiency of water usage.

## HEALTHY PEOPLE

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

We recognise there is a greater focus than ever before on regional resilience and are working with Wellington City Council which has been accepted into the international 100 Resilient Cities programmes. Together we are working with other councils in the region on initiatives to improve resilience.

Wellington Water Limited also has a comprehensive plan, "Shaping our Future" to assess risks and improvement options across the water supply, waste water and storm water networks. This work will influence investment in these assets for decades to come. Similar work will be required across other core infrastructure areas such as transport, electricity and gas supply networks.

We know resilience begins in the home so we are working to raise people's awareness of opportunities for greater resilience and preparedness, including food security and better use of power and resources through solar panels and rainwater tanks. Improved resilience and preparedness for emergencies will lead to healthier people.



## INFRASTRUCTURE STRATEGY

Infrastructure underpins the quality of life we value and includes essential services often taken for granted such as water, sewerage, stormwater, flood protection, roads and footpaths. The infrastructure strategy provides an integrated, long-term assessment of the city's key infrastructural assets. Our vision is that our infrastructure is resilient, fit for purpose, affordable and meets the needs of today without comprising the needs of tomorrow.

The Infrastructure Strategy contributes to the majority of the community outcomes but is closely linked to an accessible and connected city.

## AN ACCESSIBLE AND CONNECTED CITY

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

Residents' satisfaction with the city water supply and wastewater service remains high. Wellington Water, which delivers our water services, has been working on improving stormwater and wastewater quality in light of changing regulations and consent requirements. Wellington Water tests the quality of our water in accordance with the Drinking Water Standards of New Zealand. Water supplied from the aquifer is tested at the treatment plant at least three times a week, and water in the network is tested at 60 other sites over 700 times a year. An equally important focus is network resilience and how best to be prepared for events such as an earthquake, as well as foreseeable risks like climate change.

We maintain over 481 kms of road and 728 kms of footpaths. Our roading and traffic team have two clear objectives: to provide a transport network allowing people to travel efficiently and to provide for the safety of motorists, pedestrians and cyclists when they use our roads. Over the year we have led a number of

programmes aimed at promoting active and safe travel, including a walking school bus, cycle training and assisting pupils from low decile schools to participate in the Weetbix TRYathlon by subsidising entry fees, providing bike and fitness training and free loan bikes. Work was also completed on two new roading projects, Hill Road in Belmont and High Street in Petone, designed to improve safety.

In addition to encouraging more people to take up cycling, reducing accidents is one of the goals of our three cycleway projects covering the Wainuiomata Hill, the Eastern Bays and the Beltway. The three projects were progressed during the current year and when complete will give a significant boost to, and improve the safety of, recreational cycling and walking in our city.

Investigation and design of the Cross Valley Link designed to improve access from State Highway 2 at Petone to Seaview and related suburbs continues. This work is closely related to NZTA's agreed Petone to Grenada link road.

# GOVERNANCE

## 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.**

Under the Local Government Act 2002, Council has two purposes:

1. to enable democratic local decision-making and action by, and on behalf of, communities; and
2. 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.

Our last community outcome, a well governed city, responds to these two purposes and spans our four strategies. We aim to build trust and confidence in decision-making by keeping residents well informed and engaged. To achieve this, residents are kept informed through a wide variety of media, including newspapers, radio, Council publications and our website.

We also engage and consult widely before making decisions on issues facing the city through public consultation on our policies and bylaws, resident surveys and partnerships with a wide range of groups. All Council meetings are open to the public, and we are one of the few Councils in the country to schedule our Council meetings in the evening so those who work during the day are able to attend. Council meetings are also live streamed and made available online so people are able to view the meetings in the comfort of their own home.

Over 1200 individuals and groups took up the opportunity to have a say on our 2017-18 Annual Plan. We also surveyed residents through an online residents' panel to ensure views were representative of our community. Predominantly submitters and residents agreed with Council's decisions, providing confidence we are on the right track with how we are choosing to invest in the city.

Our high level of consultation with the community is reflected in the 2016 Quality of Life Survey, where Hutt City respondents were more likely than average to indicate they felt they had an influence on Council decisions.

Hutt City Council retained its excellent credit rating with an AA long-term and A-1+ short term credit ratings from Standard and Poors, one of the world's leading providers of credit ratings.

## CUSTOMER RESEARCH

Providing the best local government services is a key priority for Council. To achieve this we need to know how satisfied our customers are, how we can do better and what is most important to our customers so we can prioritise and deliver better value for the community. To answer these questions we changed our research approach and provider in 2016-17. The key changes in our approach were:

- A more thorough and comprehensive questionnaire so we can really get to the root of what we are doing well and the areas for improvement. The change in questionnaire design also included a new 10-point satisfaction scale rather than the previous 3-point scale so our customers have more room to express how they are feeling.
- Quarterly surveying rather than a single point-in-time survey to give a more accurate measure of actual customer experience. Rather than asking our customers to recall experiences that may have happened 12 months ago,

more regular surveying means the experience is fresher in our customers' minds. It also helps to iron out any seasonal trends.

While we believe the change has delivered the answers we need to build on the service we already offer, it has meant the 2016-17 results are not directly comparable to previous years' results or the target. This has resulted in us not achieving some of the targets sourced from customer research.

To assist with the transition between the two research approaches we conducted parallel testing in 2016. This involved conducting two different surveys using both research providers and questionnaires. Overall we have found the results reported in this year's Annual Report to be similar to those collected in 2016 using the new research provider and questionnaire as part of our parallel testing. This supports the belief the change in results is due to the change in research approach and provider, rather than a change in performance.

# 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 covering visitor numbers and library stock turnover were achieved. Resident usage and satisfaction results were slightly below target. This is likely to be due to the change in research approach and provider.
Museums	All measures covering visitor numbers and satisfaction with education programmes were achieved. Resident satisfaction results were below target. This is likely to be due to the change in research approach and provider.
Aquatics and Recreation	All measures concerning resident/user satisfaction, recreation programme usage and accreditation were achieved. Resident's use of pools and cost per visit below target due to poor weather and refurbishment at Huia Pool.
Parks and Reserves	All measures covering resident satisfaction, sports field standards, area of parks and reserves, and maintenance and development standards were achieved. Measure concerning residents' usage of parks and reserves was below target. This is likely to be due to change in research approach and provider.
Community Safety and Connections	All measures covering community organisations' satisfaction with funding service and residents' perceptions of safety in the city during the day were achieved. Residents' perception of safety after dark was below target. This is likely to be due to the change in research approach and provider.
Community Facilities Development	All measures covering Walter Nash Centre, Fraser Park Sportsville, Walter Mildenhall Park Redevelopment and Community Facilities Trust were achieved.
Regulatory Services	All measures covering dog pound, response to dog complaints, registration/licensing of food premises, and response to noise complaints were achieved. Residents' satisfaction with animal services was below target. This is likely to be due to the change in research approach and provider.
Emergency Management	All measures covering time to activate Emergency Operations Centre and development of community response plans were achieved. Measure concerning household emergency preparedness was not achieved due to a change in how preparedness is defined and research approach and provider.

## LEISURE AND WELLBEING FINANCIAL SUMMARY

	(DEFICIT)/SURPLUS BEFORE TAX		RATE REQUIREMENT PER RESIDENT	
	ACTUAL 30 JUNE 2017 \$000	BUDGET 30 JUNE 2017 \$000	ACTUAL 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2017 \$000
Libraries	(9,833)	(9,229)	(9,534)	95.10
Museums	(3,877)	(3,752)	(3,869)	37.50
Aquatics and Recreation	(7,789)	(7,283)	(6,441)	75.33
Parks and Reserves	(11,446)	(11,578)	(10,761)	110.70
Community Safety & Connections	(2,729)	(2,565)	(2,459)	26.39
Community Facilities	(5,553)	(16,199)	(4,299)	53.70
Regulatory Services	(1,874)	(1,882)	(1,767)	18.12
Emergency Management	(775)	(843)	(764)	7.50

Note: The (Deficit)/Surplus before tax shows the net cost of the Council's activities for the year in comparison to the 2016-17 Annual Plan and the 2015-16 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 2017

	LTP YR 1 2016 \$000	LTP YR 2 2017 \$000	ACTUAL 2017 \$000	BUDGET 2017 \$000
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual general charges, rates penalties	47,772	41,092	43,876	53,331
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	312	236	121	275
Fees and charges	7,930	8,777	7,347	7,504
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	3,586	3,646	3,890	3,188
<b>Total operating funding (A)</b>	<b>59,600</b>	<b>53,751</b>	<b>55,234</b>	<b>64,298</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers	47,156	40,972	41,856	51,513
Finance costs	1,873	2,556	1,417	1,735
Internal charges and overheads applied	5,484	5,234	5,613	5,613
Other operating funding applications	-	-	200	-
<b>Total applications of operating funding (B)</b>	<b>54,513</b>	<b>48,762</b>	<b>49,086</b>	<b>58,861</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>5,087</b>	<b>4,989</b>	<b>6,148</b>	<b>5,437</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	10,005	1,004	6,411	15,451
Gross proceeds from sale of assets	4,450	3,865	1,217	1,075
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>14,455</b>	<b>4,869</b>	<b>7,628</b>	<b>16,526</b>
<b>APPLICATION OF CAPITAL FUNDING</b>				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve level of service	16,394	6,736	11,054	18,374
- to replace existing assets	3,148	3,122	2,722	3,589
Increase (decrease) in reserves	-	-	-	-
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>19,542</b>	<b>9,858</b>	<b>13,776</b>	<b>21,963</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(5,087)</b>	<b>(4,989)</b>	<b>(6,148)</b>	<b>(5,437)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>-</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	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	SOURCE OF INFORMATION
Percentage of residents who have used library services during the year > 80% of those expressing an opinion	79%	79%	81%	72% <sup>1</sup>	Key Research
Residents' satisfaction with library services > 97% of those expressing an opinion	100%	98%	98%	96% <sup>1</sup>	Key Research
Number of physical visits per year > 1,000,000	1,088,902	1,020,996	1,204,830	1,415,759 <sup>2</sup>	Monthly management reports
Number of visits via the internet per year 500,000 Libraries Online visits	301,037 Libraries Online visits	526,689 Libraries Online visits	579,543 Libraries Online visits	507,974 Libraries Online visits	Monthly management reports
95,000 pay session on Connect	71,994 pay sessions on Connect	107,285 pay sessions on Connect	162,182 pay sessions on Connect	176,620 session on Connect	
Library stock turnover ≥ national mean 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	5.6 (national mean 3.50 average annual circulation per item)	5.18 (national mean 3.50 average annual circulation per item)	5.17 (national mean 3.51 average annual circulation per item)	4.18 (national mean 3.36 average annual circulation per item)	New Zealand Library Statistics

#### Notes:

1. Resident satisfaction survey results not comparable to previous year or target due to a different research provider and methodology.
2. Physical visits to Stokes Valley Library not counted from 16 September 2016.

## LIBRARIES STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000	ACTUAL 2016 \$000
<b>REVENUE</b>				
Rates Income	-	-	-	-
User Charges	368	527	(159)	414
Operating Subsidies & Grants	-	-	-	33
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	-	-	-	-
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	-	-	-	-
Vested Assets	-	-	-	-
Other Revenue	20	26	(6)	75
<b>Total Revenue</b>	<b>388</b>	<b>553</b>	<b>(165)</b>	<b>522</b>
<b>EXPENDITURE</b>				
Employee Costs	4,526	4,681	155	4,747
Operating Costs	1,972	1,528	(444)	1,756
Support Costs	1,799	1,806	7	1,753
Loss On Prop Disposals	17	-	(17)	-
Finance Cost	160	190	30	112
Depreciation	1,747	1,577	(170)	1,688
<b>Total Expenditure</b>	<b>10,221</b>	<b>9,782</b>	<b>(439)</b>	<b>10,056</b>
<b>DEFICIT BEFORE TAX</b>	<b>(9,833)</b>	<b>(9,229)</b>	<b>(604)</b>	<b>(9,534)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(9,833)	(9,229)	(604)	(9,534)
Add Capital Contributions	-	-	-	-
<b>Total Rates Funding Requirement</b>	<b>(9,833)</b>	<b>(9,229)</b>	<b>(604)</b>	<b>(9,534)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	(1,072)	(1,190)	118	(1,083)
Capital Expenditure - to improve level of service	(145)	(1,538)	1,393	(625)
Less Capital Contributions	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-
Less Proceeds From Asset Sales	-	-	-	-
Less Depreciation	1,747	1,577	170	1,688
<b>Total Loan Funding Repayment</b>	<b>530</b>	<b>(1,151)</b>	<b>1,681</b>	<b>(20)</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(9,303)</b>	<b>(10,380)</b>	<b>1,077</b>	<b>(9,544)</b>

## OPERATING PROJECTS

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000
Youth Infusion	11	20	9
Youth Partnership Fund	2	6	4

## SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

Revenue was under budget due to reduced income from paid internet, 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 and unexpected security services costs and rent/lease costs for the temporary Stokes Valley Library. Additional building maintenance costs were offset by savings in capital costs.

## CAPITAL PROJECTS

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000
Libraries Replace Furniture and Equipment	40	55	15
Libraries Interior and Exterior Maintenance	156	230	74
Replace Library Shelving	20	10	(10)
Libraries Security Maintenance	16	30	14
Library System Software	-	15	15
Libraries Stock Replacement	840	850	10
Libraries Buildings Improvements	42	75	33
Self Scanning Machines Purchase	-	93	93
Stokes Valley Community Hub	103	1,370	1,267

## SIGNIFICANT CAPITAL VARIATIONS FROM THE 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 majority of the Capital Project lines were underspent to offset higher operational costs. The Stokes Valley Community Hub project was underspent and was carried over to the new financial year and the project is expected to be completed in October 2017. 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	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	SOURCE OF INFORMATION
Number of museum visits per year > 200,000	205,874	216,447	226,946 (Dowse: 218,847, Petone Settlers: 8,099)	225,693 (Dowse 210,402; Petone Settlers 15,291)	Monthly management reports
Residents' satisfaction with the Dowse Art Museum > 93% of those expressing an opinion	95%	95%	95%	87% <sup>1</sup>	Key Research
Residents' satisfaction with the Petone Settlers Museum > 93% of those expressing an opinion	97%	98%	97%	89% <sup>1</sup>	
Public education programmes delivered that meet the needs and expectations of community and school groups					
Public education programmes delivered to 11,000 participants	12,075 participants	11,535 participants	11,168 participants	10,159 <sup>2</sup> participants	Management Reports and Participant Evaluation Forms
> 90% satisfaction	100% satisfaction	100% satisfaction	100% satisfaction	97% satisfaction	

Notes:

1. Resident satisfaction survey results not comparable to previous year or target due to a different research provider and methodology.
2. Contract with Ministry of Education re-negotiated in January 2017. Target participation reduced to 5,500.



## MUSEUMS STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000	ACTUAL 2016 \$000
<b>REVENUE</b>				
Rates Income	-	-	-	-
User Charges	302	273	29	206
Operating Subsidies & Grants	42	100	(58)	46
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	-	-	-	-
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	-	-	-	-
Vested Assets	-	-	-	-
Other Revenue	200	282	(82)	189
<b>Total Revenue</b>	<b>544</b>	<b>655</b>	<b>(111)</b>	<b>441</b>
<b>EXPENDITURE</b>				
Employee Costs	1,405	1,444	39	1,435
Operating Costs	1,259	1,304	45	1,242
Support Costs	1,036	1,032	(4)	1,015
Loss On Prop Disposals	-	-	-	-
Finance Cost	50	62	12	35
Depreciation	671	565	(106)	583
<b>Total Expenditure</b>	<b>4,421</b>	<b>4,407</b>	<b>(14)</b>	<b>4,310</b>
<b>DEFICIT BEFORE TAX</b>	<b>(3,877)</b>	<b>(3,752)</b>	<b>(125)</b>	<b>(3,869)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(3,877)	(3,752)	(125)	(3,869)
Add Capital Contributions	-	-	-	-
<b>Total Rates Funding Requirement</b>	<b>(3,877)</b>	<b>(3,752)</b>	<b>(125)</b>	<b>(3,869)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	(294)	(391)	97	(499)
Capital Expenditure - to improve level of service	(304)	(659)	355	(163)
Less Capital Contributions	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-
Less Proceeds From Asset Sales	-	-	-	-
Less Depreciation	671	565	106	583
<b>Total Loan Funding Repayment</b>	<b>73</b>	<b>(485)</b>	<b>558</b>	<b>(79)</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(3,804)</b>	<b>(4,237)</b>	<b>433</b>	<b>(3,948)</b>

## OPERATING PROJECTS

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000
Events Funding	-	53	53
Petone Settlers Museum Promotion	29	60	31

## SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

Variance in revenue was due to change-over in cafe operator and lower than expected visitation and sponsorship support. These variances were identified in advance and employee and operating costs carefully managed in response to find offsetting savings.

## CAPITAL PROJECTS

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000
Dowse Carpets and Soft Furnishings Gallery and Office	-	16	16
Dowse Building Repair and Repaint	19	68	49
Dowse Office Furniture and Equipment	17	6	(11)
Dowse Gallery Lighting	15	15	-
Dowse Building and Plant Maintenance	40	26	(14)
Dowse Ventilation Plant Replacement	140	200	60
Little Theatre Maintenance	46	50	4
Petone Settlers Museum Building and Plant Maintenance	17	10	(7)
Dowse Entrance Upgrade	13	148	135
Dowse New Artworks	24	26	2
Little Theatre Improvements	91	275	184
Little Theatre Sound and Lighting Improvements	119	200	81
Petone Settlers Museum New Lighting and Furnishings	7	10	3
Vehicle Purchase	50	-	(50)

## SIGNIFICANT CAPITAL VARIATIONS FROM THE ANNUAL PLAN

The most significant variation in capital expenditure was the decision to pause work on The Dowse entrance way to allow better integration with climate control work (ventilation) in the front of the building and work on the renovated cafe site. Funding has been carried forward for scheduled work on the Little Theatre which has to be programmed around bookings.

## 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	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	SOURCE OF INFORMATION
Residents' satisfaction with pools ≥ 93% of those expressing an opinion	96%	96%	97%	93% <sup>1</sup>	Key Research
Residents' use of pools ≥ 65%	69%	71%	72%	55% <sup>1</sup>	Key Research
POOLS SAFE 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 not maintained (audit completed November 2015)	Accreditation maintained	Accreditation maintained	Annual NZRA External Audit
Cost per visit to Council of aquatic services provided 2016-17 ≤ \$4.66	\$3.71	\$3.75	\$3.72	\$5.00 <sup>2</sup>	Management Reports
User satisfaction with 'Leisure Active' programmes and events ≥ 92% of those expressing an opinion	98%	97%	96%	93% <sup>1</sup>	Key Research
Residents' use of 'Leisure Active' programmes and events ≥ 30%	44%	33%	32%	30% <sup>1</sup>	Key Research

Notes:

1. Resident satisfaction survey results not comparable to previous year or target due to a different research provider and methodology.
2. Attendance and revenue affected by poor summer weather and refurbishment at Huia Pool.

## AQUATICS AND RECREATION STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000	ACTUAL 2016 \$000
<b>REVENUE</b>				
Rates Income	-	-	-	-
User Charges	3,282	3,705	(423)	3,675
Operating Subsidies & Grants	55	65	(10)	48
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	-	-	-	-
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	-	-	-	-
Vested Assets	-	-	-	-
Other Revenue	1,601	1,867	(266)	1,785
<b>Total Revenue</b>	<b>4,938</b>	<b>5,637</b>	<b>(699)</b>	<b>5,508</b>
<b>EXPENDITURE</b>				
Employee Costs	5,488	5,258	(230)	4,859
Operating Costs	4,002	4,248	246	4,033
Support Costs	1,621	1,620	(1)	1,583
Loss On Prop Disposals	30	-	(30)	-
Finance Cost	320	393	73	288
Depreciation	1,266	1,401	135	1,186
<b>Total Expenditure</b>	<b>12,727</b>	<b>12,920</b>	<b>193</b>	<b>11,949</b>
<b>DEFICIT BEFORE TAX</b>	<b>(7,789)</b>	<b>(7,283)</b>	<b>(506)</b>	<b>(6,441)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(7,789)	(7,283)	(506)	(6,441)
Add Capital Contributions	-	-	-	-
<b>Total Rates Funding Requirement</b>	<b>(7,789)</b>	<b>(7,283)</b>	<b>(506)</b>	<b>(6,441)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	(695)	(637)	(58)	(714)
Capital Expenditure - to improve level of service	(7,237)	(7,640)	403	(1,879)
Less Capital Contributions	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-
Less Proceeds From Asset Sales	-	-	-	-
Less Depreciation	1,266	1,401	(135)	1,186
<b>Total Loan Funding Repayment</b>	<b>(6,666)</b>	<b>(6,876)</b>	<b>210</b>	<b>(1,407)</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(14,455)</b>	<b>(14,159)</b>	<b>(296)</b>	<b>(7,848)</b>

## OPERATING PROJECTS

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000
Sportsville	220	240	20
Hutt Valley Tennis - Mitchell Park	-	30	30
Sport Wellington Long Term Regional Strategy	15	15	-

## SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

Unfavourable user charges include; \$250k accounting timing adjustment for learn to swim, \$70k underperformance at Walter Nash Fitness Suite, \$70k underperformance at Huia Pool due to disruptions during expansion works, and \$80k across all pools due to a poor summer. Some funded initiatives scheduled for this year for Healthy Families, North East Pathways and Kiwisport have been delayed until next year. This has resulted in a reduction in grant revenue of \$266k for this year and a corresponding reduction in operating expenditure. Unfavourable employee costs is due to unbudgeted positions across; swimming pool management, Swim City and Healthy Families.

## CAPITAL PROJECTS

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000
Community Halls External and Internal Maintenance	124	60	(64)
Other Projects	519	527	8
Walter Nash Centre Maintenance	52	50	(2)
Community Halls Improvements	86	375	289
Huia Pool Fitness Suite Equipment	330	175	(155)
Huia Pool Programme Pool	6,805	7,050	245
Stokes Valley Pool Fitness Suite Equipment	-	40	40
Walter Nash Centre and Fitness Suite Equipment and Fitout	16	-	(16)

## SIGNIFICANT CAPITAL VARIATIONS FROM THE ANNUAL PLAN

The major capital project this year was the extension of the Huia Pool, which opened in July on time and under budget. The now rebranded Huia Pool and Fitness includes two new 25m x 10m pools designed for hydrotherapy and learn to swim and a 400sqm fitness suite. The negative variance for fitness suite equipment is a timing issue due to purchasing all the equipment this year when it was budgeted to be spread over two financial years. Other major pool projects completed include; updating the fire system for the original Huia Pool and replacing old lighting with energy efficient LEDs at Huia, Stokes Valley and Naenae Pools. In Community Halls, Epuni had a major internal refurbishment and Maungaraki had its roof replaced.



# 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	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	SOURCE OF INFORMATION
Residents' satisfaction with:					
• sports grounds	98%	97%	96%	95% <sup>1</sup>	Key Research
≥ 95% of those expressing an opinion	97%	96%	96%	96% <sup>1</sup>	
• parks, reserves and gardens	96%	97%	94%	95% <sup>1</sup>	
• cemeteries					
≥ 90% of those expressing an opinion					
Sports fields meet the standard agreed with sports codes	95%	95%	95%	95%	Complaints from users during 2016-17 and sportsground audits
≥ 95%					
Area of parks and reserves per 1000 of population	54 hectares	26.8 hectares	27.1 hectares	27.1 hectares	Reserves Strategy
≥ 24.9 hectares					
Note: From 2014-15 the result 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	92%	90%	92%	84% <sup>1</sup>	Key Research
≥ 89%					
Maintain a high standard of maintenance and development of playgrounds, parks, reserves, gardens and cemeteries	90%	89%	95%	95%	Playground and parks audits
95% of contract and asset management plan requirements met					

Notes:

1. Resident satisfaction survey results not comparable to previous year or target due to a different research provider and methodology.

## PARKS AND RESERVES STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000	ACTUAL 2016 \$000
<b>REVENUE</b>				
Rates Income	-	-	-	-
User Charges	1,852	1,697	155	1,858
Operating Subsidies & Grants	24	80	(56)	(2)
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	-	-	-	-
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	939	-	939	-
Vested Assets	-	-	-	-
Other Revenue	110	7	103	30
<b>Total Revenue</b>	<b>2,925</b>	<b>1,784</b>	<b>1,141</b>	<b>1,886</b>
<b>EXPENDITURE</b>				
Employee Costs	590	591	1	731
Operating Costs	10,495	9,822	(673)	9,313
Support Costs	608	608	-	594
Loss On Prop Disposals	-	-	-	(82)
Finance Cost	508	625	117	318
Depreciation	2,170	1,716	(454)	1,773
<b>Total Expenditure</b>	<b>14,371</b>	<b>13,362</b>	<b>(1,009)</b>	<b>12,647</b>
<b>DEFICIT BEFORE TAX</b>	<b>(11,446)</b>	<b>(11,578)</b>	<b>132</b>	<b>(10,761)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(11,446)	(11,578)	132	(10,761)
Add Capital Contributions	-	-	-	-
<b>Total Rates Funding Requirement</b>	<b>(11,446)</b>	<b>(11,578)</b>	<b>132</b>	<b>(10,761)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	(562)	(1,231)	669	(355)
Capital Expenditure - to improve level of service	(3,368)	(8,537)	5,169	(9,069)
Less Capital Contributions	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-
Less Proceeds From Asset Sales	1,217	1,075	(142)	900
Less Depreciation	2,170	1,716	454	1,773
<b>Total Loan Funding Repayment</b>	<b>(543)</b>	<b>(6,977)</b>	<b>6,150</b>	<b>(6,751)</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(11,989)</b>	<b>(18,555)</b>	<b>6,282</b>	<b>(17,512)</b>

## OPERATING PROJECTS

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000
Waimarie Croquet Club	2	93	91

## SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

Operating costs were overspent largely due to remediation works on the former Summit Road nursery site which was required to make the site suitable for development. The gain on property disposals relates mainly to the sales of surplus reserve land at Avalon Park.

## CAPITAL PROJECTS

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000
Hutt Recreation Ground Lighting	109	200	91
Miscellaneous Rentals Maintenance	-	40	40
Seats and Bins	25	29	4
Parks Hard Surfaces Maintenance	129	150	21
Parks Signage and Interpretation	23	27	4
Playgrounds	239	205	(34)
Sportsground Buildings Maintenance	66	150	84
Track Maintenance	21	30	9
Wharves Maintenance	(50)	400	450
Avalon Park Development	327	2,000	1,673
Protection Bollards	11	5	(6)
Cemetery Improvements	-	150	150
CFT Projects - Wider Integration	245	250	5
Escarpment Fencing Pencarrow (Coast Road)	-	50	50
Holborn Drive Reserve Drainage	52	150	98
Historic Light Boxes	12	12	-
Mountain Bike Park	55	50	(5)
Walter Mildenhall Bowling Club	400	400	-
Manor Park River Trail	2	380	378
Making Places Riddiford Gardens Stage 2	887	850	(37)
Making Places Riddiford Gardens Stage 3	235	2,220	1,985
New Tracks and Track Upgrades	88	100	12
Petone Foreshore Improvements	251	150	(101)
Sportsground Drainage Upgrades	-	60	60
Stokes Valley Pump Track	49	50	1
Toilets Upgrade	338	330	(8)
Te Whiti Park New Changing Rooms	341	1,000	659
Wainuiomata Welcome Sign	-	30	30
Walter Nash Reserve Upgrade	75	300	225

## SIGNIFICANT CAPITAL VARIATIONS FROM THE ANNUAL PLAN

The timing of the two major projects at Avalon Park and Riddiford Gardens was delayed due to design and cost issues, with only design work undertaken in current year and the physical works carried over to 2017-18. The development included car park, new petanque courts, upgraded tennis courts and landscaping.



## 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	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	SOURCE OF INFORMATION
Residents' perceptions of Hutt City in terms of their sense of safety:	85% overall	85% overall	84.5% overall	78.8% overall <sup>1</sup>	
≥ 81% overall of those expressing an opinion					
• in their local neighbourhood during the day	96% during the day	96% during the day	96% during the day	92% during the day	Key Research
• in their local neighbourhood after dark	84% after dark	81% after dark	82% after dark	77% after dark	
• in the Lower Hutt city centre during the day	97% during the day	98% during the day	97% during the day	95% during the day	
• in the Lower Hutt city centre after dark	62% after dark	66% after dark	63% after dark	58% after dark	
Community organisations' satisfaction with the availability and quality of our funding service	Too few organisations responded to the survey to be able to make a statistically sound judgement on levels of satisfaction	93.3%	96.68%	95.16%	Measured by Survey of Community Organisations
≥ 90% of those expressing an opinion		A total of 15 responses were received. Quality of funding process overall – 13 very satisfied, 1 fairly satisfied and 1 not very satisfied	A total of 31 responses were received. Quality of funding process overall – 13 very satisfied, 1 fairly satisfied and 1 not very satisfied	A total of 62 responses were received. Quality of funding process overall – 34 very satisfied, 25 fairly satisfied and 3 not very satisfied	

Notes:

1. Resident satisfaction survey results not comparable to previous year or target due to a different research provider and methodology.



## COMMUNITY SAFETY AND CONNECTIONS STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000	ACTUAL 2016 \$000
<b>REVENUE</b>				
Rates Income	-	-	-	-
User Charges	4	-	4	13
Operating Subsidies & Grants	-	30	(30)	13
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	-	-	-	-
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	-	-	-	-
Vested Assets	-	-	-	-
Other Revenue	14	-	14	(2)
<b>Total Revenue</b>	<b>18</b>	<b>30</b>	<b>(12)</b>	<b>24</b>
<b>EXPENDITURE</b>				
Employee Costs	121	115	(6)	143
Operating Costs	1,752	1,821	69	1,644
Support Costs	503	503	-	491
Loss On Prop Disposals	131	-	(131)	-
Finance Cost	15	18	3	13
Depreciation	225	138	(87)	192
<b>Total Expenditure</b>	<b>2,747</b>	<b>2,595</b>	<b>(152)</b>	<b>2,483</b>
<b>DEFICIT BEFORE TAX</b>	<b>(2,729)</b>	<b>(2,565)</b>	<b>(164)</b>	<b>(2,459)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(2,729)	(2,565)	(164)	(2,459)
Add Capital Contributions	-	-	-	-
<b>Total Rates Funding Requirement</b>	<b>(2,729)</b>	<b>(2,565)</b>	<b>(164)</b>	<b>(2,459)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	(99)	(140)	41	(179)
Capital Expenditure - to improve level of service	-	-	-	(138)
Less Capital Contributions	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-
Less Proceeds From Asset Sales	-	-	-	-
Less Depreciation	225	138	87	192
<b>Total Loan Funding Repayment</b>	<b>126</b>	<b>(2)</b>	<b>128</b>	<b>(125)</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(2,603)</b>	<b>(2,567)</b>	<b>(36)</b>	<b>(2,584)</b>

## OPERATING PROJECTS

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000
Community Development Fund	156	148	(8)
Heritage Fund	15	15	-
Community Houses Funding	211	255	44
Marae Funding	200	200	-
Arts and Culture Funding	40	40	-
CAB Funding	87	87	-
Scholarships	14	10	(4)
Youth Centre	50	50	-
Safety Initiatives	391	378	(14)
Creative Voice (Hutt Valley Community Arts)	15	15	-
Regional Grants	22	33	11
Menz Shed Naenae	20	20	-
North East Projects	3	12	9
Christ Church Taita	40	40	-
Tamaiti Whangai Grant	20	20	-
Waiwhetu Marae Scholarship	5	5	-
Wellington Free Ambulance	52	52	-
Mayors Taskforce Jobs For Wainuiomata	70	70	-
Community Arts and Culture Advisory Group	129	111	(18)
Youth Partnership Fund	106	108	2
New Arts Funding	11	60	49

## SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

The majority of variances are timing related. The overspend for the Arts Advisory group was offset by an equivalent budget saving in 2015-16. The favourable variance for New Arts Funding is due to a delay in the expenditure of the Winter Festival into 2017-18.

## CAPITAL PROJECTS

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000
Community Houses Maintenance	34	60	26
CBD Community Resource Centre	-	20	20
CCTV Replacement	65	60	(5)

## SIGNIFICANT CAPITAL VARIATIONS FROM THE ANNUAL PLAN

The most significant project was the CCTV Camera Replacement. The unfavourable variance relates to additional cameras in Riddiford Gardens.



# 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 to implement 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	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	SOURCE OF INFORMATION
Walter Nash Centre					
User satisfaction with facilities ≥ 90%	New measures for 2016-17	New measures for 2016-17	New measures for 2016-17	96% <sup>1,2</sup>	Annual Management Report
Number of visits per year ≥ 350,000	New measures for 2016-17	New measures for 2016-17	New measures for 2016-17	771,000	
Three or more significant events held	New measures for 2016-17	New measures for 2016-17	New measures for 2016-17	5 significant events	
Fraser Park Sportsville					
User satisfaction with stage 1 Fraser Park facilities ≥ 90%	New measures for 2016-17	New measures for 2016-17	New measures for 2016-17	90%	Annual Management Report
Stage 2 building work underway	New measures for 2016-17	New measures for 2016-17	New measures for 2016-17	Achieved – construction in progress. Contract awarded in May 2017	
Community Hubs					
Stokes Valley Community Hub building work progressing towards completion	New measure for 2016-17	New measure for 2016-17	New measure for 2016-17	Achieved - Stokes Valley Hub due for completion in October 2017	Annual Management Report
Walter Mildenhall Park Redevelopment					
Building work progressing towards completion	New measure for 2016-17	New measure for 2016-17	New measure for 2016-17	Achieved - facility officially opening 1 September 2017	Annual Management Report
Community Facilities Trust					
• Operating and capital expenditure within budget	New measures for 2014-15	Achieved	Achieved	Achieved	Annual Management Report
• 100% of Council accountability requirements met	New measures for 2014-15	Achieved	Achieved	Achieved	

Notes:

1. Resident satisfaction survey results not comparable to previous year or target due to a different research provider and methodology.
2. Satisfaction results are based on residents rather than users of the Walter Nash Centre.

## COMMUNITY FACILITIES DEVELOPMENT STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000	ACTUAL 2016 \$000
<b>REVENUE</b>				
Rates Income	-	-	-	-
User Charges	-	-	-	-
Operating Subsidies & Grants	-	-	-	-
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	-	-	-	-
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	-	-	-	-
Vested Assets	-	-	-	-
Other Revenue	-	-	-	-
<b>Total Revenue</b>	-	-	-	-
<b>EXPENDITURE</b>				
Employee Costs	-	-	-	-
Operating Costs	5,206	15,772	10,566	3,871
Support Costs	-	-	-	-
Loss On Prop Disposals	-	-	-	-
Finance Cost	347	427	80	428
Depreciation	-	-	-	-
<b>Total Expenditure</b>				
<b>DEFICIT BEFORE TAX</b>	<b>5,553</b>	<b>16,199</b>	<b>10,646</b>	<b>4,299</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(5,553)	(16,199)	10,646	(4,299)
Add Capital Contributions	-	-	-	-
<b>Total Rates Funding Requirement</b>	<b>(5,553)</b>	<b>(16,199)</b>	<b>10,646</b>	<b>(4,299)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	-	-	-	-
Capital Expenditure - to improve level 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>(5,553)</b>	<b>(16,199)</b>	<b>10,646</b>	<b>(4,299)</b>

## OPERATING PROJECTS

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000
CFT Operating Grant	350	350	-
CFT Sportsville and Artificial Surfaces (Fraser Park)	950	8,457	7,507
CFT Stokes Valley Community Hub	2,050	5,105	3,055
CFT Walter Mildenhall Park Redevelopment	1,460	1,460	-

### SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

The favourable variance is timing related only. Both variance amounts were carried over and are included in the 2017-18 Annual Plan. For both projects construction is underway and budgets are expected to be fully spent during 2017-18.

### SIGNIFICANT CAPITAL VARIATIONS FROM THE ANNUAL PLAN

There were no capital projects budgeted or carried out during the year, although it should be noted that 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	ACHIEVED 2012-13	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	SOURCE OF INFORMATION
Residents' satisfaction with:						
• animal services	87%	82%	87%	82%	76% <sup>1</sup>	Key Research
≥ 82% of those expressing an opinion	69%	83%	78%	78%	79% <sup>1</sup>	
• enforcement of parking restrictions						
• environmental health services	100%	90%	100%	100%	Not measured in 2016-17	Monthly management report
≥ 75% of those expressing an opinion						
Animal services open 300 days per year	100%	100%	100%	100%	100%	Monthly management report
100%						
Dog complaints are responded to:						
• At least 95% within 30 minutes for dog attacks	96%	100%	99%	96%	95%	Monthly management report
• At least 95% within 24 hours for other complaints	91%	91%	98%	98%	95%	
Food premises registered or licensed:						
• 90% registered within 30 days of application (for premises operating under the Food Hygiene Regulations 1974)	99%	99%	100%	100%	100%	Computer Database Records
• 90% within three months (for premises with a Food Control Plan operating under the Food Act 2014)	95%	95%	98%	100%	100%	
Noise complaints responded to within 45 minutes	97%	92%	93%	91%	91%	Monthly management report
≥ 85% noise complaints responded to within						

Notes:

1. Resident satisfaction survey results not comparable to previous year or target due to a different research provider and methodology.

## REGULATORY SERVICES STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000	ACTUAL 2016 \$000
<b>REVENUE</b>				
Rates Income	-	-	-	-
User Charges	1,539	1,302	237	1,598
Operating Subsidies & Grants	-	-	-	-
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	-	-	-	-
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	-	-	-	-
Vested Assets	-	-	-	-
Other Revenue	996	1,006	(10)	963
<b>Total Revenue</b>	<b>2,535</b>	<b>2,308</b>	<b>227</b>	<b>2,561</b>
<b>EXPENDITURE</b>				
Employee Costs	3,341	3,237	(104)	3,276
Operating Costs	1,128	1,037	(91)	1,117
Support Costs	(122)	(124)	(2)	(116)
Loss On Prop Disposals	-	-	-	-
Finance Cost	11	13	2	10
Depreciation	51	27	(24)	41
<b>Total Expenditure</b>	<b>4,409</b>	<b>4,190</b>	<b>(219)</b>	<b>4,328</b>
<b>DEFICIT BEFORE TAX</b>	<b>(1,874)</b>	<b>(1,882)</b>	<b>8</b>	<b>(1,767)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(1,874)	(1,882)	8	(1,767)
Add Capital Contributions	-	-	-	-
<b>Total Rates Funding Requirement</b>	<b>(1,874)</b>	<b>(1,882)</b>	<b>8</b>	<b>(1,767)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	-	-	-	(57)
Capital Expenditure - to improve level of service	-	-	-	-
Less Capital Contributions	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-
Less Proceeds From Asset Sales	-	-	-	-
Less Depreciation	51	27	24	41
<b>Total Loan Funding Repayment</b>	<b>51</b>	<b>27</b>	<b>24</b>	<b>(16)</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(1,823)</b>	<b>(1,855)</b>	<b>32</b>	<b>(1,783)</b>

## OPERATING PROJECTS

There were no operating projects budgeted or carried out during the year.

## SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

The variance was due to increases in revenue from dog registration and alcohol licence fees and new revenue from trade waste contracts. The extra employee and operating costs were due to providing these services which were covered by the increased income.

## CAPITAL PROJECTS

There were no capital projects budgeted or carried out during the year.

# 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	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	SOURCE OF INFORMATION
Percentage of households that are prepared for a civil defence emergency ≥ 60% of those expressing an opinion	83%	82%	81%	22% <sup>1, 2</sup>	Key Research
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	Achieved	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	40%	75%	75%	Wellington Regional Rural Fire Committee

### Notes:

1. Resident satisfaction survey results not comparable to previous year or target due to a different research provider and methodology.
2. Supporting residents to be resilient and prepared for a civil defence emergency is a priority for Council. Past measures have not provided a realistic view on the percentage of households prepared for a civil defence emergency as the interpretation of "prepared" was not defined. In 2016-17 a new question was asked - "In the event of a natural disaster that resulted in all services being unavailable, how many days would you be able to survive on emergency food and water provisions in your own home?" to provide a more realistic view. Our definition of "prepared" is based on guidelines issued by Wellington Regional Emergency Management Office and our recent earthquake experience in November 2016. According to these guidelines, all households in the Wellington region should have enough food and water to last them at least seven days in the event of an emergency. According to this definition, nearly a quarter (22%) of households are prepared. However, a higher proportion (70%) indicated they had enough emergency food and water provisions at home to last more than three days. This is consistent with guidelines issued by National Civil Defence who recommend households should have enough food and water to last at least 3 days.

## EMERGENCY MANAGEMENT STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000	ACTUAL 2016 \$000
<b>REVENUE</b>				
Rates Income	-	-	-	-
User Charges	-	-	-	-
Operating Subsidies & Grants	-	-	-	-
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	-	-	-	-
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	-	-	-	-
Vested Assets	-	-	-	-
Other Revenue	10	-	10	10
<b>Total Revenue</b>	<b>10</b>	<b>-</b>	<b>10</b>	<b>10</b>
<b>EXPENDITURE</b>				
Employee Costs	2	-	(2)	-
Operating Costs	569	655	86	584
Support Costs	168	168	-	164
Loss On Prop Disposals	22	-	(22)	-
Finance Cost	6	7	1	8
Depreciation	18	13	(5)	18
<b>Total Expenditure</b>	<b>785</b>	<b>843</b>	<b>58</b>	<b>774</b>
<b>DEFICIT BEFORE TAX</b>	<b>(775)</b>	<b>(843)</b>	<b>68</b>	<b>(764)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(775)	(843)	68	(764)
Add Capital Contributions	-	-	-	-
<b>Total Rates Funding Requirement</b>	<b>(775)</b>	<b>(843)</b>	<b>68</b>	<b>(764)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	-	-	-	-
Capital Expenditure - to improve level of service	-	-	-	-
Less Capital Contributions	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-
Less Proceeds From Asset Sales	-	-	-	-
Less Depreciation	18	13	5	18
<b>Total Loan Funding Repayment</b>	<b>18</b>	<b>13</b>	<b>5</b>	<b>18</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(757)</b>	<b>(830)</b>	<b>73</b>	<b>(746)</b>

## OPERATING PROJECTS

There were no operating projects budgeted or carried out during the year.

## SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

Rural fire is now part of Fire and Emergency NZ and they refunded 1/4 of the Rural Fire levy. Apart from that there were no significant variations from the Annual Plan.

## CAPITAL PROJECTS

There were no capital projects budgeted or carried out during the year.



# 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 Policy
- Environmental Consents
- 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	Four measures covering Suburban Shopping Centres improvement fund, residents' satisfaction with litter control and recycling, and the amount of recycling were achieved. Measures not achieved include development of the Events Centre and residents' sense of pride in the city.
Economic Development	Urban Growth Strategy measures covering population growth and number of new homes were achieved. Economic performance measures not achieved. This is likely to be due to changes in the data collection for major sectors.
Environmental Consents	All measures were achieved.
Environmental Policy	Measure covering statutory processing timeframes was achieved.
City Promotions	All measures covering major and minor events in the city achieved. Measure concerning resident satisfaction with i-SITE Visitor Information Centre not achieved, likely to be due to the change in research approach and provider.

## GROWTH, DEVELOPMENT AND SUSTAINABILITY FINANCIAL SUMMARY

	(DEFICIT)/SURPLUS BEFORE TAX		RATE REQUIREMENT PER RESIDENT	
	ACTUAL 30 JUNE 2017 \$000	BUDGET 30 JUNE 2017 \$000	ACTUAL 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2017 \$000
Environmental Policy	(1,084)	(1,395)	(1,221)	10.49
Environmental Consents	(1,482)	(2,078)	(2,715)	14.33
Local Urban Environment	(3,248)	(4,999)	(6,454)	31.41
Economic Development	(3,188)	(4,127)	(2,732)	30.83
City Promotions	(575)	(492)	(367)	5.56

Note: The (Deficit)/Surplus before tax shows the net cost of the Council's activities for the year in comparison to the 2016-17 Annual Plan and the 2015-16 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 AND SUSTAINABILITY FUNDING IMPACT STATEMENT

For year ended June 2017

	LTP YR 1 2016 \$000	LTP YR 2 2017 \$000	ACTUAL 2017 \$000	BUDGET 2017 \$000
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual general charges, rates penalties	12,900	10,174	9,444	12,958
Targeted rates	132	134	133	133
Subsidies and grants for operating purposes	60	61	21	65
Fees and charges	2,912	3,096	3,664	3,416
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	1,052	1,070	1,307	1,059
<b>Total operating funding (A)</b>	<b>17,056</b>	<b>14,535</b>	<b>14,569</b>	<b>17,631</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers	13,523	10,673	12,129	12,940
Finance costs	1,501	1,858	1,057	1,300
Internal charges and overheads applied	1,271	1,214	1,300	1,300
Other operating funding applications	-	-	1	-
<b>Total applications of operating funding (B)</b>	<b>16,295</b>	<b>13,745</b>	<b>14,486</b>	<b>15,540</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>761</b>	<b>790</b>	<b>82</b>	<b>2,091</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	30,932	4,666	9,395	24,919
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>30,932</b>	<b>4,666</b>	<b>9,395</b>	<b>24,919</b>
<b>APPLICATION OF CAPITAL FUNDING</b>				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve level of service	31,683	5,446	9,470	27,000
- to replace existing assets	10	10	8	10
Increase (decrease) in reserves	-	-	-	-
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>31,693</b>	<b>5,456</b>	<b>9,478</b>	<b>27,010</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(761)</b>	<b>(790)</b>	<b>(82)</b>	<b>(2,091)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>-</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	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	SOURCE OF INFORMATION
Making Places: Administration Building redevelopment					
New events centre structure complete by 2017	New measures for 2015-16	New measures for 2015-16	Achieved	Not achieved – approx. 90% completed <sup>1</sup>	Management report
New halls and atrium services complete by 2017	New measures for 2015-16	New measures for 2015-16	Achieved	Not achieved <sup>2</sup>	
Suburban Shopping Centres Improvement Fund					
Build \$300,000 of improvements by 2017	New measure for 2015-16	New measure for 2015-16	Not Achieved - delayed supply of pavers means this will be completed in 2016-17	\$400K improvements completed. (Stokes Valley \$150K & Waterloo \$250K).	Management report
Residents feel a sense of pride in the way the city looks and feels	87%	86%	82%	76% <sup>3</sup>	Key Research
≥ previous results					
Residents' satisfaction with:					
≥ 86% of those expressing an opinion					
• litter control	89%	90%	77%	86% <sup>3</sup>	Key Research
• recycling	93%	93%	86%	88% <sup>3</sup>	
Percentage of households that have used the recycling service in the previous 12 months	85%	90%	84%	Not measured in 2016-17	
≥ 86% of households					
Tonnes of recycling per annum	7,778	7,584	7,357	7,619	Monthly Management report
Increasing					

Notes:

- The programme was delayed due to tender prices being higher than expected which resulted in a value engineering exercise focused on changes to reduce costs with minimum impact on quality. The entire project is on track to be completed in early 2018.
- The services (ducting, heating, electricals) were to be installed once the structural work was completed. Due to the delay in the structure being completed (as described in Note 1) the services were also delayed. Work has started.
- Resident satisfaction survey results not comparable to previous year or target due to a different research provider and methodology.

## LOCAL URBAN ENVIRONMENT STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000	ACTUAL 2016 \$000
<b>REVENUE</b>				
Rates Income	-	-	-	-
User Charges	95	132	(37)	62
Operating Subsidies & Grants	-	-	-	-
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	-	-	-	1
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	-	-	-	-
Vested Assets	-	-	-	-
Other Revenue	475	300	175	379
<b>Total Revenue</b>	<b>569</b>	<b>432</b>	<b>137</b>	<b>442</b>
<b>EXPENDITURE</b>				
Employee Costs	514	530	16	489
Operating Costs	1,958	1,285	(673)	5,154
Support Costs	278	278	-	271
Loss On Prop Disposals	1	-	(1)	-
Finance Cost	1,053	1,295	242	966
Depreciation	14	2,043	2,029	16
<b>Total Expenditure</b>	<b>3,818</b>	<b>5,431</b>	<b>1,613</b>	<b>6,896</b>
<b>DEFICIT BEFORE TAX</b>	<b>(3,248)</b>	<b>(4,999)</b>	<b>1,751</b>	<b>(6,454)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(3,248)	(4,999)	1,751	(6,454)
Add Capital Contributions	-	-	-	(1)
<b>Total Rates Funding Requirement</b>	<b>(3,248)</b>	<b>(4,999)</b>	<b>1,751</b>	<b>(6,455)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	(8)	(10)	2	-
Capital Expenditure - to improve level of service	(9,427)	(27,000)	17,573	(15,568)
Less Capital Contributions	-	-	-	1
Less UHCC Capital Contributions	-	-	-	-
Less Proceeds From Asset Sales	-	-	-	-
Less Depreciation	14	2,043	(2,029)	16
<b>Total Loan Funding Requirement</b>	<b>(9,421)</b>	<b>(24,967)</b>	<b>15,546</b>	<b>(15,551)</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(12,669)</b>	<b>(29,966)</b>	<b>17,297</b>	<b>(22,006)</b>

## OPERATING PROJECTS

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000
Heritage Incentives	27	52	25
Sculpture Trust	50	50	-
School Programmes	-	40	40
Business Programmes	-	25	25
Waste Minimisation Projects	3	155	152
Environmental Sustainability Projects	126	140	14

## SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

Operating costs are over budget due to the annual impairment of property. Depreciation was significantly under budget mainly due to delays with the Events Centre project.

## CAPITAL PROJECTS

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000
Seaview and Gracefield Banners	8	10	2
Admin Building Strengthening	28	95	67
Civic Events Centre - Operational Fitout	168	-	(168)
Making Places Events Centre Upgrade	8,353	24,005	15,652
Making Places Investigations For Future Projects	-	200	200
Other Making Places Projects	417	2,150	1,733
Suburban Shopping Centres Improvements	461	550	89

## SIGNIFICANT CAPITAL VARIATIONS FROM THE ANNUAL PLAN

Several factors lead to delays in the Events Centre project. The unspent budget has therefore been carried over to 2017-18 with the expectation that the project will be complete in early 2018. Other Making Places budgets were carried over to better align with timing of partner organisations Greater Wellington Regional Council & NZ Transport Agency.

# 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	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	SOURCE OF INFORMATION
Urban Growth Strategy					
<ul style="list-style-type: none"> <li>population growth</li> </ul>	New measures for 2015-16	New measures for 2015-16	0.3% Achieved prior to 2015-16	1.4% Estimate change 2015-16 (latest available)	Statistics New Zealand Estimates for June 2015 and June 2016
<ul style="list-style-type: none"> <li>number of new homes</li> </ul>	New measures for 2015-16	New measures for 2015-16	232 new homes	325 new homes <sup>1</sup>	Building consents with Code of Compliance Certificates between 1 July 2016 and 30 June 2017
<ul style="list-style-type: none"> <li>≥ 0.6% per annum (to achieve population increase of 110,000 by 2032)</li> <li>≥ 250 new homes per annum first five years and approx 300 per annum for remaining years (to achieve 6000 new homes by 2032)</li> </ul>					
Hutt City's economic performance according to the annual Hutt City Economic Profile report, which includes measures such as:					
Improvement in relative ranking with other cities measured					
<ul style="list-style-type: none"> <li>number of businesses</li> </ul>	0.40%	1.30%	0.20%	1.10%	Infometrics
<ul style="list-style-type: none"> <li>number of full-time equivalents (FTEs) in the workforce</li> </ul>	-0.80%	0%	0.20%	0.20%	
<ul style="list-style-type: none"> <li>Gross Domestic Product (GDP)</li> </ul>	1.00%	1.00%	1.60%	-0.10% <sup>2</sup>	
<ul style="list-style-type: none"> <li>GDP per capita</li> </ul>	0.80%	0.60%	Figure not available from Infometrics	Figure not available from Infometrics	
<ul style="list-style-type: none"> <li>high value sectors as percentage of all sectors (by GDP)</li> </ul>	-0.70%	1.70%	0.90%	-3.40%	

### Notes:

- Number of new homes completed closely aligned with building consents in 2014-15 (338).
- Differences in historic time series for major sectors. There are multiple reasons why historical data changes and therefore it is difficult to identify which is the major source of change. Each year the time series will change given a number various revisions. The time series in each year should be used independently of the previous years. This would apply to many economic data series in New Zealand, especially for indicators which are statistical constructs such as GDP.

## ECONOMIC DEVELOPMENT STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000	ACTUAL 2016 \$000
<b>REVENUE</b>				
Rates Income	-	-	-	-
User Charges	-	-	-	-
Operating Subsidies & Grants	-	-	-	-
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	-	-	-	-
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	-	-	-	-
Vested Assets	-	-	-	-
Other Revenue	207	150	57	171
<b>Total Revenue</b>	<b>207</b>	<b>150</b>	<b>57</b>	<b>171</b>
<b>EXPENDITURE</b>				
Employee Costs	703	594	(109)	587
Operating Costs	2,357	3,366	1,009	1,994
Support Costs	316	316	-	309
Loss On Prop Disposals	-	-	-	-
Finance Cost	1	1	-	1
Depreciation	18	-	(18)	12
<b>Total Expenditure</b>	<b>3,394</b>	<b>4,277</b>	<b>883</b>	<b>2,903</b>
<b>DEFICIT BEFORE TAX</b>	<b>(3,188)</b>	<b>(4,127)</b>	<b>939</b>	<b>(2,732)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(3,188)	(4,127)	939	(2,732)
Add Capital Contributions	-	-	-	-
<b>Total Rates Funding Requirement</b>	<b>(3,188)</b>	<b>(4,127)</b>	<b>939</b>	<b>(2,732)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	-	-	-	-
Capital Expenditure - to improve level of service	-	-	-	-
Less Capital Contributions	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-
Less Proceeds From Asset Sales	-	-	-	-
Less Depreciation	18	-	18	12
<b>Total Loan Funding Requirement</b>	<b>18</b>	<b>-</b>	<b>18</b>	<b>12</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(3,170)</b>	<b>(4,127)</b>	<b>957</b>	<b>(2,720)</b>

## OPERATING PROJECTS

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000
Jackson Street Programme	133	133	-
International Co-operating Cities	25	30	5
Economic Development Strategy	105	135	30
Hutt Valley Chamber of Commerce	202	200	(2)
Economic Development Contestable Fund	46	44	(2)
Science and Technology	176	70	(106)
Development Stimulus Package	1,138	2,000	862
CBD Place Maker	100	92	(8)
Petone 2040	99	60	(39)
Regional Amenities Fund	200	200	-
Urban Growth Strategy	22	170	148
Wainuiomata Development Plan	108	170	62

## SIGNIFICANT OPERATING VARIATIONS FROM THE 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. The unfavourable variance on Science and Technology was the result of increased project activity in this area.

## CAPITAL PROJECTS

There were no capital projects budgeted or carried out during the year.

# 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	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	SOURCE OF INFORMATION
Land Information Memoranda (LIMs) processed to comply with statutory requirements ≥ 95% processed within nine working days	98% processed within nine working days	100% processed within nine working days	100% processed within nine working days	99% processed within nine working days	Computer Database Records
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	85% of building consents and 99% of non-notified land use consents	87% of building consents processed and 97% of non-notified land use consents processed within 18 working days	91% of building consents processed and 90% of non-notified land use consents processed within 18 working days	95% building consents processed and 81% non-notified land-use resource consents processed within 18 working days.	Computer Database Records
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	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	100% of resource consents monitored within five working days 90% 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 with 24 hours	100% acknowledged within 24 hours	97% acknowledged within 24 hours	99% acknowledged within 24 hours	100% acknowledged within 24 hours	Computer Database Records
Building consents for fireplaces processed in a timely manner 100% processed within five working days	93% processed within five working days	96% processed within five working days	99% processed within five working days	100% 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 20 working days	99% issued within 20 working days 95% issued within 18 working days	100% issued 20 working days 99% issued within 18 working days	100% issued 20 working days 96% issued within 18 working days	100% issued in 20 working days 98% issued in 18 working days	Computer Database Records

## ENVIRONMENTAL CONSENTS STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000	ACTUAL 2016 \$000
<b>REVENUE</b>				
Rates Income	-	-	-	-
User Charges	3,544	3,222	322	3,211
Operating Subsidies & Grants	-	-	-	-
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	-	-	-	-
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	-	-	-	-
Vested Assets	-	-	-	-
Other Revenue	14	12	2	30
<b>Total Revenue</b>	<b>3,557</b>	<b>3,234</b>	<b>323</b>	<b>3,241</b>
<b>EXPENDITURE</b>				
Employee Costs	2,736	2,730	(6)	2,613
Operating Costs	363	643	280	1,448
Support Costs	1,897	1,897	-	1,853
Loss On Prop Disposals	-	-	-	-
Finance Cost	3	4	1	3
Depreciation	40	38	(2)	39
<b>Total Expenditure</b>	<b>5,039</b>	<b>5,312</b>	<b>273</b>	<b>5,956</b>
<b>DEFICIT BEFORE TAX</b>	<b>(1,482)</b>	<b>(2,078)</b>	<b>596</b>	<b>(2,715)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(1,482)	(2,078)	596	(2,715)
Add Capital Contributions	-	-	-	-
<b>Total Rates Funding Requirement</b>	<b>(1,482)</b>	<b>(2,078)</b>	<b>596</b>	<b>(2,715)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	-	-	-	-
Capital Expenditure - to improve level of service	-	-	-	(40)
Less Capital Contributions	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-
Less Proceeds From Asset Sales	-	-	-	-
Less Depreciation	40	38	2	39
<b>Total Loan Funding Requirement</b>	<b>40</b>	<b>38</b>	<b>2</b>	<b>(1)</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(1,442)</b>	<b>(2,040)</b>	<b>598</b>	<b>(2,716)</b>

## OPERATING PROJECTS

There were no operating projects budgeted or carried out during the year.

## SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

Revenue is over budget due to high numbers of consent applications and higher value building work in the city. Expenditure was lower than budgeted because of significantly less legal fees than expected.

## CAPITAL PROJECTS

There were no capital projects budgeted or carried out during the year.



# 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	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	SOURCE OF INFORMATION
Percentage of Plan Changes and Notices of Requirements processed within statutory timeframes 100% processed within statutory timeframes	New measure for 2015-16	New measure for 2015-16	100%	100%	Section 32 Reports

## ENVIRONMENTAL POLICY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000	ACTUAL 2016 \$000
<b>REVENUE</b>				
Rates Income	-	-	-	-
User Charges	-	-	-	-
Operating Subsidies & Grants	-	-	-	-
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	-	-	-	-
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	-	-	-	-
Vested Assets	-	-	-	-
Other Revenue	194	-	194	-
<b>Total Revenue</b>	<b>194</b>	<b>-</b>	<b>194</b>	<b>-</b>
<b>EXPENDITURE</b>				
Employee Costs	438	442	4	430
Operating Costs	497	610	113	456
Support Costs	343	343	-	335
Loss On Prop Disposals	-	-	-	-
Finance Cost	-	-	-	-
Depreciation	-	-	-	-
<b>Total Expenditure</b>	<b>1,279</b>	<b>1,395</b>	<b>116</b>	<b>1,221</b>
<b>DEFICIT BEFORE TAX</b>	<b>(1,084)</b>	<b>(1,395)</b>	<b>311</b>	<b>(1,221)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(1,084)	(1,395)	311	(1,221)
Add Capital Contributions	-	-	-	-
<b>Total Rates Funding Requirement</b>	<b>(1,084)</b>	<b>(1,395)</b>	<b>311</b>	<b>(1,221)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	-	-	-	-
Capital Expenditure - to improve level of service	-	-	-	-
Less Capital Contributions	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-
Less Proceeds From Asset Sales	-	-	-	-
Less Depreciation	-	-	-	-
<b>Total Loan Funding Requirement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(1,084)</b>	<b>(1,395)</b>	<b>311</b>	<b>(1,221)</b>

## OPERATING PROJECTS

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000
District Plan Work	417	300	(117)

## SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

The favourable operating variance is due to less requirement for resource management legal services and to cost recovery associated with private plan change requests. Project consultancy costs were also less than anticipated.

## CAPITAL PROJECTS

There were no capital projects budgeted or carried out during the year.

# 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	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	SOURCE OF INFORMATION
Residents' satisfaction with the i-SITE Visitor Information Centre ≥ 95% of those expressing an opinion	98%	96%	97%	79% <sup>1</sup>	Key Research
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	104,000 attendees	101,500 attendees	Hutt City Council Events Team
Minor events in Hutt City 25 diverse events supported through the minor event fund	New measure for 2015-16	New measure for 2015-16	32 events supported	37 events supported	Hutt City Council Events Team

Notes:

1. Resident satisfaction survey results not comparable to previous year or target due to a different research provider and methodology.

## CITY PROMOTIONS STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000	ACTUAL 2016 \$000
<b>REVENUE</b>				
Rates Income	-	-	-	-
User Charges	25	62	(37)	138
Operating Subsidies & Grants	21	65	(44)	63
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	-	-	-	-
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	-	-	-	-
Vested Assets	-	-	-	-
Other Revenue	418	597	(179)	403
<b>Total Revenue</b>	<b>464</b>	<b>724</b>	<b>(260)</b>	<b>604</b>
<b>EXPENDITURE</b>				
Employee Costs	1,066	1,022	(44)	964
Operating Costs	1,496	1,718	222	1,495
Support Costs	(1,534)	(1,534)	-	(1,498)
Loss On Prop Disposals	-	-	-	-
Finance Cost	-	-	-	-
Depreciation	11	10	(1)	10
<b>Total Expenditure</b>	<b>1,039</b>	<b>1,216</b>	<b>177</b>	<b>971</b>
<b>DEFICIT BEFORE TAX</b>	<b>(575)</b>	<b>(492)</b>	<b>(83)</b>	<b>(367)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(575)	(492)	(83)	(367)
Add Capital Contributions	-	-	-	-
<b>Total Rates Funding Requirement</b>	<b>(575)</b>	<b>(492)</b>	<b>(83)</b>	<b>(367)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	-	-	-	-
Capital Expenditure - to improve level of service	(43)	-	(43)	-
Less Capital Contributions	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-
Less Proceeds From Asset Sales	-	-	-	-
Less Depreciation	11	10	1	10
<b>Total Loan Funding Requirement</b>	<b>(32)</b>	<b>10</b>	<b>(42)</b>	<b>10</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(607)</b>	<b>(482)</b>	<b>(125)</b>	<b>(357)</b>

## OPERATING PROJECTS

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000
Events Funding	470	458	(12)
Internet Design	5	34	29
Development Stimulus Marketing	23	37	14

## SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

The unfavourable revenue variances are due to reduced income mainly from the Visitor Information Site which have been partly offset by savings in operating costs.

## CAPITAL PROJECTS

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000
Events Container	43	-	(43)

## SIGNIFICANT CAPITAL VARIATIONS FROM THE ANNUAL PLAN

The capital variance was due to the purchase of a container to be used for the storage of equipment for events and public displays and consultation.

# 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:

- Roothing 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
Roothing and Traffic	Nearly all technical measures and three resident satisfaction measures were achieved. Remaining resident satisfaction measures were not achieved. This is likely to be due to the change in research approach and provider.
Water Supply	Achieved majority of water supply measures including resident satisfaction, compliance with standards, number of complaints, median response time for urgent callouts and quality and reliability of water supply. Remaining measures including non-urgent callouts, water consumption and loss not achieved by a slim margin.
Wastewater	All 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 achieved. Dry weather wastewater overflows not achieved by a slim margin.
Stormwater	Majority of stormwater measures achieved including reliability of service, water quality at recreational beaches, pipeline blockages, complaints, response time, breaches of resource consents and flood protection. Resident's satisfaction target not achieved however is likely to be due to the change in research approach and provider. Number of flood events and number of habitable floors flooded not achieved following the November 2016 earthquake. Nearly all (85%) of the flood protection and control works programme was completed.
Solid Waste	Targets concerning residents' satisfaction with rubbish collection and compliance with resource consents achieved. Target for resident satisfaction with refuse disposal was not achieved.

## INFRASTRUCTURE FINANCIAL SUMMARY

	(DEFICIT)/SURPLUS BEFORE TAX			RATE REQUIREMENT PER RESIDENT
	ACTUAL 30 JUNE 2017 \$000	BUDGET 30 JUNE 2017 \$000	ACTUAL 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2017 \$000
Roothing & Traffic	(16,230)	(12,408)	(16,017)	156.96
Water Supply	(13,429)	(13,344)	(12,890)	129.87
Wastewater	(16,407)	(16,274)	(16,318)	158.67
Stormwater	(6,992)	(7,325)	(7,021)	67.63
Solid Waste	5,675	5,431	5,391	(54.88)

Note: The (Deficit)/Surplus before tax shows the net cost of the Council's activities for the year in comparison to the 2016-17 Annual Plan and the 2015-16 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.

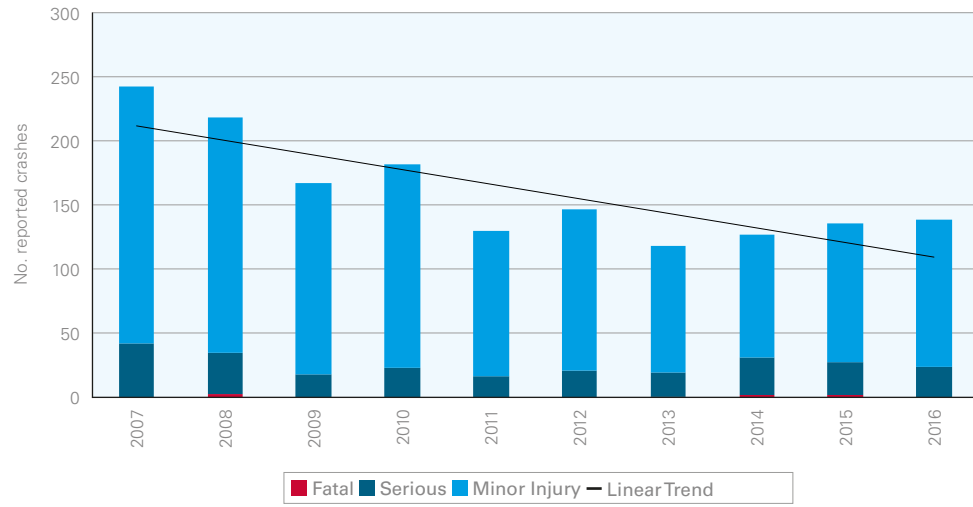
## HOW WE MEASURE THE SUCCESS OF OUR SERVICES

MEASURE	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	SOURCE OF INFORMATION
Residents' satisfaction with: Better than our historical average or the average of our peer councils, whichever is the higher, for each of these measures					Key Research
• street lighting	90%	89%	90%	81% <sup>1</sup>	
• roads and gutters being free of litter	89%	90%	88%	72% <sup>1</sup>	
• city free of graffiti	88%	92%	91%	91% <sup>1</sup>	
• traffic control	89%	88%	89%	80% <sup>1</sup>	
• footpaths	81%	85%	80%	82% <sup>1</sup>	
• roads	83%	87%	84%	92% <sup>1</sup>	
• parking in and around Hutt City	83%	85%	84%	65% <sup>1</sup>	
'Road Condition Index', which measures the condition of the road surface Hold or improve rating Note: 1. A lower number 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	1.5	1.2	1.7 Note: As half the city is surveyed in alternate years the 2015-16 figure needs to be compared with 2013-14	1.5	Data from the Road Assessment and Maintenance Management System (RAMM)
'Quality of Ride' 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	79.50%	79.50%	79.05%	80.88%	Data from RAMM
Accident trend (measured by NZTA) (refer to accident trend graph on the following page) Contribute to a reducing trend over 10 years	116	126 Note: this still contributes to a reducing trend	135 Note: this measure covers the natural year, not the financial year	139 <sup>2</sup>	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%	91.31%	91.48%	92.08%	93.30%	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	5.30%	5.90%	Measured by external audit
Percentage of footpaths that fall within the service standard for footpath condition < 98%	New measure for 2015-16	New measure for 2015-16	97.90%	98.00%	Measured by external audit

Notes:

1. Resident satisfaction survey results not comparable to previous year or target due to a different research provider and methodology.
2. This year's result contributes to a reducing trend. The measure covers the natural year, not the financial year.

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



## ROADING AND TRAFFIC FUNDING IMPACT STATEMENT

For year ended June 2017

	LTP YR 1 2016 \$000	LTP YR 2 2017 \$000	ACTUAL 2017 \$000	BUDGET 2017 \$000
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual general charges, rates penalties	19,023	19,200	20,191	20,550
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	3,678	3,741	4,065	4,054
Fees and charges	4,910	4,993	3,846	4,711
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	985	1,002	1,388	968
<b>Total operating funding (A)</b>	<b>28,596</b>	<b>28,936</b>	<b>29,490</b>	<b>30,283</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers	13,045	13,267	13,265	13,737
Finance costs	1,500	1,835	1,188	1,461
Internal charges and overheads applied	2,485	2,372	2,543	2,543
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>17,030</b>	<b>17,474</b>	<b>16,996</b>	<b>17,741</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>11,566</b>	<b>11,462</b>	<b>12,494</b>	<b>12,542</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure	7,502	5,913	3,956	8,072
Development and financial contributions	79	141	5	70
Increase (decrease) in debt	(1,018)	(5,511)	(7,633)	1,630
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>6,563</b>	<b>543</b>	<b>(3,672)</b>	<b>9,772</b>
<b>APPLICATION OF CAPITAL FUNDING</b>				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve level of service	10,347	6,158	2,849	9,742
- to replace existing assets	7,782	5,847	5,973	12,572
Increase (decrease) in reserves	-	-	-	-
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>18,129</b>	<b>12,005</b>	<b>8,822</b>	<b>22,314</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(11,566)</b>	<b>(11,462)</b>	<b>(12,494)</b>	<b>(12,542)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## ROADING AND TRAFFIC STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000	ACTUAL 2016 \$000
<b>REVENUE</b>				
Rates Income	-	-	-	-
User Charges	3,846	4,711	(865)	3,919
Operating Subsidies & Grants	4,065	4,054	11	3,775
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	3,956	8,072	(4,116)	3,979
Development Contributions	5	70	(65)	108
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	2	-	2	-
Vested Assets	893	500	393	11
Other Revenue	493	468	25	488
<b>Total Revenue</b>	<b>13,260</b>	<b>17,875</b>	<b>(4,615)</b>	<b>12,280</b>
<b>EXPENDITURE</b>				
Employee Costs	1,647	1,642	(5)	1,486
Operating Costs	11,618	12,095	477	11,394
Support Costs	2,543	2,543	-	2,485
Loss On Prop Disposals	-	-	-	-
Finance Cost	1,188	1,461	273	970
Depreciation	12,494	12,542	48	11,962
<b>Total Expenditure</b>	<b>29,490</b>	<b>30,283</b>	<b>793</b>	<b>28,297</b>
<b>DEFICIT BEFORE TAX</b>	<b>(16,230)</b>	<b>(12,408)</b>	<b>(3,822)</b>	<b>(16,017)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(16,230)	(12,408)	(3,822)	(16,017)
Add Capital Contributions	(3,961)	(8,142)	4,181	(4,087)
<b>Total Rates Funding Requirement</b>	<b>(20,191)</b>	<b>(20,550)</b>	<b>359</b>	<b>(20,104)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	(5,973)	(12,572)	6,599	(6,126)
Capital Expenditure - to improve level of service	(2,849)	(9,742)	6,893	(4,155)
Less Capital Contributions	3,961	8,142	(4,181)	4,087
Less UHCC Capital Contributions	-	-	-	-
Less Proceeds From Asset Sales	-	-	-	-
Less Depreciation	12,494	12,542	(48)	11,962
<b>Total Loan Funding Repayment</b>	<b>7,633</b>	<b>(1,630)</b>	<b>9,263</b>	<b>5,768</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(12,558)</b>	<b>(22,180)</b>	<b>9,622</b>	<b>(14,336)</b>

## OPERATING PROJECTS

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000
Rapid Response Anti-Graffiti Service	190	239	49
Safety Initiatives	28	20	(8)

## SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

The unfavourable variance for user charges reflects the reduced parking revenue from the "first hour free" parking trial which ran until April 2017. This was partially offset by higher than expected income from Inspections on Utility Reinstatements. The unfavourable variance for Capital Subsidies is consistent with the underspend on Capital Projects for the year. Streetlight and Traffic Signal replacement work plus the three Cycleway and Port Road Erosion Mitigation projects are now programmed for completion in 2017-18. The Estuary Bridge Corrosion Protection, Wingate Bridge Seismic Strengthening, Heretaunga Street and Queen Street Reconstruction projects and Wise Street Extension project have all come in under budget with the surpluses carried over for the Wainuiomata Shared Path project which is expected to require additional funding. Vested Assets has a favourable variance following the completion of the Parkway development. Operating costs were impacted by unplanned expenditure on emergency works following the November 2016 Earthquake and Floods, which was subsidised by NZTA, and underspends on Melling Gateway and safety related work on the Wainuiomata Hill Shared Path which have been carried over to 2017-18.

## CAPITAL PROJECTS

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000
Area Wide Pavement Treatment	2,210	1,446	(764)
Carpark Resurfacing	-	51	51
Estuary Bridge Corrosion Protection (Subsidy 51%)	378	800	422
Footpath Resurfacing And Replacement	202	205	3
Pavement Surfacing (Subsidy 51%)	1,912	2,028	116
Minor Safety Works (Subsidy 51%)	44	51	7
Minor Road and Footpath Construction	74	74	-
Pavements Wainuiomata Hill (Subsidy 51%)	579	4,874	4,295
Pay and Display Extension	191	185	(6)
Pedestrian Crossing Maintenance (Subsidy 51%)	32	31	(1)
Streetlight Lantern Replacement Programme (Subsidy 51%)	68	200	132
Streetlight Standard Replacement (Subsidy 51%)	202	250	48
Street Name Sign Replacement (Subsidy 51%)	15	20	5
Traffic Signal Replacement (Subsidy 51%)	60	170	110
Wainuiomata Hill Rd Safety Seal (Subsidy 51%)	1	800	799
Broad Band Ducting	-	21	21
Bridge Seismic Strengthening (Wingate Overbridge) (Subsidy 51%)	432	680	248
Making Places Civic Precinct Parking and Laings Rd Upgrade	111	2,280	2,169
Cross Valley Link Investigation and Design (Subsidy 51%)	-	400	400
Cycleway Network Development (Accelerated Prog) (Subsidy 51%)	266	1,675	1,409
Cycleways Continued Development (Subsidy 51%)	57	660	603
Eastern Bays Shared Path (Accelerated Programme) (Subsidy 51%)	-	900	900
Eastern Bays Shared Path	394	400	6
Local Area Traffic Management (Subsidy 51%)	51	51	-
Land Purchase For Roads	11	10	(1)
Port Road Erosion Mitigation (Net Of Subsidy)	29	760	731
Pedestrian Crossings New (Subsidy 51%)	33	53	20
Reconstruction Improvements (Heretaunga Street)	-	60	60
Reconstruction Improvements (Queen Street)	-	82	82
Road Reconstruction 2016-17 (Heretaunga St) (Subsidy 16%)	246	567	321
Road Reconstruction (Queen St ) (Subsidy 17.9%)	446	820	374
Sub Standard Roads Upgrade	8	250	242
Substandard Roads and Footpaths	152	250	98
School Speed Zone Programme (Subsidy 51%)	60	60	-
Traffic Safety Improvements (Subsidy 51%)	313	400	87
Urban Growth Strategy Roading Improvements	245	750	505

## SIGNIFICANT CAPITAL VARIATIONS FROM THE ANNUAL PLAN

Council had Capital Maintenance and Capital New / Improvement budgets of just over \$11m each for the 2016-17 financial year, most of which was subsidised by NZTA. Maintenance budgets were moved between Area Wide Pavement Treatments, Pavement Surfacing and the Wainuiomata Hill Safety Seal as a result of site validations changing the priority of works. \$200k from these budgets was carried over for work deferred into the 2017-18 financial year. As referenced in the Capital Subsidies comments above, Streetlight and Traffic Signal replacement work plus the three Cycleway and Port Road Erosion Mitigation Projects are now programmed for completion in 2017-18. The Estuary Bridge Corrosion Protection, Wingate Bridge Seismic Strengthening, Heretaunga Street and Queen Street Reconstruction Projects and Wise Street Extension Projects were all delivered under budget with the surpluses carried over for the Wainuiomata Shared Path Project which is expected to require additional funding.

# 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	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	SOURCE OF INFORMATION
Residents' satisfaction with the city water supply ≥ 95% of those expressing an opinion	96%	95%	90%	97% <sup>1</sup>	Key Research
Compliance with part four of New Zealand Drinking Water Standards (bacteria compliance criteria) Full compliance	Achieved full compliance	Achieved full compliance	Achieved full compliance	Achieved full compliance	Portable Water Testing Contract Reports
Number of complaints for drinking water: ≤ 140 per 1000 connections <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>	New measures for 2015-16	New measures for 2015-16	Achieved 10.17	Achieved: 12.49	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	Achieved: 43 minutes	Achieved: 45 minutes	Operations and Maintenance Contract Monthly Report
	New measures for 2015-16	New measures for 2015-16	2.82 hours	Achieved: 3.38 hours	
	New measures for 2015-16	New measures for 2015-16	24.37 hours	Not achieved: 42.12 hours <sup>2</sup>	
	New measures for 2015-16	New measures for 2015-16	26.48 hours	Achieved: 1.93 days	
Average drinking water consumption per resident per day 345 litres per day	New measure for 2015-16	New measure for 2015-16	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)	Not achieved: 352 l/p/d	Wellington Water SLA spreadsheet
Percentage of real water loss from networked reticulation system ≤ 18%  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	New measure for 2015-16	New measure for 2015-16	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)	Not achieved: 21.6% <sup>3</sup>	Wellington Water SLA spreadsheet

HOW WE MEASURE THE SUCCESS OF OUR SERVICES (CONTINUED)

MEASURE	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	SOURCE OF INFORMATION
Quality of water Achieve a 'b' grading from the Ministry of Health for the Hutt City water supply 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 Ltd (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	Achieved a 'b' grading	Achieved a 'b' grading	Achieved a 'b' grading	Achieved a 'b' grading	Ministry of Health Register of Community Drinking Water Suppliers Grading Report
Provide a reliable water supply service Fewer than four unplanned supply cuts per 1000 connections	Achieved 1.9	Achieved 2.2	Achieved 2.46	Achieved: 2.42	Operations and Maintenance Contract Monthly Report

Notes:

1. Resident satisfaction survey results not comparable to previous year or target due to a different research provider and methodology.
2. Following the November earthquake and storm events, there was a higher than usual number of request for callouts. There was a focus on high priority, urgent jobs across the region in November and into December which resulted in an increased median response time to lower priority, non-urgent call-outs.
3. The water loss estimate is above the target and is likely to include high outdoor use during the summer period. This may not have been fully reflected in the residential sample meters.

## WATER SUPPLY FUNDING IMPACT STATEMENT

For year ended June 2017

	LTP YR 1 2016 \$000	LTP YR 2 2017 \$000	ACTUAL 2017 \$000	BUDGET 2017 \$000
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual general charges, rates penalties	-	-	53	-
Targeted rates	12,906	13,462	13,379	13,379
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	2,336	2,376	2,644	2,436
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	114	116	205	114
<b>Total operating funding (A)</b>	<b>15,356</b>	<b>15,954</b>	<b>16,281</b>	<b>15,929</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers	11,046	11,529	11,926	11,583
Finance costs	446	609	350	431
Internal charges and overheads applied	336	321	344	344
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>11,828</b>	<b>12,459</b>	<b>12,620</b>	<b>12,358</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>3,528</b>	<b>3,495</b>	<b>3,661</b>	<b>3,571</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	35	36	3	35
Increase (decrease) in debt	1,903	1,296	2,683	2,596
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>1,938</b>	<b>1,332</b>	<b>2,686</b>	<b>2,631</b>
<b>APPLICATION OF CAPITAL FUNDING</b>				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve level of service	2,677	2,843	4,719	4,203
- to replace existing assets	2,789	1,984	1,628	1,999
Increase (decrease) in reserves	-	-	-	-
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>5,466</b>	<b>4,827</b>	<b>6,347</b>	<b>6,202</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(3,528)</b>	<b>(3,495)</b>	<b>(3,661)</b>	<b>(3,571)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## WATER SUPPLY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000	ACTUAL 2016 \$000
<b>REVENUE</b>				
Rates Income	-	-	-	-
User Charges	2,644	2,436	208	2,520
Operating Subsidies & Grants	-	-	-	-
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	3	35	(32)	35
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	-	-	-	-
Vested Assets	205	114	91	32
Other Revenue	-	-	-	-
<b>Total Revenue</b>	<b>2,852</b>	<b>2,585</b>	<b>267</b>	<b>2,587</b>
<b>EXPENDITURE</b>				
Employee Costs	-	-	-	-
Operating Costs	11,926	11,583	(343)	11,326
Support Costs	344	344	-	336
Loss On Prop Disposals	-	-	-	-
Finance Cost	350	431	81	289
Depreciation	3,661	3,571	(90)	3,526
<b>Total Expenditure</b>	<b>16,281</b>	<b>15,929</b>	<b>(352)</b>	<b>15,477</b>
<b>DEFICIT BEFORE TAX</b>	<b>(13,429)</b>	<b>(13,344)</b>	<b>(85)</b>	<b>(12,890)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(13,429)	(13,344)	(85)	(12,890)
Add Capital Contributions	(3)	(35)	32	(35)
<b>Total Rates Funding Requirement</b>	<b>(13,432)</b>	<b>(13,379)</b>	<b>(53)</b>	<b>(12,925)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	(1,628)	(1,999)	371	(1,859)
Capital Expenditure - to improve level of service	(4,719)	(4,203)	(516)	(1,731)
Less Capital Contributions	3	35	(32)	35
Less UHCC Capital Contributions	-	-	-	-
Less Proceeds From Asset Sales	-	-	-	-
Less Depreciation	3,661	3,571	90	3,526
<b>Total Loan Funding Repayment</b>	<b>(2,683)</b>	<b>(2,596)</b>	<b>(87)</b>	<b>(29)</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(16,115)</b>	<b>(15,975)</b>	<b>(140)</b>	<b>(12,954)</b>

## OPERATING PROJECTS

There were no operating projects budgeted or carried out during the year.

## SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

Revenue was over budget mainly due to metered water consumption being higher than expected. Operating expenditure at year end had an unfavourable variance primarily due to network breakages resulting from the November earthquake.

## CAPITAL PROJECTS

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000
Central Hutt Water Mains Renewals	514	340	(174)
Minor Works	97	150	53
Minor Works Pumping Stations	74	54	(20)
Reservoir Minor Work	108	53	(55)
SCADA Renewals	127	162	35
Seismic Coupling Installations	11	163	152
Water Quality - UV Treatment	31	-	(31)
Forward Design	145	167	22
Wakefield Street Main Renewal	-	100	100
Network Renewals	522	812	290
Community Infrastructure Resilience Projects	13	-	(13)
Critical Pipelines Seismic Upgrade	1,266	525	(741)
Delaney Reservoir Seismic Upgrade	1,214	530	(684)
Holborn Booster Pump	-	300	300
Konini Reservoir Seismic Upgrade	1,411	455	(956)
Kingsley Reservoir Seismic Upgrade	-	475	475
Pharazyn Pumping Station Seismic Upgrade	103	50	(53)
Reservoir Auto Shut Off Valves	68	105	37
Sweetacres Reservoir Upgrade	595	915	320
Taita Reservoir Seismic Upgrade	-	775	775
Water Bores Eastern Wards	48	73	25

## SIGNIFICANT CAPITAL VARIATIONS FROM THE ANNUAL PLAN

Approximately \$6.3 million spent on upgrading and maintaining the water main network, reservoirs and pumping stations. Significant projects carried out included Stage 3 Waterloo Collector Main Critical Pipeline Upgrade, Konini and Delaney Reservoirs upgrades (both overspent due to additional required work), Cleary Street, Devon street and Dover Road water main renewals. Taita and Kingsley reservoir upgrades have been deferred in favour of additional priority works on Delaney and Konini Reservoirs. Overall overspend is mainly due to the Stage 3 critical pipelines contract being ahead of schedule.



# 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	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	SOURCE OF INFORMATION
Residents' satisfaction with the city wastewater service ≥ 95% of those expressing an opinion	96%	97%	98%	96% <sup>1</sup>	Key Research
No resource consent-related infringement notices received from GWRC 100% compliance	100% compliance	One resource consent-related infringement notice	100% compliance	100% compliance	Compliance Reports from GWRC
Provide a reliable wastewater service Fewer than 1.2 wastewater incidents reported per kilometre of wastewater reticulation pipeline	0.68 incidents	0.63 incidents	0.71 incidents	Achieved 0.55 incidents	Operations and Maintenance Contract Monthly Report
Respond promptly to wastewater disruptions ≥ 97% of requests responded to within one hour of notification	98.80%	99.50%	99.60%	Achieved: 99.52%	Operations and Maintenance Contract Monthly Report
Dry weather wastewater overflows 0 per 1000 connections	New measure for 2015-16	New measure for 2015-16	Not achieved - 5	Not achieved 0.05	Wellington Water SLA
Number of complaints: • wastewater odour • wastewater system faults • wastewater system blockages • responsiveness to wastewater system issues ≤ 30 per 1000 connections	New measures for 2015-16	New measures for 2015-16	Achieved 13.47	Achieved: 25.42	Wellington Water SLA
Median response time for: • attendance time for wastewater overflows ≤ 60 minutes • resolution time for wastewater overflows ≤ Six hours	New measures for 2015-16	New measures for 2015-16	39 minutes 1.89 hours	Achieved: 35 minutes Achieved: 2.52 hours	Wellington Water SLA
Breaches of resource consents for discharges from wastewater system: • number of abatement notices • number of infringement notices • number of enforcement orders • number of convictions 0 breaches of resource consents	New measures for 2015-16	New measures for 2015-16	Achieved Nil	Achieved: Nil	Compliance reports from GWRC

Notes:

1. Resident satisfaction survey results not comparable to previous year or target due to a different research provider and methodology



## WASTEWATER FUNDING IMPACT STATEMENT

For year ended June 2017

	LTP YR 1 2016 \$000	LTP YR 2 2017 \$000	ACTUAL 2017 \$000	BUDGET 2017 \$000
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual general charges, rates penalties	-	-	121	-
Targeted rates	17,057	17,218	16,680	16,680
Subsidies and grants for operating purposes	2,547	2,590	2,498	2,539
Fees and charges	1,068	1,086	998	1,040
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	114	116	266	114
<b>Total operating funding (A)</b>	<b>20,786</b>	<b>21,010</b>	<b>20,563</b>	<b>20,373</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers	11,691	11,890	11,816	11,528
Finance costs	863	1,053	530	652
Internal charges and overheads applied	822	785	842	842
Other operating funding applications	-	-	2	-
<b>Total applications of operating funding (B)</b>	<b>13,376</b>	<b>13,728</b>	<b>13,191</b>	<b>13,022</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>7,410</b>	<b>7,282</b>	<b>7,372</b>	<b>7,351</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure	2,107	478	321	491
Development and financial contributions	406	413	394	406
Increase (decrease) in debt	660	(2,778)	(2,936)	(1,612)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>3,173</b>	<b>(1,887)</b>	<b>(2,221)</b>	<b>(715)</b>
<b>APPLICATION OF CAPITAL FUNDING</b>				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve level of service	6,115	407	122	600
- to replace existing assets	4,468	4,988	5,029	6,036
Increase (decrease) in reserves	-	-	-	-
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>10,583</b>	<b>5,395</b>	<b>5,151</b>	<b>6,636</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(7,410)</b>	<b>(7,282)</b>	<b>(7,372)</b>	<b>(7,351)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## WASTEWATER STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000	ACTUAL 2016 \$000
<b>REVENUE</b>				
Rates Income	-	-	-	-
User Charges	998	1,040	(42)	1,039
Operating Subsidies & Grants	-	-	-	-
UHCC Operating Subsidy	2,498	2,539	(41)	2,426
Capital Subsidies	-	-	-	-
Development Contributions	394	406	(12)	147
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	-	-	-	-
Vested Assets	266	114	152	75
Other Revenue	-	-	-	-
<b>Total Revenue</b>	<b>4,156</b>	<b>4,099</b>	<b>57</b>	<b>3,687</b>
<b>EXPENDITURE</b>				
Employee Costs	-	-	-	-
Operating Costs	11,816	11,528	(288)	11,394
Support Costs	842	842	-	823
Loss On Prop Disposals	2	-	(2)	-
Finance Cost	530	652	122	559
Depreciation	7,372	7,351	(21)	7,229
<b>Total Expenditure</b>	<b>20,563</b>	<b>20,373</b>	<b>(190)</b>	<b>20,005</b>
<b>DEFICIT BEFORE TAX</b>	<b>(16,407)</b>	<b>(16,274)</b>	<b>(133)</b>	<b>(16,318)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(16,407)	(16,274)	(133)	(16,318)
Add Capital Contributions	(394)	(406)	12	(147)
<b>Total Rates Funding Requirement</b>	<b>(16,801)</b>	<b>(16,680)</b>	<b>(121)</b>	<b>(16,465)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	(5,029)	(6,036)	1,007	(3,177)
Capital Expenditure - to improve level of service	(122)	(600)	478	(681)
Less Capital Contributions	394	406	(12)	147
Less UHCC Capital Contributions	321	491	(170)	508
Less Proceeds From Asset Sales	-	-	-	-
Less Depreciation	7,372	7,351	21	7,229
<b>Total Loan Funding Repayment</b>	<b>2,936</b>	<b>1,612</b>	<b>1,324</b>	<b>4,026</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(13,865)</b>	<b>(15,068)</b>	<b>1,203</b>	<b>(12,439)</b>

## OPERATING PROJECTS

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000
Wastewater Flow Management Wainuiomata	73	90	17
Rising Main Vulnerability Assessment	1	50	49

## SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

Operating revenue was close to budget. Operating expenditure has been over budget at year end. This is primarily a result of increased network maintenance costs due to November earthquake and storm events.

## CAPITAL PROJECTS

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000
Adelaide Street Wastewater Renewal (with Stormwater)	41	550	509
Massey Avenue Pumping Station Seismic Strengthening	63	60	(3)
Malone Road Trunk Non-DBO Pumping Station Seismic Strengthening	53	60	7
Naenae Sewer Renewal	469	300	(169)
Network Minor Works	94	120	26
Pressure Testing Of Sewers	226	300	74
Queen Street Sewer Renewal	845	735	(110)
Rossiter Avenue Trunk Non-DBO Pumping Station Seismic Strengthening	47	60	13
SCADA Renewals	86	215	129
Trunk DBO Asset Replacement Fund	833	881	48
Trunk DBO Network Cyclic Replacement (Subsidy 32%)	25	150	125
Trunk Non-DBO Sewer Renewals	-	400	400
Trunk Non-DBO Minor Works	17	10	(7)
Trunk Resource Consent Renewals (Subsidy 28%)	259	100	(159)
Vista Grove Sewer Replacement	-	325	325
Victoria Street Pumping Station Seismic Strengthening	55	210	155
Wainuiomata Catchment Sewer Renewals	1,347	844	(503)
Forward Design	97	100	3
Network Renewals	394	530	136
Pumping Station Minor Works	78	86	8
Trunk DBO Type B Network Development	-	400	400
Trunk Type A Asset Development (Subsidy 31%)	122	200	78

## SIGNIFICANT CAPITAL VARIATIONS FROM THE ANNUAL PLAN

Approximately \$3.4 million was spent on upgrades, seismic strengthening and maintenance to the sewer network. The favourable variance is due to Adelaide St project being delayed due to contractor availability, and the Trunk non-DBO Sewer Renewals and Trunk DBO Type B projects taken off the programme or deferred. \$825k of the \$1.5 million underspend has been carried over to 2017-18 to fund Adelaide St and network renewals projects. Significant projects carried out included Queen St, Wainuiomata Rd, Maire St (Wainuiomata), Davis Gr, Karaka St (Wainuiomata), Maire St (Woburn), Karaka St (Muritai) and Howard St (Pt Howard) sewer renewals.

# 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	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	SOURCE OF INFORMATION
Residents' satisfaction with the city stormwater service ≥ 80% of those expressing an opinion	84%	87%	83%	73% <sup>1</sup>	Key Research
Provide a reliable stormwater service Fewer than 0.5 stormwater incidents reported per kilometre of stormwater pipeline	Achieved 0.09 incidents	Achieved 0.12 incidents	Achieved 0.04 incidents	Achieved 0.03 incidents	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	83%	89%	91%	Achieved - each monitored beach open 100% 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	Achieved - Nil	Not Achieved 1 <sup>2</sup>	Wellington Water SLA spreadsheet
Number of habitable floors flooded (compliant with District Plan) 0 out of 1000 connections per flooding event	New measure for 2015-16	New measure for 2015-16	Achieved - Nil	Not Achieved 0.05 <sup>3</sup>	Wellington Water SLA spreadsheet
Number of pipeline blockages ≤ 0.5 per kilometre of pipeline	New measure for 2015-16	New measure for 2015-16	Achieved 0.04	Achieved 0.03	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	Achieved 1.59	Achieved 11.44	Wellington Water SLA spreadsheet
Median response time to attend a flooding event ≤ 60 minutes	New measure for 2015-16	New measure for 2015-16	Achieved 49 minutes	Achieved 48 minutes	Wellington Water SLA spreadsheet
Breaches of resource consents for discharges from stormwater system: • number of abatement notices • number of infringement notices • number of enforcement orders • number of convictions 0 breaches of resource consents	New measures for 2015-16	New measures for 2015-16	Achieved - Nil	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	Achieved	Not achieved 85% completed <sup>4</sup>	GWRC

Notes:

1. Resident satisfaction survey results not comparable to previous year or target due to a different research provider and methodology
2. One flooding event on 15 November 2016 following the storm. The storm rated 30-40 years return period, and exceeded the capacity of the network in places.
3. There were two confirmed habitable floors flooded as a result of the storm on 15 November 2016. The affected properties are being managed through the post-event response process to properly identify problems and plan for potential solutions.
4. Hutt River penstock automation works rescoped as result of future planned stopbank works by GWRC. 2016-17 rescoped work being completed early in 2017-18.

## STORMWATER FUNDING IMPACT STATEMENT

For year ended June 2017

	LTP YR 1 2016 \$000	LTP YR 2 2017 \$000	ACTUAL 2017 \$000	BUDGET 2017 \$000
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual general charges, rates penalties	7,019	7,043	7,039	7,375
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	9	9	5	9
Fees and charges	5	5	4	5
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	114	116	382	114
<b>Total operating funding (A)</b>	<b>7,147</b>	<b>7,173</b>	<b>7,429</b>	<b>7,503</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers	3,328	3,385	3,792	3,702
Finance costs	375	390	280	344
Internal charges and overheads applied	306	292	313	313
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>4,009</b>	<b>4,067</b>	<b>4,385</b>	<b>4,359</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>3,138</b>	<b>3,106</b>	<b>3,044</b>	<b>3,144</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	50	51	47	50
Increase (decrease) in debt	852	(740)	91	887
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>902</b>	<b>(689)</b>	<b>138</b>	<b>937</b>
<b>APPLICATION OF CAPITAL FUNDING</b>				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve level of service	2,733	1,491	2,776	3,170
- to replace existing assets	1,307	926	406	911
Increase (decrease) in reserves	-	-	-	-
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>4,040</b>	<b>2,417</b>	<b>3,182</b>	<b>4,081</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(3,138)</b>	<b>(3,106)</b>	<b>(3,044)</b>	<b>(3,144)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## STORMWATER STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000	ACTUAL 2016 \$000
<b>REVENUE</b>				
Rates Income	-	-	-	-
User Charges	4	5	(1)	4
Operating Subsidies & Grants	5	9	(4)	6
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	47	50	(3)	16
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	-	-	-	-
Vested Assets	382	114	268	93
Other Revenue	-	-	-	-
<b>Total Revenue</b>	<b>436</b>	<b>178</b>	<b>258</b>	<b>119</b>
<b>EXPENDITURE</b>				
Employee Costs	-	-	-	-
Operating Costs	3,792	3,702	(90)	3,605
Support Costs	313	313	-	306
Loss On Prop Disposals	-	-	-	-
Finance Cost	280	344	64	243
Depreciation	3,044	3,144	100	2,986
<b>Total Expenditure</b>	<b>7,429</b>	<b>7,503</b>	<b>74</b>	<b>7,140</b>
<b>DEFICIT BEFORE TAX</b>	<b>(6,992)</b>	<b>(7,325)</b>	<b>333</b>	<b>(7,021)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(6,992)	(7,325)	333	(7,021)
Add Capital Contributions	(47)	(50)	3	(16)
<b>Total Rates Funding Requirement</b>	<b>(7,039)</b>	<b>(7,375)</b>	<b>336</b>	<b>(7,037)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	(406)	(911)	505	(845)
Capital Expenditure - to improve level of service	(2,776)	(3,170)	394	(1,861)
Less Capital Contributions	47	50	(3)	16
Less UHCC Capital Contributions	-	-	-	-
Less Proceeds From Asset Sales	-	-	-	-
Less Depreciation	3,044	3,144	(100)	2,986
<b>Total Loan Funding Repayment</b>	<b>(91)</b>	<b>(887)</b>	<b>796</b>	<b>296</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(7,130)</b>	<b>(8,262)</b>	<b>1,132</b>	<b>(6,741)</b>

## OPERATING PROJECTS

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000
Waiwhetu Stream Flood Management Plan	14	45	31
Stormwater Consenting Process	101	203	102

## SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

Revenue from vested assets exceeded budget resulting in a favourable variance. Reduced planned maintenance resulted in an underspend which was utilised to offset the increased spend due to storm and earthquake events.

## CAPITAL PROJECTS

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000
Stormwater Renewal (Adelaide Street)	117	399	282
Minor Works	38	70	32
SCADA Renewals	79	161	82
Forward Design	25	50	25
Network Modelling	78	150	72
Pump Station Minor Works	78	81	3
Awamutu Stream	20	50	30
Beach Stormwater Outlets	203	429	226
Dowse Drive Stormwater Improvement	114	537	423
Hutt River Backflow Electrical	112	192	80
Hutt River Floodplain	182	150	(32)
Hutt River Stormwater Flapgates and Pumping Stations	161	240	79
Stormwater Improvements (Randwick Road)	179	337	158
Stormwater Improvements (Queen Street)	1,796	1,235	(561)

## SIGNIFICANT CAPITAL VARIATIONS FROM THE ANNUAL PLAN

Approximately \$2.7 millions was spent on stormwater upgrades and renewals. \$425k of the \$900k underspend has been carried over to 2017-18 to complete the Hutt River Flapgates Automation and Beach Stormwater consenting projects. The Adelaide Street project is delayed due to the contractor concentrating resources to complete Waterloo Stage 3 Critical Mains project. Dowse Drive has been deferred to 2023 due to further modelling and consenting requirements. Significant projects completed included Queen Street which was over spent due to higher contract and engineering costs and Randwick Rd Stormwater improvements.

# 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	ACHIEVED 2012-13	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	SOURCE OF INFORMATION
Residents' satisfaction with:						
• rubbish collection	95%	93%	96%	94%	95% <sup>1</sup>	Key Research
≥ 93% of those expressing an opinion						
• refuse disposal	81%	83%	82%	88%	85% <sup>1</sup>	Key Research
≥ 91% of those expressing an opinion						
No resource consent-related infringement notices received from GWRC	100% compliance	100% compliance	100% compliance	100% compliance	100% compliance	Compliance Reports from GWRC
100% compliance						

Notes:

1. Resident satisfaction survey results not comparable to previous year or target due to a different research provider and methodology

## SOLID WASTE FUNDING IMPACT STATEMENT

For year ended June 2017

	LTP YR 1 2016 \$000	LTP YR 2 2017 \$000	ACTUAL 2017 \$000	BUDGET 2017 \$000
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual general charges, rates penalties	(6,648)	(6,773)	(7,012)	(6,768)
Targeted rates	1,337	1,360	1,337	1,337
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	12,895	13,114	14,093	12,965
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	5	5	76	5
<b>Total operating funding (A)</b>	<b>7,589</b>	<b>7,706</b>	<b>8,494</b>	<b>7,539</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers	6,416	6,525	6,801	6,307
Finance costs	256	278	506	268
Internal charges and overheads applied	330	315	338	338
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>7,002</b>	<b>7,118</b>	<b>7,645</b>	<b>6,913</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>587</b>	<b>588</b>	<b>849</b>	<b>626</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	1,343	765	1,107	1,574
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>1,343</b>	<b>765</b>	<b>1,107</b>	<b>1,574</b>
<b>APPLICATION OF CAPITAL FUNDING</b>				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve level of service	1,930	1,353	1,956	2,200
- to replace existing assets	-	-	-	-
Increase (decrease) in reserves	-	-	-	-
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,930</b>	<b>1,353</b>	<b>1,956</b>	<b>2,200</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>(587)</b>	<b>(588)</b>	<b>(849)</b>	<b>(626)</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## SOLID WASTE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000	ACTUAL 2016 \$000
<b>REVENUE</b>				
Rates Income	-	-	-	-
User Charges	14,093	12,965	1,128	13,015
Operating Subsidies & Grants	-	-	-	-
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	-	-	-	-
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	-	-	-	-
Vested Assets	-	-	-	-
Other Revenue	76	5	71	13
<b>Total Revenue</b>	<b>14,169</b>	<b>12,970</b>	<b>1,199</b>	<b>13,028</b>
<b>EXPENDITURE</b>				
Employee Costs	-	-	-	-
Operating Costs	6,801	6,307	(494)	6,102
Support Costs	338	338	-	330
Loss On Prop Disposals	-	-	-	-
Finance Cost	506	268	(238)	503
Depreciation	849	626	(223)	702
<b>Total Expenditure</b>	<b>8,494</b>	<b>7,539</b>	<b>(955)</b>	<b>7,637</b>
<b>SURPLUS BEFORE TAX</b>	<b>5,675</b>	<b>5,431</b>	<b>244</b>	<b>5,391</b>
<b>RATES FUNDING REQUIREMENT</b>				
Surplus Before Tax	5,675	5,431	244	5,391
Add Capital Contributions	-	-	-	-
<b>Total Rates Funding Requirement</b>	<b>5,675</b>	<b>5,431</b>	<b>244</b>	<b>5,391</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	-	-	-	-
Capital Expenditure - to improve level of service	(1,956)	(2,200)	244	(3,062)
Less Capital Contributions	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-
Less Proceeds From Asset Sales	-	-	-	-
Less Depreciation	849	626	223	702
<b>Total Loan Funding Requirement</b>	<b>(1,107)</b>	<b>(1,574)</b>	<b>467</b>	<b>(2,360)</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>4,568</b>	<b>3,857</b>	<b>711</b>	<b>3,031</b>

## OPERATING PROJECTS

There were no operating projects budgeted or carried out during the year.

## SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

Both commercial tonnages and domestic vehicle numbers were higher than expected resulting in additional revenue. Operating costs partly reflected this additional volume, plus a continuation of difficult operating conditions, and considerable expenditure on odour control measures in response to an increase of complaints from local residents.

## CAPITAL PROJECTS

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000
Silverstream Landfill Stage 2	1,956	2,200	244

## SIGNIFICANT CAPITAL VARIATIONS FROM THE ANNUAL PLAN

Capital spend for the year reflects the on-going need to develop space at the landfill. Small underspend this year will likely be offset by similar small overspend next year.

# 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	Residents' satisfaction with the Mayor and Councillors, the way rates are spent and public consultation below target. This is likely to be due in the change in research approach and provider.
Advice and Support	All measures achieved covering satisfaction with formal advice received and responses to requests for help from Council officers.
Support Services	All measures covering staff turnover, compliance with legal and policy requirements and work-related accidents achieved.

## ORGANISATION FINANCIAL SUMMARY

	(DEFICIT)/SURPLUS BEFORE TAX			RATE REQUIREMENT PER RESIDENT	
	ACTUAL 30 JUNE 2017 \$000	BUDGET 30 JUNE 2017 \$000	ACTUAL 30 JUNE 2016 \$000	ACTUAL 30 JUNE 2017 \$000	
Elected Members	(1,764)	(1,973)	(1,860)	17.06	
Advice & Support	(4,601)	(4,600)	(4,364)	44.50	
Support Services*	8,867	3,346	(4,875)	(85.75)	

Note: The (Deficit)/Surplus before tax shows the net cost of the Council's activities for the year in comparison to the 2016-17 Annual Plan and the 2015-16 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.

# ORGANISATION FUNDING IMPACT STATEMENT

For year ended June 2017

	LTP YR 1 2016 \$000	LTP YR 2 2017 \$000	ACTUAL 2017 \$000	BUDGET 2017 \$000
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual general charges, rates penalties	(16,023)	(3,903)	(5,935)	(19,969)
Targeted rates	-	-	5	-
Subsidies and grants for operating purposes	-	-	28	-
Fees and charges	1,057	1,075	813	1,125
Internal charges and overheads recovered	15,937	15,213	16,313	16,313
Local authorities fuel tax, fines, infringement fees, and other receipts	1,052	1,237	6,822	1,094
<b>Total operating funding (A)</b>	<b>2,023</b>	<b>13,622</b>	<b>18,047</b>	<b>(1,437)</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers	13,473	13,503	13,764	14,030
Finance costs	996	1,081	817	996
Internal charges and overheads applied	4,903	4,680	5,020	5,020
Other operating funding applications	-	-	46	-
<b>Total applications of operating funding (B)</b>	<b>19,372</b>	<b>19,264</b>	<b>19,647</b>	<b>20,046</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)</b>	<b>(17,349)</b>	<b>(5,642)</b>	<b>(1,600)</b>	<b>(21,483)</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	10,266	12,515	2,772	23,263
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>10,266</b>	<b>12,515</b>	<b>2,772</b>	<b>23,263</b>
<b>APPLICATION OF CAPITAL FUNDING</b>				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve level of service	(6,181)	5,603	339	720
- to replace existing assets	(902)	1,270	833	1,060
Increase (decrease) in reserves	-	-	-	-
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>(7,083)</b>	<b>6,873</b>	<b>1,172</b>	<b>1,780</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)</b>	<b>17,349</b>	<b>5,642</b>	<b>1,600</b>	<b>21,483</b>
<b>FUNDING BALANCE ((A-B)+(C-D))</b>	<b>-</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	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	SOURCE OF INFORMATION
Residents’ satisfaction with the Mayor’s and councillors’ performance ≥ 90% of those expressing an opinion	95%	96%	96%	78% <sup>1</sup>	Key Research
Residents’ satisfaction with the way we spend their rates ≥ 83% of those expressing an opinion	89%	86%	89%	71% <sup>1</sup>	Key Research
Residents’ satisfaction with our public consultation Improvement on previous year	86%	90%	88%	71% <sup>1</sup>	Key Research

Notes:

1. Resident satisfaction survey results not comparable to previous year or target due to a different research provider and methodology

## ELECTED MEMBERS STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000	ACTUAL 2016 \$000
<b>REVENUE</b>				
Rates Income	-	-	-	-
User Charges	5	-	5	9
Operating Subsidies & Grants	-	-	-	-
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	-	-	-	-
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	-	-	-	-
Vested Assets	-	-	-	-
Other Revenue	-	-	-	-
<b>Total Revenue</b>	<b>5</b>	<b>-</b>	<b>5</b>	<b>9</b>
<b>EXPENDITURE</b>				
Employee Costs	1	-	(1)	17
Operating Costs	1,139	1,344	205	1,238
Support Costs	629	629	-	614
Loss On Prop Disposals	-	-	-	-
Finance Cost	-	-	-	-
Depreciation	-	-	-	-
<b>Total Expenditure</b>	<b>1,769</b>	<b>1,973</b>	<b>204</b>	<b>1,869</b>
<b>DEFICIT BEFORE TAX</b>	<b>(1,764)</b>	<b>(1,973)</b>	<b>209</b>	<b>(1,860)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(1,764)	(1,973)	209	(1,860)
Add Capital Contributions	-	-	-	-
<b>Total Rates Funding Requirement</b>	<b>(1,764)</b>	<b>(1,973)</b>	<b>209</b>	<b>(1,860)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	-	-	-	-
Capital Expenditure - to improve level of service	-	-	-	-
Less Capital Contributions	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-
Less Proceeds From Asset Sales	-	-	-	-
Less Depreciation	-	-	-	-
<b>Total Loan Funding Requirement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(1,764)</b>	<b>(1,973)</b>	<b>209</b>	<b>(1,860)</b>

## OPERATING PROJECTS

There were no operating projects budgeted or carried out during the year.

## SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

The favourable variance is due to the delay in finalising the Council's committee structure pending a review and appointing the community panels.

## CAPITAL PROJECTS

There were no capital projects budgeted or carried out during the year.



## 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	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	SOURCE OF INFORMATION
Councillors are satisfied or more than satisfied with the formal advice they receive from officers ≥ 80% of those expressing an opinion	91%	91%	93%	96%	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	82%	91%	86%	98%	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%	84%	82%	92%	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	97%	85%	82%	84%	Survey of Elected and Appointed Members

## ADVICE AND SUPPORT STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000	ACTUAL 2016 \$000
<b>REVENUE</b>				
Rates Income	-	-	-	-
User Charges	-	-	-	-
Operating Subsidies & Grants	-	-	-	-
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	-	-	-	-
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	-	-	-	-
Vested Assets	-	-	-	-
Other Revenue	205	200	5	-
<b>Total Revenue</b>	<b>205</b>	<b>200</b>	<b>5</b>	<b>-</b>
<b>EXPENDITURE</b>				
Employee Costs	17	10	(7)	2
Operating Costs	399	399	-	73
Support Costs	4,391	4,391	-	4,289
Loss On Prop Disposals	-	-	-	-
Finance Cost	-	-	-	-
Depreciation	-	-	-	-
<b>Total Expenditure</b>	<b>4,807</b>	<b>4,800</b>	<b>(7)</b>	<b>4,364</b>
<b>DEFICIT BEFORE TAX</b>	<b>(4,601)</b>	<b>(4,600)</b>	<b>(1)</b>	<b>(4,364)</b>
<b>RATES FUNDING REQUIREMENT</b>				
Deficit Before Tax	(4,601)	(4,600)	(1)	(4,364)
Add Capital Contributions	-	-	-	-
<b>Total Rates Funding Requirement</b>	<b>(4,601)</b>	<b>(4,600)</b>	<b>(1)</b>	<b>(4,364)</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	-	-	-	-
Capital Expenditure - to improve level of service	-	-	-	-
Less Capital Contributions	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-
Less Proceeds From Asset Sales	-	-	-	-
Less Depreciation	-	-	-	-
<b>Total Loan Funding Requirement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>(4,601)</b>	<b>(4,600)</b>	<b>(1)</b>	<b>(4,364)</b>

## OPERATING PROJECTS

There were no operating projects budgeted or carried out during the year.

## SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

There were no significant operating variances from the Annual Plan.

## CAPITAL PROJECTS

There were no capital projects budgeted or carried out during the year.

## 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

The Support Services activity supports all our activities by providing business, legal and support services and tools.

### HOW WE MEASURE THE SUCCESS OF OUR SERVICES

MEASURE	ACHIEVED 2013-14	ACHIEVED 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	SOURCE OF INFORMATION
Staff turnover Less than 12%	8.73%	13.66%	6.64%	10.90%	Monthly Management Reports
Legal and policy requirements No significant instances of non-compliance	No significant instances of non-compliance	One significant instance of non-compliance	One significant instance of non-compliance	No significant instances of non-compliance	Monthly Management Reports
Work-related accidents No more than four resulting in time off work	Two	Three	Nil	Nil	Monthly Management Reports



## SUPPORT SERVICES STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000	ACTUAL 2016 \$000
<b>REVENUE</b>				
Rates Income	99,311	99,007	304	95,458
User Charges	808	1,125	(317)	972
Operating Subsidies & Grants	28	-	28	-
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	-	-	-	-
Interest Earned	1,040	687	353	1,091
Dividends	6	-	6	-
Gain On Prop Disposals	-	-	-	-
Gain On Revaluation Of Financial Instruments	5,152	-	5,152	-
Vested Assets	-	-	-	-
Other Revenue	419	207	212	258
<b>Total Revenue</b>	<b>106,764</b>	<b>101,026</b>	<b>5,738</b>	<b>97,779</b>
<b>EXPENDITURE</b>				
Employee Costs	9,743	9,815	72	9,189
Operating Costs	2,465	2,462	(3)	3,059
Support Costs	(16,313)	(16,313)	-	(15,937)
Loss On Prop Disposals	46	-	(46)	474
Loss On Revaluation Of Financial Instruments	-	-	-	7,991
Finance Cost	817	996	179	815
Depreciation	1,828	1,713	(115)	1,605
<b>Total Expenditure</b>	<b>(1,414)</b>	<b>(1,327)</b>	<b>87</b>	<b>7,196</b>
<b>SURPLUS BEFORE TAX</b>	<b>108,178</b>	<b>102,353</b>	<b>5,825</b>	<b>90,583</b>
<b>RATES FUNDING REQUIREMENT</b>				
Surplus Before Tax	108,178	102,353	5,825	90,583
Rate Funded Debt Repayment	3,428	23,196	(19,768)	20,165
Add Capital Contributions	-	-	-	-
<b>Total Rates Funding Requirement</b>	<b>111,606</b>	<b>125,549</b>	<b>(13,943)</b>	<b>110,748</b>
<b>LOAN FUNDING REQUIREMENT</b>				
Capital Expenditure - to replace existing assets	(833)	(1,060)	227	(891)
Capital Expenditure - to improve level of service	(339)	(720)	381	(1,363)
Less Capital Contributions	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-
Less Proceeds From Asset Sales	-	-	-	-
Less Depreciation	1,828	1,713	115	1,605
Less Rate Funded Debt Repayment	(3,428)	(23,196)	19,768	(20,165)
<b>Total Loan Funding Requirement</b>	<b>(2,772)</b>	<b>(23,263)</b>	<b>20,491</b>	<b>(20,814)</b>
<b>TOTAL FUNDING REQUIREMENT</b>	<b>108,834</b>	<b>102,286</b>	<b>6,548</b>	<b>89,934</b>

## OPERATING PROJECTS

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000
Social Development Projects	39	125	86
Quality Of Life Study	-	25	25
Research - Monitoring and Evaluation Of Outcome	48	50	2
Neighbourhood Matching Fund	-	50	50

## SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

Rates were above budget due to greater increase in rating base than expected. Gain on Revaluation of Financial Instruments is a non cash unbudgeted item. Other revenue is higher due to additional unbudgeted revenue. Interest expense is under budget due to reduced capital and operating expenditure and lower interest costs.

## CAPITAL PROJECTS

	ACTUAL 2017 \$000	BUDGET 2017 \$000	VARIANCE 2017 \$000
Network Storage, Server Hardware and PC Replacement Programme	389	415	26
System Maintenance	88	305	217
System Upgrades	321	300	(21)
Telecommunications	35	40	5
Administration Leased Accommodation Fitout	-	20	20
Digitisation Of At Risk Archives	-	25	25
Mobile Devices	92	80	(12)
Other (IT) Projects	150	375	225
Internet Online Services	30	200	170
Vehicle Purchase	34	20	(14)
Water Fountain	33	-	(33)

## SIGNIFICANT CAPITAL VARIATIONS FROM THE ANNUAL PLAN

The majority of IT Capital investment was focused on the upgrade and replacement of hardware and network infrastructure to ensure a sustainable environment going forward. This included installing new machines in the Taita Clubhouse, and purchasing new servers for the Council. All projects were completed within the overall budget.

# 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:

- to enable democratic local decision-making and action by, and on behalf of, communities; and
- 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:

- network infrastructure
- public transport services
- solid waste collection and disposal
- the avoidance or mitigation of natural hazards

- 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.

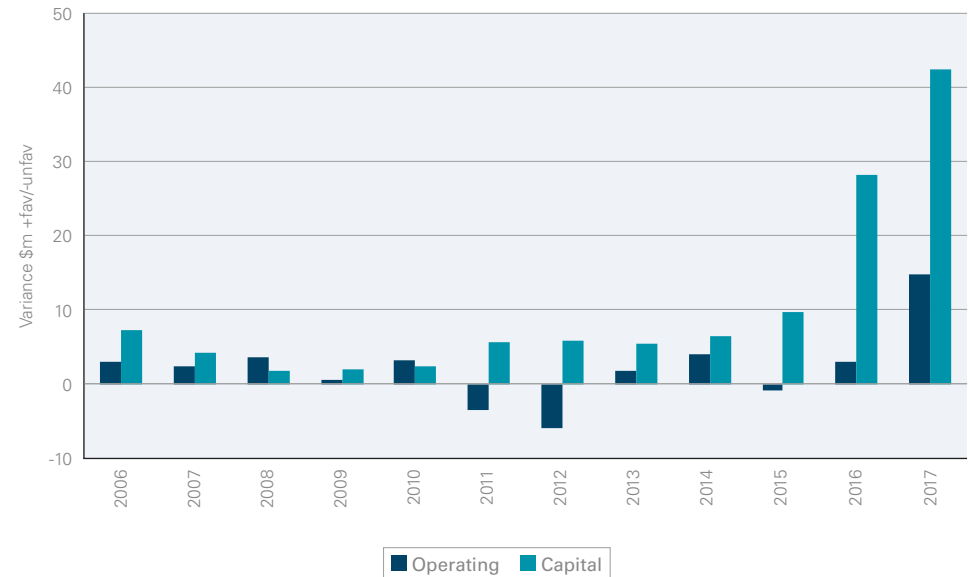
Council monitors the Chief Executive's performance through a series of performance measures and the Chief Executive is accountable to Council through a quarterly reporting process.

## KEY PERFORMANCE INDICATORS

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

PRIORITY AREA	ORGANISATIONAL OBJECTIVES
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

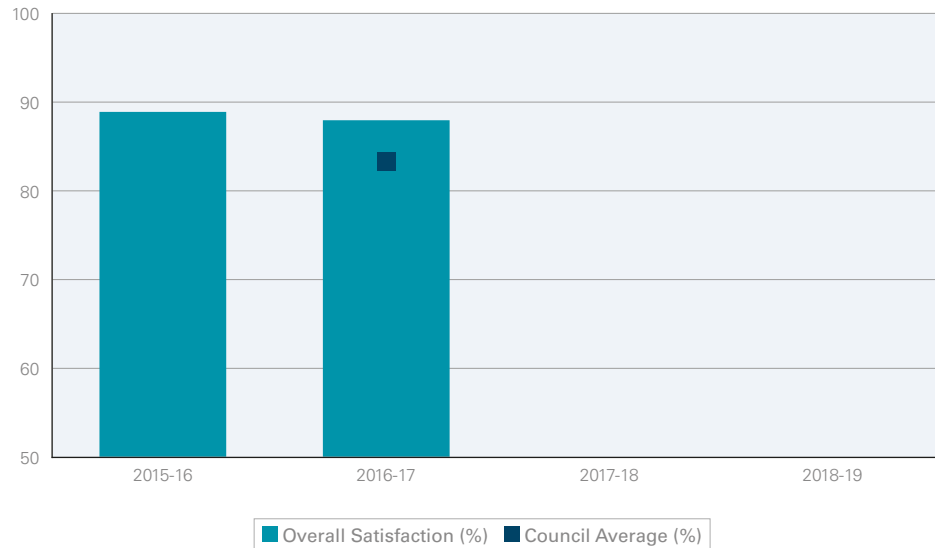
We've developed five key performance indicators for these areas, which are additional to the performance measures and targets for each of our 21 key activities.



## BUDGET MANAGEMENT

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

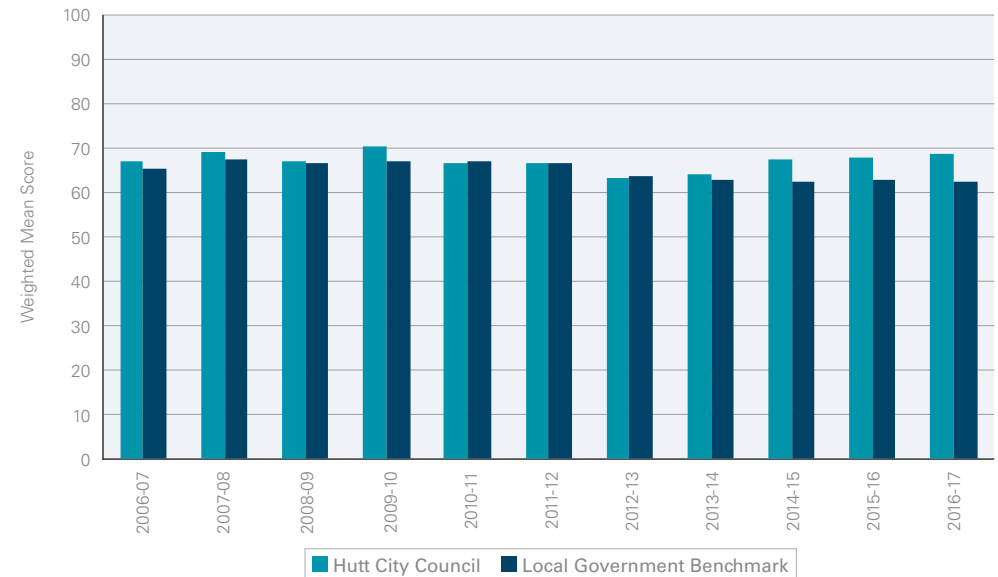
For 2016-17 Council budgeted for an operating deficit of \$14.6m, mainly due to \$15.4m in grants to fund community rejuvenation projects planned to be undertaken by the Hutt City Community Facilities Trust (CFT). The actual deficit, excluding gains/losses on revaluation of financial instruments, was 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 2017-18. Capital expenditure was under budget mainly from delays in completing some Council projects. These projects are also due to be completed in 2017-18.



Note: Council average is the average across five New Zealand city councils for the 2016-17 year. Results exclude 'don't know' responses. Question wording is not consistent across all councils.

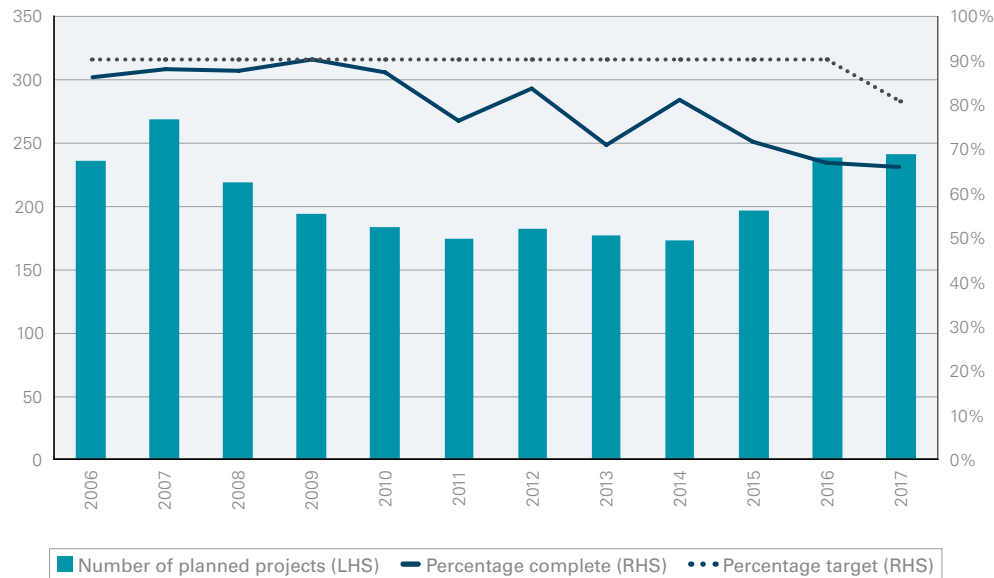
### CUSTOMER SATISFACTION

Council is committed to delivering a high level of service to the community. We monitor residents' satisfaction through an independent annual survey. Overall our satisfaction levels are high with nearly nine in ten (88%) indicating they are satisfied. This is on par with last year's result of 89% and is higher than a comparative score of five other city councils of 83% satisfied.



### 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 was set at 80% in 2016-17 (90% in previous years).

In 2016-17 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. Many of the uncompleted projects have been carried over and are due to be completed in 2017-18. The most significant of these are: Avalon Park Development; Making Places Riddiford Gardens Stage 3; Te Whiti Park Changing Sheds; projects undertaken for CFT being Fraser Park Sportsville, and the Stokes Valley Community Hub; Cycleway Network Development; Eastern Bays Walkway and Wainuiomata Hill Shared Paths; Civic Precinct Parking and Laings Road Upgrade; Making Places Civic Events Centre Upgrade; and Council’s Development Stimulus Package.

## 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. This was achieved this year.

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
2017	-	-

# 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	2017 TARGET	2017 ACTUAL
Maintain Asset Management Plan as detailed in the operational plan. Review six monthly.	100%	98%
Address non-programmed maintenance within five working days.	95%	96%
Overall Customer Satisfaction	85%	91% (9.1/10)
Commercial Pier & Fuel Wharf.	Complete the berths on the south side of H Pier.	Postponed and to be reviewed in for action in 2017/2018.
Final Stage of pedestrian walkway.	Complete the walkway around the main marina causeway.	Postponed until 2017/2018 as contractor was not available.
North berths on H Pier.		These berths were designed as 10m and at this stage it was agreed by the Board that no more small berths would be developed until the occupancy of 12m berths improved.
Effluent Pump replacement.	Purchase mobile effluent pump to replace existing fixed unit.	Purchased and operational.
Develop a strategy that will encourage the public to use the marina	Upgrade landscaping and public amenities	No additional facilities were developed during the year.
	Provide facilities that encourage the general public to the marina	The Company has entered a joint venture enterprise to provide a café facility on the marina. This is encouraging walkers, cyclists and local workers to enjoy the marina during the day.
	Support the Lowry Bay Yacht Club (LBYC) to encourage boating at the marina	Seaview Marina continues to provide sponsorship to the LBYC. The Company supported the LBYC with the 24 hour race by way of free berths and free servicing packages for hardstand services as prizes. Provided prizes for the LBYC yacht racing series.
	Run events on the marina to encourage the general public	The inaugural Wellington Boat Show was successfully run at Seaview Marina attracting around 5000 visitors to the marina.
Achieve full compliance with financial, technical and regulatory standards. This includes, Electrical Warrant of Fitness for vessels and Building Warrant of Fitness as well as Hutt City Council and Greater Wellington Regional Council requirements.	100%	100%
Return on Investment	5.0%	7.5%
Manage and operate the marina within its 2016-17 budget	\$1,864,170	\$1,696,551

## 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	2017 TARGET	2017 ACTUAL
<b>Property Services</b>		
1.1. Operational expenditure within budget (1).	Operating \$333,825	Achieved \$313,423
1.2. Capital expenditure within budget	Capital \$nil	Achieved Nil capital expenditure
1.3. Achieve not less than a 20% contribution margin	20% contribution margin	Achieved
1.4. Resident satisfaction with public halls greater than or equal to peer average, subject to Council funding.	2016 Peer Average 94%	Achieved 95% The result excludes "Don't Know" responses.
1.5. Resident satisfaction with public toilets greater than or equal to peer average, subject to Council funding.	2016 Peer Average 79%	Not Achieved 77% The result excludes "Don't Know" responses.
1.6. Tenant satisfaction with Council-owned community buildings greater than or equal to 90%.	90%	Achieved 100% satisfied The result for satisfied is calculated using "neutral" and "above" responses.
1.7. Council satisfaction with facilities management not less than 90%	90%	Achieved 92% satisfied
<b>Rental Housing</b>		
1.8. Operational expenditure within budget (1).	Operating \$974,703	Achieved \$879,120
1.9. Capital expenditure within budget	Capital \$1,162,393	Achieved \$60,301
1.10. A return on equity across the portfolio before depreciation and after interest and tax of greater than 5% (3.5% last year) (1).	5%	Achieved 74%
1.11. Tenant satisfaction with the provision of the company's rental housing greater than or equal to 90%.	90%	Achieved 94%
1.12. Percentage of total housing units occupied by low-income elderly greater than or equal to 85%.	85%	Not Achieved 79% identified primary source of income NZ National Superannuation.
1.13. Rentals charged shall not be less than 90% of "market" rent.	90%	Achieved 92.1%
1.14. Between 6 and 10 new units added to the portfolio aiming to increase portfolio size to 220 units by June 2019	Between 6 and 10 new units by June 2019	Not Achieved No new units added to the portfolio in 2016-17 financial year.
<b>Property Development</b>		
1.15. Operational expenditure within budget (2).	Operating \$484,675	Not Achieved \$887,094 Not achieved due to recognition of Cost of Sales associated with commercial property sales during 2016-17 (net gain on sales - \$99,745).
1.16. Capital expenditure within budget	Capital \$1,642,861	Achieved \$34,965
1.17. A return of not less than 10% after interest and tax on each project	10%	Not applicable in current year No commercial developments were completed in 2016-17.
<b>Professional Property Advice</b>		
1.18. Achieve a market return on additional services provided to the shareholder	Achieve a market return on additional services provided to the shareholder	Not applicable Additional services were not charged to the shareholder during 2016-17.

(1) This measure is based on the measure that has historically been reported against, and is different from the measure as reported in the 2016-17 Statement of Intent as that measure is not able to be reported.

(2) Operating expenditure before depreciation and tax expense.

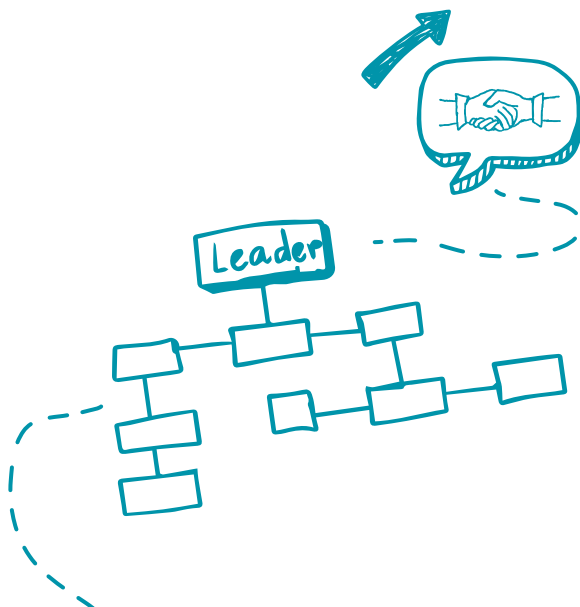
In 2009 after a period of extensive public consultation Council adopted the “CBD Making Places 2030” project report (“Making Places”) that has the overall aim to rejuvenate the Lower Hutt CBD by creating a CBD that is economically vibrant, artistically and culturally rich and people friendly. In certain 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 fulfillment 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 were established for this purpose:

1. Partnership Properties Limited (incorporated 5 June 2014, de-registered February 2017)

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).

These subsidiary companies were established for a specific purpose and that purpose was achieved during the 2016 financial year. The companies are now in the process of being disestablished and therefore there are no performance measures.





## 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	2017 TARGET	2017 ACTUAL
<b>Operational Management</b>		
Operational expenditure is within budget.	100%	Achieved
All reporting requirements set by Council and the Board of CFT are met in accordance with the Local Government Act 2002, the CFT Statement of Intent and the CFT Deed of Trust.	Statement of Intent by 1 March Half yearly report by 1 March Annual Report by 30 September	Achieved Achieved Achieved
<b>Facilities Design and Development</b>		
All capital expended on design and other consultants is within approved progress project budgets at financial year end.	100%	Achieved
All capital expenditure on approved projects is at or less than approved budget for each project at financial year end.	100%	Achieved
<b>Project Delivery</b>		
Walter Mildenhall Park development	Facility reaches practical completion 1/12/2016.	Not achieved. As a result of a major construction error by the main contractor the project has been delayed by eight months.
Fraser Park Sportsville – Stage 2	Facility construction contract confirmed by 30/9/2016 (practical completion 1/12/2017).	Not achieved. The contract was let in May 2017 and the building is now under construction.
Stokes Valley Community Hub	Deliver the facility for tenant fit-out by 30/9/2017.	On track
<b>Facilities Management</b>		
All facilities maintain legal compliance, WOFs and/or certification	100%. Building Safety upheld.	Achieved
All facilities are leased within three months of completion.	100%. Legal partnerships are secured with users.	No facilities completed in the 2016-17 financial year so no result can be reported
All facilities have detailed maintenance plans in place within 12 months of completion.	100%. Maintenance programmes instituted to ensure facilities' amenities values retained and are safe for users.	Achieved. The CFT has in place detailed annual and 20 year maintenance plans for all of its buildings and sporting infrastructure.
<b>Fundraising</b>		
Fraser Park Sportsville	At least \$1.85m pledged before 30/9/2016	Not achieved A total of \$1,662,000 was pledged by 30 June 2017.
Walter Mildenhall Park Development	At least \$150,000 pledged by 30/11/2016.	Not achieved. While \$1,850,000 was pledged by 30 June, the last \$150,000 remains to be raised to meet the agreed fundraising target.
CFT achieves 80% or better of the agreed fundraising targets set by Council for each of the agreed projects, within the financial year	Refer Prospective Statement of Financial Performance on Page 8 of SOI (CFT Capital Funding)	Achieved. \$1,912,000 was pledged as against the target for the year of \$1,410,000.

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. 100% compliance
Maintain water supply grading from the Ministry of Health	Achieved <sup>1</sup> . Grading has been maintained.
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/100ml <sup>2</sup>	Target is 90% of all freshwater sites or an increasing trend – Not achieved 87% <sup>2</sup>
Non-consented discharge events from treatment plants	Target is zero – Achieved zero
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 2.42
Wastewater – fewer than 1.2 wastewater reticulation incidents per km of pipeline	Achieved 0.55
Stormwater – fewer than 0.5 stormwater pipeline blockages per km of pipeline	Achieved 0.03
Cumulative number of floors flooded per 1000 connections per council per flooding event	Target is zero – Not achieved 0.05 <sup>3</sup>
Water resources preserved for future generations. Measure of awareness of water conservation work and change in behaviour:	
<ul style="list-style-type: none"> <li>• I think I should be conserving more water than I’m currently doing</li> <li>• I have the information I need to be able to conserve more water</li> <li>• I generally make a positive effort to conserve water</li> </ul>	Target is a decreasing trend – Achieved 69% Target is an increasing trend – Not achieved 58% Target is an increasing trend – No change 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 0.2%
Sustainable drinking water consumption (average regional gross per capita usage)	Target is 345 L/p/d – Not achieved 351.83 L/p/d
Complete the regional asset management plan seismic resilience work programme	The water supply resilience programme business case was completed by June 2017. It may change as a result of work under way in 2017-18. The Water Supply Resilience Strategy approved at the Client Councils Representative forum is now being incorporated into the 30 year investment strategy. Client Councils will be presented with funding options. The options will represent alternative levels of investment in resilience that will determine the scope and timeframe for implementing improvements. In May 2017 Central Government announced a \$6m contribution towards the Community Infrastructure Resilience (CIR) initiative proposed by Wellington Water. Approximately \$4.9m of the GWRC capex programme for 2017-18 was re-prioritised for CIR investment through the annual plan consultation process. This has been given high priority due to the humanitarian requirement after a significant seismic event.  The wastewater resilience strategic case was completed in September 2016. Two of the three problems it identified, namely community awareness and integrated operational planning, are being addressed through the CIR work. The third problem is the fragility of the network, addressing this is a long-term goal for the region.

1. Last assessed in July 2008 and there is no change.
2. Freshwater water quality does not meet the required levels of 1000cfu/100ml in Awamutu Stream, Stokes Valley at Eastern Hutt Road and Waiwhetu Stream at Tilbury St. Investigations are being initiated and will be carried out in these catchments. The water quality at freshwater sites is highly dependent on the condition of both the public and private network, and investigations are aimed at identifying these faults. Once faults are identified, remedial actions are taken.
3. There were two confirmed habitable floors affected in HCC in the flooding event on the 15th November 2016. The storm rated 30-40 years return period, and exceeded the capacity of the network in places. The affected properties are being managed through the post-event response process to properly identify problems and plan for potential solutions.

# 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 standardising 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, kua 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 Māori 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 Māori 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 Māori within the city, including the city's marae. The current memoranda of understanding were revised during the year for the incoming Council to reflect the existing partnerships.

# OUR FINANCES

## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF HUTT CITY COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

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

We are also required to report on:

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

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

We completed our work on 18 October 2017. This is the date on which we give our report.

### Opinion on the audited information

In our opinion:

- the financial statements on pages 85 to 133:
  - present fairly, in all material respects:
    - the City Council and Group's financial position as at 30 June 2017;
    - the results of the operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards; and
- the funding impact statement on page 89, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's annual plan;
- the statement of service provision (referred to as performance summaries or how we measure success of our services) on pages 10 to 71:
  - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2017, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 10 to 71, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council's annual plan; and
- the funding impact statement for each group of activities on pages 10 to 71, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's Long term plan.

- made the disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 134 to 137, which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council and Group's audited information and, where applicable, the City Council's Long term plan and annual plans.

### Basis for opinion on the audited information

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

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

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

### Report on the disclosure requirements

We report that the City Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and

## Responsibilities of the Council for the audited information

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

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

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the City Council and the Group or there is no realistic alternative but to do so.

## Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from

material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

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

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

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud

or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City Council and Group's internal control.
  - We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
  - We determine the appropriateness of the reported intended levels of service in the statement of service provision (referred to as performance summaries or how we measure success of our services), as a reasonable basis for assessing the levels of service achieved and reported by the City Council.
  - We conclude on the appropriateness of the use of the going concern basis
- of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the City Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the City Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
  - We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.
- We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and

significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Other Information**

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 2 to 9 and 72 to 81, but does not include the audited information and the disclosure requirements.

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

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

**Independence**

We are independent of the City Council and Group in accordance with the independence requirements of the Auditor-General’s Auditing Standards, which incorporate the independence

requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

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



**Andrew Clark**  
**Audit New Zealand**  
*On behalf of the Auditor-General*  
*Wellington, 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**  
**18 OCTOBER 2017**

**Tony Stallinger**  
**CHIEF EXECUTIVE**  
**18 OCTOBER 2017**

# FINANCIAL STATEMENTS

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For the year ended 30 June 2017

	NOTES	COUNCIL			GROUP	
		ACTUAL 2017 \$000	BUDGET 2017 \$000	ACTUAL 2016 \$000	ACTUAL 2017 \$000	ACTUAL 2016 \$000
<b>Revenue</b>						
Rates	4.	99,311	99,007	95,458	99,089	95,200
Fees, charges and metered rates for water supply	5.	33,409	33,429	32,653	37,416	36,295
Development and financial contributions		450	561	307	450	304
Subsidies and grants	5.	10,523	15,013	10,186	10,523	10,186
Finance income	6.	1,040	687	1,092	335	330
Other revenue	5.	7,373	5,740	5,203	8,184	7,448
Gain on revaluation of financial instruments	7.	5,152	-	-	5,152	-
Gain on disposal	7.	692	-	-	2,183	-
<b>Total revenue</b>	<b>3.</b>	<b>157,950</b>	<b>154,438</b>	<b>144,899</b>	<b>163,332</b>	<b>149,763</b>
<b>Expenses</b>						
Employee costs	8.	32,338	32,110	30,968	33,546	32,167
Other expenses	9.	83,015	93,228	82,298	79,973	79,694
Finance costs	6.	6,145	7,187	5,561	6,145	5,561
Loss on disposal	7.	-	-	392	-	303
Loss on revaluation of financial instruments	7.	-	-	7,991	-	7,991
Depreciation and amortisation expenses	16 - 18.	35,478	36,475	33,568	36,610	34,652
<b>Total expense</b>		<b>156,976</b>	<b>169,000</b>	<b>160,778</b>	<b>156,274</b>	<b>160,368</b>
<b>Share of associate's surplus/(deficit)</b>	<b>19.</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(52)</b>	<b>84</b>
<b>Surplus/(deficit) before tax</b>		<b>974</b>	<b>(14,562)</b>	<b>(15,879)</b>	<b>7,006</b>	<b>(10,521)</b>
<b>Income tax expense/(benefit)</b>	<b>10.</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus/(deficit) after tax</b>		<b>974</b>	<b>(14,562)</b>	<b>(15,879)</b>	<b>7,006</b>	<b>(10,521)</b>
<b>Surplus/(deficit) attributed to Hutt City Council:</b>		<b>974</b>	<b>(14,562)</b>	<b>(15,879)</b>	<b>7,006</b>	<b>(10,521)</b>
<b>Other comprehensive revenue and expenses</b>						
<i>Items that will not be reclassified to surplus/(deficit)</i>						
Gain/(losses) on property revaluations		-	-	89	6,054	89
Deferred tax on revaluation	10.	-	-	-	-	79
<b>Total other comprehensive revenue and expenses</b>		<b>-</b>	<b>-</b>	<b>89</b>	<b>6,054</b>	<b>168</b>
<b>Total comprehensive revenue and expenses</b>		<b>974</b>	<b>(14,562)</b>	<b>(15,790)</b>	<b>13,060</b>	<b>(10,353)</b>
<b>Total comprehensive revenue and expenses attributed to Hutt City Council:</b>		<b>974</b>	<b>(14,562)</b>	<b>(15,790)</b>	<b>13,060</b>	<b>(10,353)</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 2017

	NOTES	COUNCIL			GROUP	
		ACTUAL 2017 \$000	BUDGET 2017 \$000	ACTUAL 2016 \$000	ACTUAL 2017 \$000	ACTUAL 2016 \$000
<b>Balance at 1 July</b>		<b>1,252,918</b>	<b>1,266,496</b>	<b>1,268,708</b>	<b>1,279,327</b>	<b>1,288,218</b>
Total comprehensive revenue and expenses for the year		974	(14,562)	(15,790)	13,060	(10,353)
Adjustment to deferred tax on transition to PBE accounting standards		-	-	-	-	1,462
<b>Balance at 30 June</b>	<b>26.</b>	<b>1,253,892</b>	<b>1,251,934</b>	<b>1,252,918</b>	<b>1,292,387</b>	<b>1,279,327</b>
Total comprehensive revenue and expenses attributed to Hutt City Council:		974	(14,562)	(15,790)	13,060	(10,353)
<b>Total comprehensive revenue and expenses</b>		<b>974</b>	<b>(14,562)</b>	<b>(15,790)</b>	<b>13,060</b>	<b>(10,353)</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 2017

	NOTES	COUNCIL			GROUP	
		ACTUAL 2017 \$000	BUDGET 2017 \$000	ACTUAL 2016 \$000	ACTUAL 2017 \$000	ACTUAL 2016 \$000
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	11.	8,720	9,831	5,069	14,076	9,400
Debtors and other receivables	12.	12,397	11,874	13,502	12,371	13,441
Inventories	14.	2,289	-	3,925	6,176	5,471
Derivative financial instruments	13.	-	137	-	-	-
Prepayments		858	-	869	874	959
Accrued interest		192	4	82	205	82
Other assets	20.	18,400	4,156	-	7,700	-
Non-current assets held for sale	15.	920	9,754	875	920	875
<b>Total current assets</b>		<b>43,776</b>	<b>35,756</b>	<b>24,322</b>	<b>42,322</b>	<b>30,228</b>
<b>Non-current assets</b>						
Property, plant and equipment	16.	1,354,139	1,381,543	1,349,890	1,403,876	1,396,661
Intangible assets	17.	2,334	2,712	2,901	2,335	2,902
Assets under construction	16.	25,937	15,547	14,332	36,438	18,331
Derivative financial instruments	13.	111	-	-	111	-
Non-current receivable		858	-	-	858	-
Investment in associate	19.	200	200	200	331	383
Other financial assets	20.					
- Investment in CCO's and other similar entities		20,197	-	30,609	1,652	1,364
- Investment in other entities		494	30,623	494	494	494
<b>Total other financial assets</b>		<b>20,691</b>	<b>30,623</b>	<b>31,103</b>	<b>2,146</b>	<b>1,858</b>
<b>Total non-current assets</b>		<b>1,404,270</b>	<b>1,430,625</b>	<b>1,398,426</b>	<b>1,446,095</b>	<b>1,420,135</b>
<b>Total assets</b>		<b>1,448,046</b>	<b>1,466,381</b>	<b>1,422,748</b>	<b>1,488,417</b>	<b>1,450,363</b>

	NOTES	COUNCIL			GROUP	
		ACTUAL 2017 \$000	BUDGET 2017 \$000	ACTUAL 2016 \$000	ACTUAL 2017 \$000	ACTUAL 2016 \$000
<b>Liabilities</b>						
<b>Current liabilities</b>						
Borrowings	22.	20,780	29,213	80	20,780	80
Derivative financial instruments	13.	30	4,875	-	30	-
Creditors and other payables	21.	23,349	18,333	21,481	24,858	22,533
Employee entitlements	23.	2,067	2,797	1,911	2,151	1,990
Provisions - current	24.	171	-	668	171	668
Other liabilities	25.	4,964	4,647	4,617	5,247	4,692
<b>Total current liabilities</b>		<b>51,361</b>	<b>59,865</b>	<b>28,757</b>	<b>53,237</b>	<b>29,963</b>
<b>Non-current liabilities</b>						
Borrowings	22.	129,057	147,660	121,837	129,057	121,837
Employee entitlements	23.	638	795	778	638	778
Derivative financial instruments	13.	7,658	-	12,729	7,658	12,729
Provisions - non current	24.	5,440	6,127	5,729	5,440	5,729
Deferred tax liability	10.	-	-	-	-	-
<b>Total non-current liabilities</b>		<b>142,793</b>	<b>154,582</b>	<b>141,073</b>	<b>142,793</b>	<b>141,073</b>
<b>Total liabilities</b>		<b>194,154</b>	<b>214,447</b>	<b>169,830</b>	<b>196,030</b>	<b>171,036</b>
<b>Net assets (assets minus liabilities)</b>		<b>1,253,892</b>	<b>1,251,934</b>	<b>1,252,918</b>	<b>1,292,387</b>	<b>1,279,327</b>
<b>Equity</b>						
Accumulated funds	26.	712,833	709,056	711,403	736,784	729,321
Reserves	26.	541,059	542,878	541,515	555,603	550,006
<b>Total Equity (attributable to Hutt City Council)</b>		<b>1,253,892</b>	<b>1,251,934</b>	<b>1,252,918</b>	<b>1,292,387</b>	<b>1,279,327</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 2017

	NOTES	COUNCIL			GROUP	
		ACTUAL 2017 \$000	BUDGET 2017 \$000	ACTUAL 2016 \$000	ACTUAL 2017 \$000	ACTUAL 2016 \$000
<b>Cash flows from operating activities</b>						
<b>Cash was provided from:</b>						
Receipts from rates and levies - Council		99,476	99,007	95,866	99,254	95,608
Receipts from rates and levies - GWRC*		26,749	22,157	27,788	26,749	27,788
Receipts from user charges and other income		51,476	53,902	47,729	56,527	52,827
Receipts from sales of commercial developments		653	-	-	285	285
Interest received		930	687	1,051	206	289
Net GST received from Inland Revenue**		-	-	-	-	142
		<b>179,285</b>	<b>175,752</b>	<b>172,434</b>	<b>183,022</b>	<b>176,939</b>
<b>Cash was applied to:</b>						
Payments to employees		(32,322)	(32,110)	(31,871)	(33,527)	(33,062)
Payments to suppliers		(83,246)	(93,228)	(85,261)	(79,699)	(83,788)
Purchase of inventory held for commercial development		-	-	(2,800)	(2,139)	(3,499)
Interest paid		(5,692)	(7,187)	(5,266)	(5,692)	(5,266)
Net GST paid to Inland Revenue**		(26)	-	(372)	(63)	-
Rates and levies passed to GWRC*		(26,284)	(22,157)	(23,973)	(26,284)	(23,973)
		<b>(147,570)</b>	<b>(154,682)</b>	<b>(149,543)</b>	<b>(147,404)</b>	<b>(149,588)</b>
<b>Net cash flows from operating activities</b>	<b>27.</b>	<b>31,714</b>	<b>21,070</b>	<b>22,890</b>	<b>35,617</b>	<b>27,351</b>

	NOTES	COUNCIL			GROUP	
		ACTUAL 2017 \$000	BUDGET 2017 \$000	ACTUAL 2016 \$000	ACTUAL 2017 \$000	ACTUAL 2016 \$000
<b>Cash flows from investing activities</b>						
<b>Cash was provided from:</b>						
Receipts from sale of property, plant and equipment		1,128	1,075	43	4,201	2,018
Other investment receipts		-	-	36	-	-
		<b>1,128</b>	<b>1,075</b>	<b>79</b>	<b>4,201</b>	<b>2,018</b>
<b>Cash was applied to:</b>						
Purchase of property, plant and equipment		(49,254)	(69,969)	(51,700)	(55,205)	(58,399)
- less UHCC capital contribution		321	491	508	321	508
Purchase of assets under construction		-	(2,000)	-	-	-
Purchase of intangible assets		(191)	(1,780)	(982)	(191)	(982)
Other payments and investments		(7,988)	-	(480)	(7,988)	(480)
		<b>(57,112)</b>	<b>(73,258)</b>	<b>(52,654)</b>	<b>(63,063)</b>	<b>(59,353)</b>
<b>Net cash flows from investing activities</b>		<b>(55,983)</b>	<b>(72,183)</b>	<b>(52,574)</b>	<b>(58,861)</b>	<b>(57,334)</b>
<b>Cash flows from financing activities</b>						
<b>Cash was provided from:</b>						
Proceeds from borrowings		30,416	104,142	34,920	30,416	34,920
<b>Cash was applied to:</b>						
Repayment of borrowings		(2,496)	(53,029)	(10,000)	(2,496)	(10,000)
<b>Net cash flows from financing activities</b>		<b>27,920</b>	<b>51,113</b>	<b>24,920</b>	<b>27,920</b>	<b>24,920</b>
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		3,651	-	(4,764)	4,676	(5,064)
Cash, cash equivalents and bank overdrafts at the beginning of the year		5,069	9,831	9,833	9,400	14,464
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	<b>11.</b>	<b>8,720</b>	<b>9,831</b>	<b>5,069</b>	<b>14,076</b>	<b>9,400</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 2017 (Whole of Council)

	COUNCIL				
	ACTUAL 2017 \$000	LTP 2017 \$000	ANNUAL PLAN 2017 \$000	ACTUAL 2016 \$000	BUDGET 2016 \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	67,777	66,833	67,477	64,467	64,043
Targeted rates	31,534	32,174	31,529	30,991	31,432
Subsidies and grants for operating purposes	6,738	6,637	6,942	6,408	6,606
Fees and charges	33,409	34,522	33,202	32,653	33,113
Local authorities fuel tax, fines, infringement fees, and other receipts	14,336	7,308	6,656	6,094	7,022
<b>Total operating funding (A)</b>	<b>153,794</b>	<b>147,474</b>	<b>145,806</b>	<b>140,613</b>	<b>142,216</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	115,349	111,744	125,340	113,267	119,678
Finance costs	6,145	9,660	7,187	5,561	7,810
Other operating funding applications	249	-	-	8,383	-
<b>Total applications of operating funding (B)</b>	<b>121,743</b>	<b>121,404</b>	<b>132,527</b>	<b>127,211</b>	<b>127,488</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>32,051</b>	<b>26,070</b>	<b>13,279</b>	<b>13,402</b>	<b>14,728</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	4,277	6,391	8,563	4,487	9,609
Development and financial contributions	448	641	561	307	570
Increase (decrease) in debt	11,891	11,217	68,708	37,024	54,943
Gross proceeds from sale of assets	1,217	3,865	1,075	900	4,450
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>17,833</b>	<b>22,114</b>	<b>78,907</b>	<b>42,718</b>	<b>69,572</b>
<b>Application of capital funding</b>					
<b>Capital expenditure</b>					
- to meet additional demand	-	-	-	-	-
- to improve level of service	33,285	30,037	66,009	40,392	65,698
- to replace existing assets	16,599	18,147	26,177	15,728	18,602
Increase (decrease) in reserves	-	-	-	-	-
Increase (decrease) of investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>49,884</b>	<b>48,184</b>	<b>92,186</b>	<b>56,120</b>	<b>84,300</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(32,051)</b>	<b>(26,070)</b>	<b>(13,279)</b>	<b>(13,402)</b>	<b>(14,728)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</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, Two Guy Properties Limited, Fairfield Waters Limited and Fairfield Limited Partnership. 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 2017. The financial statements were authorised for issue by Council on 18 October 2017.

#### 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 have 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 2017, NZLGFA had borrowings totalling \$7.98b (2016: \$6.22b) 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 reliably 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

	YEARS	PERCENTAGES
<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 recommended 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 an 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.

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 ongoing 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 28 years and Wainuiomata is 26 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 Annual Plan 2017.

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 budget 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:

#### ***Infrastructural assets***

There are a number of assumptions and estimates used when performing depreciated replacement cost valuations over infrastructural assets. These include:

- the physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets that are not visible, for example 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 2017:

#### ***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 2017 \$000	BUDGET 2017 \$000	ACTUAL 2016 \$000	BUDGET 2016 \$000
<b>Revenue</b>				
Libraries	379	553	528	621
Museums	543	655	441	842
Aquatics and recreation	4,920	5,637	5,651	6,128
Parks and reserves	3,083	1,784	2,045	2,127
Community safety	77	30	24	89
Regulatory services	3,992	2,308	4,017	3,778
Emergency management	(11)	-	10	-
Road and traffic	13,260	17,875	12,280	17,155
Water supply	2,852	2,585	2,587	2,485
Wastewater	4,155	4,099	3,687	4,134
Stormwater	437	178	120	178
Solid waste	14,169	12,970	13,028	12,900
Environmental policy	195	-	-	-
Environmental consents	3,557	3,234	3,241	2,898
Local urban environment	569	432	441	300
Economic development	206	150	171	150
City promotions	2,679	724	2,507	2,578
Elected members	5	-	9	-
Advice and support services	206	200	-	-
Support services	59,117	61,193	74,271	53,517
<b>Total activity revenue</b>	<b>114,390</b>	<b>114,607</b>	<b>125,058</b>	<b>109,880</b>
Less internal revenue	(24,217)	(24,211)	(23,641)	(23,634)
General rates	67,777	64,042	43,482	64,042
<b>Total revenue</b>	<b>157,950</b>	<b>154,438</b>	<b>144,899</b>	<b>150,288</b>

	COUNCIL			
	ACTUAL 2017 \$000	BUDGET 2017 \$000	ACTUAL 2016 \$000	BUDGET 2016 \$000
<b>Expenditure</b>				
Libraries	10,210	9,782	10,067	9,892
Museums	4,424	4,407	4,310	4,457
Aquatics and recreation	12,709	12,920	12,092	12,432
Parks and reserves	14,530	13,667	12,805	13,189
Community safety	2,567	2,595	2,483	2,434
Community facilities	5,553	16,199	4,299	12,463
Regulatory services	5,865	4,190	5,784	5,665
Emergency management	764	843	774	823
Road and traffic	29,490	30,283	28,297	28,595
Water supply	16,281	15,929	15,477	15,356
Wastewater	20,560	20,373	20,005	20,786
Stormwater	7,429	7,503	7,141	7,148
Solid waste	8,494	7,539	7,637	7,590
Environmental policy	1,279	1,395	1,222	1,678
Environmental consents	5,039	5,312	5,957	5,108
Local urban environment	3,164	5,431	6,896	4,180
Economic development	3,394	4,277	2,904	5,131
City promotions	3,254	1,216	2,873	2,863
Elected members	1,769	1,973	1,868	1,826
Advice and support services	4,807	4,800	4,364	4,360
Support services	19,611	22,577	27,164	18,875
<b>Total activity expenditure</b>	<b>181,193</b>	<b>193,211</b>	<b>184,419</b>	<b>184,851</b>
Less internal expenditure	(24,217)	(24,211)	(23,641)	(23,634)
<b>Total operating expenditure</b>	<b>156,976</b>	<b>169,000</b>	<b>160,778</b>	<b>161,217</b>
<b>Surplus/(deficit) before tax</b>	<b>974</b>	<b>(14,562)</b>	<b>(15,879)</b>	<b>(10,929)</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	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Exchange revenue</b>				
Fees, charges and targeted rates for water supply	16,504	15,291	18,347	17,037
Other Revenue	690	734	846	898
Gain on revaluation of financial instruments	5,152	-	5,152	-
Finance income	1,040	1,092	335	330
<b>Total exchange revenue</b>	<b>23,386</b>	<b>17,117</b>	<b>24,680</b>	<b>18,265</b>
<b>Non-exchange revenue</b>				
Rates, excluding targeted water supply rates	99,311	95,458	99,089	95,200
Fees, charges and targeted rates for water supply	16,905	17,362	18,664	19,258
Subsidies and grants	10,523	10,186	10,523	10,186
Other revenue	6,683	4,469	7,742	6,550
Development and financial contributions	450	307	450	304
Gain on disposal	692	-	2,183	-
<b>Total non-exchange revenue</b>	<b>134,564</b>	<b>127,782</b>	<b>138,652</b>	<b>131,498</b>
<b>Total revenue exchange and non-exchange</b>	<b>157,950</b>	<b>144,899</b>	<b>163,332</b>	<b>149,763</b>

### 4. RATES REVENUE

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>General rates</b>	<b>67,777</b>	<b>64,459</b>	<b>67,555</b>	<b>64,201</b>
<b>Targeted rates attributable to activities:</b>				
- water supply (excluding metered water supply rates)	13,379	12,871	13,379	12,871
- wastewater	16,680	16,651	16,680	16,651
- recycling	1,337	1,337	1,337	1,337
- Jackson street programme	133	132	133	132
- private drains	5	8	5	8
<b>Total rates (excluding metered water supply rates)</b>	<b>99,311</b>	<b>95,458</b>	<b>99,089</b>	<b>95,200</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 2017 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	COUNCIL	
	2017 \$000	2016 \$000
Rates, excluding targeted water supply rates	99,311	95,458
	<b>99,311</b>	<b>95,458</b>

#### Rates remissions

Rates revenue is shown net of rates remissions, totalling \$292,000 (2016 \$290,000). 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	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Total gross rates, excluding targeted water supply rates</b>	<b>99,603</b>	<b>95,748</b>	<b>99,381</b>	<b>95,490</b>
<b>Rates remissions:</b>				
- Schools	205	206	205	206
- Kindergartens/playcentres	8	7	8	7
- Sports bodies	4	3	4	3
- Churches	30	32	30	32
- Hospitals	20	18	20	18
- Other	11	13	11	13
- Penalty remissions	14	11	14	11
<b>Total rates remissions</b>	<b>292</b>	<b>290</b>	<b>292</b>	<b>290</b>
<b>Rates (net of remissions), excluding metered water supply rates</b>	<b>99,311</b>	<b>95,458</b>	<b>99,089</b>	<b>95,200</b>

## 5. USER CHARGES AND SUBSIDIES RECEIVED

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Fees, charges and metered rates for water supply</b>				
Rent	1,340	1,379	5,355	5,008
Water by meter	2,420	2,287	2,412	2,300
Parking fees	1,381	1,502	1,381	1,502
Service and entry fees	3,392	3,948	3,392	3,948
Solid waste collection and disposal	14,083	13,004	14,083	13,004
Other user charges	1,121	1,211	1,121	1,211
Regulatory revenue	6,567	6,127	6,567	6,127
Penalties	3,105	3,195	3,105	3,195
<b>Total fees, charges and metered rates for water supply</b>	<b>33,409</b>	<b>32,653</b>	<b>37,416</b>	<b>36,295</b>
<b>Subsidies and grants</b>				
Operating subsidies	25	27	25	27
New Zealand Transport Agency	7,948	7,674	7,948	7,674
Upper Hutt City Council	2,498	2,426	2,498	2,426
Other government	52	59	52	59
<b>Total subsidies and grants</b>	<b>10,523</b>	<b>10,186</b>	<b>10,523</b>	<b>10,186</b>
<b>Other revenue</b>				
Dividends	6	-	6	-
Vested assets	1,746	211	1,746	211
Petrol tax	404	395	404	395
Sale of goods	690	734	846	898
Insurance proceeds	-	-	-	8
Miscellaneous revenue	4,527	3,863	5,182	5,936
<b>Total other revenue</b>	<b>7,373</b>	<b>5,203</b>	<b>8,184</b>	<b>7,448</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	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Finance income</b>				
<b>Interest revenue</b>				
- call and term deposits	232	260	335	330
- related party deposits	808	832	-	-
<b>Total finance income</b>	<b>1,040</b>	<b>1,092</b>	<b>335</b>	<b>330</b>
<b>Finance costs</b>				
<b>Interest expense</b>				
- interest on bank borrowings	5,857	5,224	5,857	5,224
- discount unwind on provisions (note 24)	288	337	288	337
<b>Total finance costs</b>	<b>6,145</b>	<b>5,561</b>	<b>6,145</b>	<b>5,561</b>
<b>Net finance costs</b>	<b>5,105</b>	<b>4,469</b>	<b>5,810</b>	<b>5,231</b>

## 7. GAINS AND LOSSES

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Non-financial instruments</b>				
Property, plant and equipment gains/(losses) on disposal	692	(392)	2,183	(303)
<b>Total non-financial instruments gains/(losses)</b>	<b>692</b>	<b>(392)</b>	<b>2,183</b>	<b>(303)</b>
<b>Financial instruments</b>				
Gains/(Losses) on held for trading derivative financial instruments:				
- interest rate swaps	5,152	(7,991)	5,152	(7,991)
<b>Total financial instruments gains/(losses)</b>	<b>5,152</b>	<b>(7,991)</b>	<b>5,152</b>	<b>(7,991)</b>
<b>Total gains/(losses)</b>	<b>5,844</b>	<b>(8,383)</b>	<b>7,335</b>	<b>(8,294)</b>

## 8. EMPLOYEE COSTS

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Salaries and wages	30,561	30,313	31,714	31,407
Recruitment costs	137	130	139	177
Training	579	502	585	516
ACC	97	51	100	56
Other employee costs	363	255	400	259
Retiring and long service leave	(139)	(95)	(137)	(69)
Defined contribution plan employer contributions	724	715	724	715
Increase/(decrease) in employee entitlements/liabilities	16	(903)	21	(894)
<b>Total employee costs</b>	<b>32,338</b>	<b>30,968</b>	<b>33,546</b>	<b>32,167</b>

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

## 9. OPERATING COSTS

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Auditors' fees				
- for auditing the financial statements	177	166	257	211
- for auditing special purpose CCO's	-	10	-	10
Impairment of receivables	(201)	53	(197)	47
Directors' fees	1	-	138	134
Entertainment	19	31	24	37
Grants	1,472	1,598	1,472	1,598
Insurance	1,894	1,893	2,123	2,188
Inventories	475	441	477	443
Legal services	374	307	393	327
Other specialist services	3,695	3,485	3,877	3,695
Impairment of inventory	653	4,004	697	4,004
Total remuneration to councillors	818	800	818	800
Minimum lease payments under operating leases	1,454	1,714	1,499	1,331
Operational contracts	27,752	25,574	27,377	25,228
Maintenance	11,225	10,433	11,685	10,824
GWRC bulk water charges	7,394	6,938	7,396	6,939
Energy costs	3,262	3,232	3,298	3,271
Other expenses	22,551	21,619	18,639	18,607
<b>Total operating costs</b>	<b>83,015</b>	<b>82,298</b>	<b>79,973</b>	<b>79,694</b>

## 10. TAXATION

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Components of tax expense</b>				
Deferred tax expense	-	-	(113)	(89)
<b>Tax expense/(benefit)</b>	-	-	<b>(113)</b>	<b>(89)</b>
<b>Relationship between tax expense and accounting surplus</b>				
<b>Net surplus/(deficit) before tax</b>	<b>974</b>	<b>(15,879)</b>	<b>7,006</b>	<b>(10,521)</b>
Tax at 28%	273	(4,446)	1,962	(2,946)
Plus/(less) tax effect of:				
Non-deductible expenditure	-	4,446	1	4,447
Non-taxable revenue	(273)	-	(1,755)	(1,372)
Prior year adjustment	-	-	-	(1)
Tax losses recognised	-	-	236	165
Tax losses not previously recognised	-	-	(331)	(204)
Deferred tax adjustment	-	-	(113)	(89)
<b>Tax expense/(benefit)</b>	-	-	-	-

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$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 2015</b>	-	-	-	-
<b>Balance at 30 June 2016</b>	-	-	-	-
<b>Balance at 30 June 2017</b>	-	-	-	-
<b>Group</b>				
<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
<b>Balance at 30 June 2016</b>	<b>(2,534)</b>	<b>21</b>	<b>2,513</b>	-
Charged to surplus or deficit	(648)	4	644	-
Charged to equity	-	-	-	-
<b>Balance at 30 June 2017</b>	<b>(3,182)</b>	<b>25</b>	<b>3,157</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 \$2,086,924 (2016: \$2,203,083), with a tax effect of \$584,339 (2016: \$616,863). The losses are available for offset against future assessable income.

The Group has unrecognised tax losses available to carry forward of \$2,658,718 (2016: \$5,573,195), with a tax effect of \$774,441 (2016: \$1,560,495). The losses are available for offset against future assessable income.

## 11. CASH AND CASH EQUIVALENTS

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Cash at bank and on hand	3,720	5,069	6,076	9,400
Term deposits with maturities less than three months	5,000	-	8,000	-
<b>Cash and Cash Equivalents</b>	<b>8,720</b>	<b>5,069</b>	<b>14,076</b>	<b>9,400</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 \$84,000 (2016: \$83,000), as shown in note 26.

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

	NOTES	COUNCIL		GROUP	
		2017 \$000	2016 \$000	2017 \$000	2016 \$000
Cash at bank and on hand		3,720	5,069	6,076	9,400
Term deposits with original maturities less than three months		5,000	-	8,000	-
Bank overdraft	22.	-	-	-	-
<b>Total</b>		<b>8,720</b>	<b>5,069</b>	<b>14,076</b>	<b>9,400</b>

## 12. DEBTORS AND OTHER RECEIVABLES

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Rates receivable	3,109	3,180	3,109	3,180
<b>Other receivables:</b>				
- Amounts due from related parties (note 31)	435	886	-	-
- GST receivable	1,754	1,728	1,821	1,758
- Other receivables	7,442	8,251	7,789	9,071
<b>Total other receivables</b>	<b>9,631</b>	<b>10,865</b>	<b>9,610</b>	<b>10,829</b>
<b>Gross debtors and other receivables</b>	<b>12,740</b>	<b>14,045</b>	<b>12,719</b>	<b>14,009</b>
Less provision for impairment	(343)	(543)	(348)	(568)
<b>Total debtors and other receivables</b>	<b>12,397</b>	<b>13,502</b>	<b>12,371</b>	<b>13,441</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	11,289	12,063	11,697	12,887
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	1,108	1,439	674	554
	<b>12,397</b>	<b>13,502</b>	<b>12,371</b>	<b>13,441</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 of 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 (2016: \$nil).

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

	2017			2016		
	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	2,935	-	2,935	3,027	-	3,027
Past due 61-120 days	-	-	-	-	-	-
Past due >120 days	174	-	174	153	-	153
<b>Total</b>	<b>3,109</b>	<b>-</b>	<b>3,109</b>	<b>3,180</b>	<b>-</b>	<b>3,180</b>
<b>Group</b>						
Not past due	-	-	-	-	-	-
Past due 1-60 days	2,935	-	2,935	3,027	-	3,027
Past due 61-120 days	-	-	-	-	-	-
Past due >120 days	174	-	174	153	-	153
<b>Total</b>	<b>3,109</b>	<b>-</b>	<b>3,109</b>	<b>3,180</b>	<b>-</b>	<b>3,180</b>
<b>Other receivables</b>						
<b>Council</b>						
Not past due	8,542	-	8,542	7,471	-	7,471
Past due 1-30 days	352	-	352	2,180	-	2,180
Past due 31-60 days	197	-	197	366	-	366
Past due >60 days	540	343	197	848	543	305
<b>Total</b>	<b>9,631</b>	<b>343</b>	<b>9,288</b>	<b>10,865</b>	<b>543</b>	<b>10,322</b>
<b>Group</b>						
Not past due	8,470	-	8,470	7,385	-	7,385
Past due 1-30 days	352	-	352	2,207	-	2,207
Past due 31-60 days	197	-	197	367	-	367
Past due >60 days	591	348	243	870	568	302
<b>Total</b>	<b>9,610</b>	<b>348</b>	<b>9,262</b>	<b>10,829</b>	<b>568</b>	<b>10,261</b>
<b>Total receivables - Council</b>	<b>12,740</b>	<b>343</b>	<b>12,397</b>	<b>14,045</b>	<b>543</b>	<b>13,502</b>
<b>Total receivables - Group</b>	<b>12,719</b>	<b>348</b>	<b>12,371</b>	<b>14,009</b>	<b>568</b>	<b>13,441</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	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Individual impairment	90	64	95	89
Collective impairment	253	479	253	479
<b>Total provision for impairment</b>	<b>343</b>	<b>543</b>	<b>348</b>	<b>568</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	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Not past due	-	-	-	-
Past due 1-30 days	-	-	-	-
Past due 31-60 days	-	-	-	-
Past due > 60 days	90	64	95	89
<b>Total individual impairment</b>	<b>90</b>	<b>64</b>	<b>95</b>	<b>89</b>

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

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
At 1 July	543	517	568	550
Additional provisions made during the year	-	26	-	26
Provisions reversed during the year	(200)	-	(220)	(8)
Receivables written-off during the period	-	-	-	-
<b>At 30 June</b>	<b>343</b>	<b>543</b>	<b>348</b>	<b>568</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	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Non-current asset portion</b>				
Interest rate swaps - held for trading	111	-	111	-
<b>Total non-current asset portion</b>	<b>111</b>	<b>-</b>	<b>111</b>	<b>-</b>
<b>Total derivative financial instrument assets</b>	<b>111</b>	<b>-</b>	<b>111</b>	<b>-</b>
<b>Current liability portion</b>				
Interest rate swaps - held for trading - Liability	30	-	30	-
<b>Total current liability portion</b>	<b>30</b>	<b>-</b>	<b>30</b>	<b>-</b>
<b>Non-current liability portion</b>				
Interest rate swaps - held for trading	7,658	12,729	7,658	12,729
<b>Total non-current liability portion</b>	<b>7,658</b>	<b>12,729</b>	<b>7,658</b>	<b>12,729</b>
<b>Total derivative financial instrument liabilities</b>	<b>7,688</b>	<b>12,729</b>	<b>7,688</b>	<b>12,729</b>
<b>Total derivative financial instruments</b>	<b>(7,577)</b>	<b>(12,729)</b>	<b>(7,577)</b>	<b>(12,729)</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 2017 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 \$117 million (2016: \$101 million). At 30 June 2017, the fixed interest rates of cash flow hedges interest rate swaps vary from 3.46% to 6.05% (2016: 3.59% to 6.05%).

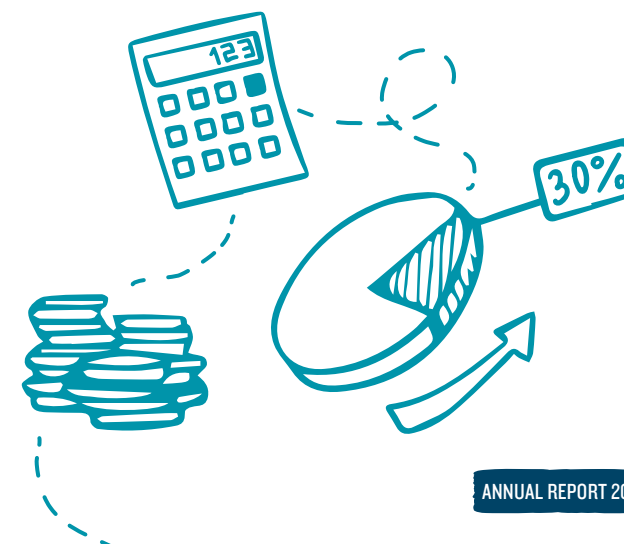
## 14. INVENTORIES

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Commercial inventories held for sale:</b>				
Diesel	-	-	9	3
Emission trading units	36	108	36	108
Inventory	106	159	108	159
Commercial property developments	2,147	3,658	6,023	5,201
<b>Total inventories</b>	<b>2,289</b>	<b>3,925</b>	<b>6,176</b>	<b>5,471</b>

No inventories are pledged as security for liabilities (2016: \$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	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Non-current assets held for sale are:</b>				
- land and buildings	920	875	920	875
<b>Total non-current assets held for sale are:</b>	<b>920</b>	<b>875</b>	<b>920</b>	<b>875</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 ADJUSTMENTS TO COST \$000	ACCUMULATED DEPRECIATION ON DISPOSALS AND REVALUATION \$000	CURRENT YEAR IMPAIRMENT CHARGES \$000	CATEGORY AD- JUSTMENTS 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 2017</b>															
<b>Operational assets</b>															
Land	39,695	-	39,695	-	-	(111)	-	-	-	-	-	-	39,584	-	39,584
Site improvements	18,093	(1,254)	16,839	7,051	-	(6)	-	1	-	-	(1,374)	-	25,138	(2,627)	22,512
Buildings	79,249	(4,335)	74,914	2,067	-	(303)	-	37	-	-	(3,305)	-	81,013	(7,603)	73,410
Landfill assets	32,547	(2,320)	30,227	1,678	-	-	-	-	-	-	(840)	-	34,225	(3,160)	31,065
Library books	9,546	(6,203)	3,343	840	-	(3,917)	-	3,906	-	-	(816)	-	6,469	(3,113)	3,356
Plant and equipment	15,081	(7,203)	7,877	2,253	-	(1,194)	-	1,157	-	-	(1,908)	-	16,140	(7,954)	8,185
Vehicles	709	(213)	496	80	-	(120)	-	68	-	-	(139)	-	669	(284)	385
Landfill plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wharves	2,637	(2,103)	534	-	-	-	-	-	-	-	(57)	-	2,637	(2,160)	477
Breakwaters	5,101	(112)	4,989	-	-	-	-	-	-	-	(75)	-	5,101	(187)	4,914
	<b>202,658</b>	<b>(23,743)</b>	<b>178,914</b>	<b>13,969</b>	-	<b>(5,651)</b>	-	<b>5,169</b>	-	-	<b>(8,514)</b>	-	<b>210,976</b>	<b>(27,088)</b>	<b>183,888</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	8,261	-	8,261	25	-	-	-	-	-	-	-	-	8,286	-	8,286
Petone Settlers	85	-	85	-	-	-	-	-	-	-	-	-	85	-	85
<b>Total collections</b>	<b>17,555</b>	<b>-</b>	<b>17,555</b>	<b>25</b>	-	-	-	-	-	-	-	-	<b>17,580</b>	<b>-</b>	<b>17,580</b>
<b>Total operational assets</b>	<b>220,213</b>	<b>(23,743)</b>	<b>196,469</b>	<b>13,994</b>	-	<b>(5,651)</b>	-	<b>5,169</b>	-	-	<b>(8,514)</b>	-	<b>228,556</b>	<b>(27,088)</b>	<b>201,468</b>
<b>Infrastructural assets</b>															
Waste water system	192,888	(9,027)	183,861	4,083	281	-	-	-	-	-	(6,571)	-	197,252	(15,598)	181,654
Waste water treatment plant	44,397	(3,684)	40,713	1,068	-	-	-	-	-	-	(2,208)	-	45,465	(5,892)	39,573
Less UHCC share in HVS assets	(41,058)	2,456	(38,602)	(321)	-	-	-	-	-	-	1,678	-	(41,379)	4,134	(37,245)
	<b>196,227</b>	<b>(10,255)</b>	<b>185,972</b>	<b>4,830</b>	<b>281</b>	-	-	-	-	-	<b>(7,101)</b>	-	<b>201,338</b>	<b>(17,356)</b>	<b>183,982</b>
Land	15,558	-	15,558	-	-	-	-	-	-	-	-	-	15,558	-	15,558
Land under roads	144,706	-	144,706	-	285	-	-	-	-	-	-	-	144,991	-	144,991
Landfill Land Asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm water system	175,525	(4,456)	171,069	3,182	372	-	-	-	-	-	(3,044)	-	179,079	(7,500)	171,579
Storm water Landfill assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water supply system	112,402	(5,220)	107,182	6,346	199	-	-	-	-	-	(3,661)	-	118,947	(8,881)	110,066
Roading network	437,060	(17,358)	419,702	9,349	609	-	-	-	-	-	(12,333)	-	447,018	(29,689)	417,329
Roading Landfill Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Seawalls	5,185	(169)	5,016	-	-	-	-	-	-	-	(113)	-	5,185	(282)	4,903
<b>Total infrastructural assets</b>	<b>1,086,663</b>	<b>(37,459)</b>	<b>1,049,204</b>	<b>23,707</b>	<b>1,746</b>	-	-	-	-	-	<b>(26,251)</b>	-	<b>1,112,116</b>	<b>(63,709)</b>	<b>1,048,408</b>
<b>Restricted assets</b>															
Land	104,216	-	104,216	45	-	-	-	-	-	-	-	-	104,261	-	104,261
<b>Total restricted assets</b>	<b>104,216</b>	<b>-</b>	<b>104,216</b>	<b>45</b>	-	-	-	-	-	-	-	-	<b>104,261</b>	<b>-</b>	<b>104,261</b>
<b>Total property, plant and equipment</b>	<b>1,411,092</b>	<b>(61,202)</b>	<b>1,349,890</b>	<b>37,746</b>	<b>1,746</b>	<b>(5,651)</b>	-	<b>5,169</b>	-	-	<b>(34,765)</b>	-	<b>1,444,933</b>	<b>(90,797)</b>	<b>1,354,139</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>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>-</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>174,401</b>	<b>(15,604)</b>	<b>158,797</b>	<b>35,369</b>	<b>-</b>	<b>(819)</b>	<b>11,172</b>	<b>104</b>	<b>-</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>-</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 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>-</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>1,356,723</b>	<b>(28,530)</b>	<b>1,328,193</b>	<b>55,483</b>	<b>211</b>	<b>(1,414)</b>	<b>-</b>	<b>104</b>	<b>-</b>	<b>-</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 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 2017</b>															
<b>Operational assets</b>															
Land	39,695	-	39,695	-	-	(111)	-	-	-	-	-	-	39,584	-	39,584
Site improvements	18,093	(1,254)	16,839	7,051	-	(6)	-	1	-	-	(1,374)	-	25,138	(2,627)	22,512
Buildings	79,249	(4,335)	74,914	2,067	-	(303)	-	37	-	-	(3,305)	-	81,013	(7,603)	73,410
Landfill assets	32,547	(2,320)	30,227	1,678	-	-	-	-	-	-	(840)	-	34,225	(3,160)	31,065
Library books	9,546	(6,203)	3,343	840	-	(3,917)	-	3,906	-	-	(816)	-	6,469	(3,113)	3,356
Plant and equipment	15,081	(7,203)	7,877	2,253	-	(1,194)	-	1,157	-	-	(1,908)	-	16,140	(7,954)	8,185
Vehicles	709	(213)	496	80	-	(120)	-	68	-	-	(139)	-	669	(284)	385
Landfill Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wharves	2,637	(2,103)	534	-	-	-	-	-	-	-	(57)	-	2,637	(2,160)	477
Breakwaters	5,101	(112)	4,989	-	-	-	-	-	-	-	(75)	-	5,101	(187)	4,914
Seaview Marina	3,915	(1,282)	2,633	262	-	(42)	-	39	-	-	(173)	-	4,135	(1,416)	2,719
Marina Service Centre	3,787	(600)	3,187	6	-	(2)	-	2	-	-	(104)	-	3,791	(702)	3,089
Piers and berths	3,859	(1,294)	2,565	27	-	-	-	-	-	-	(136)	-	3,886	(1,430)	2,456
Urbanplus land	10,198	-	10,198	-	-	(1,520)	-	-	-	-	-	2,657	11,335	-	11,335
Urbanplus buildings	11,347	(527)	10,820	105	-	(936)	-	878	-	-	(351)	2,581	13,097	-	13,097
Urbanplus other assets	42	(33)	9	-	-	(18)	-	18	-	-	(2)	-	24	(17)	7
Urbanplus Group CCO's assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hutt City Community Facilities Buildings	14,410	(180)	14,230	-	-	-	-	-	-	-	(253)	-	14,410	(433)	13,977
Hutt City Community Facilities Site Improvements	3,216	(129)	3,087	-	-	-	-	-	-	-	(108)	-	3,216	(237)	2,979
Hutt City Community Facilities Trust equipment	48	(5)	43	40	-	(1)	-	-	-	-	(4)	-	87	(9)	78
	<b>253,480</b>	<b>(27,793)</b>	<b>225,686</b>	<b>14,409</b>	-	<b>(8,170)</b>	-	<b>6,106</b>	-	-	<b>(9,645)</b>	<b>5,238</b>	<b>264,957</b>	<b>(31,332)</b>	<b>233,625</b>
<b>Collection Assets</b>															
Paintings	6,132	-	6,132	-	-	-	-	-	-	-	-	-	6,132	-	6,132
Works on Paper (NZ) & International	1,450	-	1,450	-	-	-	-	-	-	-	-	-	1,450	-	1,450
Public art collection	1,627	-	1,627	-	-	-	-	-	-	-	-	-	1,627	-	1,627
Other Collection Items	8,261	-	8,261	25	-	-	-	-	-	-	-	-	8,286	-	8,286
Petone Settlers	85	-	85	-	-	-	-	-	-	-	-	-	85	-	85
<b>Total collections</b>	<b>17,555</b>	<b>-</b>	<b>17,555</b>	<b>25</b>	-	<b>-</b>	-	<b>-</b>	-	-	<b>-</b>	<b>-</b>	<b>17,580</b>	<b>-</b>	<b>17,580</b>
<b>Total operational assets</b>	<b>271,035</b>	<b>(27,793)</b>	<b>243,241</b>	<b>14,434</b>	-	<b>(8,170)</b>	-	<b>6,106</b>	-	-	<b>(9,645)</b>	<b>5,238</b>	<b>282,537</b>	<b>(31,332)</b>	<b>251,205</b>
<b>Infrastructural assets</b>															
Waste water system	192,888	(9,027)	183,861	4,083	281	-	-	-	-	-	(6,571)	-	197,252	(15,598)	181,654
Waste water treatment plant	44,397	(3,684)	40,713	1,068	-	-	-	-	-	-	(2,208)	-	45,465	(5,892)	39,573
Less UHCC share in HVS assets	(41,058)	2,456	(38,602)	(321)	-	-	-	-	-	-	1,678	-	(41,379)	4,134	(37,245)
	<b>196,227</b>	<b>(10,255)</b>	<b>185,972</b>	<b>4,830</b>	<b>281</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,101)</b>	<b>-</b>	<b>201,338</b>	<b>(17,356)</b>	<b>183,982</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 2017</b>															
Land	15,558	-	15,558	-	-	-	-	-	-	-	-	-	15,558	-	15,558
Land under roads	144,706	-	144,706	-	285	-	-	-	-	-	-	-	144,991	-	144,991
Landfill Land Asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm water system	175,525	(4,456)	171,069	3,182	372	-	-	-	-	-	(3,044)	-	179,079	(7,500)	171,579
Storm water Landfill assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water supply system	112,402	(5,220)	107,182	6,346	199	-	-	-	-	-	(3,661)	-	118,947	(8,881)	110,066
Roading network	437,060	(17,358)	419,702	9,349	609	-	-	-	-	-	(12,333)	-	447,018	(29,689)	417,329
Roading Landfill Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Seawalls	5,185	(169)	5,016	-	-	-	-	-	-	-	(113)	-	5,185	(282)	4,903
<b>Total Infrastructural assets</b>	<b>1,086,663</b>	<b>(37,459)</b>	<b>1,049,204</b>	<b>23,707</b>	<b>1,746</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(26,251)</b>	<b>-</b>	<b>1,112,116</b>	<b>(63,709)</b>	<b>1,048,408</b>
<b>Restricted assets</b>															
Land	104,216	-	104,216	45	-	-	-	-	-	-	-	-	104,261	-	104,261
<b>Total Restricted assets</b>	<b>104,216</b>	<b>-</b>	<b>104,216</b>	<b>45</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>104,261</b>	<b>-</b>	<b>104,261</b>
<b>Total Property, plant and equipment</b>	<b>1,461,914</b>	<b>(65,252)</b>	<b>1,396,661</b>	<b>38,186</b>	<b>1,746</b>	<b>(8,170)</b>	<b>-</b>	<b>6,106</b>	<b>-</b>	<b>-</b>	<b>(35,896)</b>	<b>5,238</b>	<b>1,498,914</b>	<b>(95,041)</b>	<b>1,403,876</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) & 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>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>(2,772)</b>	<b>11,172</b>	<b>171</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>															
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>

	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>															
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>-</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>

## 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	<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. <b>All other losses:</b> \$150 million any one loss or series of losses arising out of any one event for all four Councils.
Underground Infrastructure assets	Material Damage - Natural Catastrophe Only	1,130,416,801	<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
Residential Property	Material Damage	6,091,118	<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. <b>All other losses:</b> Replacement value per unit to a maximum of \$6,091,118 for 28 units.
Motor Vehicle	Comprehensive Motor Damage	2,146,501	<b>Market value at time of loss.</b> Maximum limit any one vehicle \$250,000, unless agreed by insurer prior to loss. <b>Third party liability</b> - limit any one accident \$10 million.
Fine Arts	Material Damage	23,033,285	<b>Permanent Collection:</b> \$23,033,285 any one loss. <b>Exhibitions and Temporary Loans, incoming and outgoing:</b> Whilst at any unnamed location: \$2,000,000 any one loss. Transit Limit: \$750,000 any one loss

## Assets under construction

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

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Landfills	673	395	673	395
Land	234	6,195	234	6,195
Buildings	23,578	7,585	34,713	11,012
Other	1,435	157	818	729
<b>Total assets under construction</b>	<b>25,937</b>	<b>14,332</b>	<b>36,438</b>	<b>18,331</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 2017</b>															
Software	7,045	(5,307)	1,738	191	-	(1,397)	-	1,352	-	-	(628)	-	5,839	(4,583)	1,256
Resource consents	2,131	(968)	1,163	-	-	-	-	-	-	-	(85)	-	2,131	(1,053)	1,078
	<b>9,176</b>	<b>(6,275)</b>	<b>2,901</b>	<b>191</b>	-	<b>(1,397)</b>	-	<b>1,352</b>	-	-	<b>(713)</b>	-	<b>7,970</b>	<b>(5,636)</b>	<b>2,334</b>
<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>Group 2017</b>															
Software	7,099	(5,360)	1,739	191	-	(1,397)	-	1,352	-	-	(628)	-	5,893	(4,636)	1,257
Resource consents	2,131	(968)	1,163	-	-	-	-	-	-	-	(85)	-	2,131	(1,053)	1,078
	<b>9,230</b>	<b>(6,328)</b>	<b>2,902</b>	<b>191</b>	-	<b>(1,397)</b>	-	<b>1,352</b>	-	-	<b>(713)</b>	-	<b>8,024</b>	<b>(5,689)</b>	<b>2,335</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>

## 18. DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY

	COUNCIL	
	ACTUAL 2017 \$000	ACTUAL 2016 \$000
<b>Directly attributable depreciation and amortisation expense by activity (group of activity)</b>		
Libraries	1,747	1,689
Museums	671	583
Aquatics and recreation	1,266	1,186
Parks and reserves	2,170	1,772
Community safety	225	191
<b>Group people</b>	<b>6,079</b>	<b>5,421</b>
Community facilities	-	-
Road and traffic	12,494	11,963
Water supply	3,661	3,526
Wastewater	7,372	7,229
Stormwater	3,044	2,986
Solid waste	849	702
Environmental consents	40	39
Regulatory Services	51	41
Emergency management	18	18
<b>Group environment</b>	<b>109</b>	<b>98</b>
Local urban environment	14	16
Economic development	17	12
<b>Group economy</b>	<b>31</b>	<b>28</b>
Elected members	-	-
City promotions	11	10
Advice and support services	-	-
Support services	1,828	1,605
<b>Group organisation</b>	<b>1,839</b>	<b>1,615</b>
<b>Total directly attributable depreciation and amortisation expense by group of activity</b>	<b>35,478</b>	<b>33,568</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>35,478</b>	<b>33,568</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% (2016: 21%).

	SHARES ON ISSUE	HUTT CITY COUNCIL	WELLINGTON CITY COUNCIL	UPPER HUTT CITY COUNCIL	PORIRUA CITY COUNCIL	GREATER WELLINGTON REGIONAL COUNCIL
<b>2017</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>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%

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	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Wellington Water Limited</b>				
Balance at beginning of the year	200	200	383	299
New Shares issued	-	-	-	-
B Shares sold	-	-	-	-
Share of operating surplus/(deficit)	-	-	(52)	84
<b>Balance at end of year</b>	<b>200</b>	<b>200</b>	<b>331</b>	<b>383</b>

	TOTAL WELLINGTON WATER LTD		GROUP SHARE	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Revenue	57,112	46,306	11,994	9,724
Expenditure	57,467	45,702	12,068	9,597
Surplus (Deficit) before taxation	(355)	604	(75)	127
Taxation (Expense)/benefit	109	(203)	23	(43)
<b>Surplus (Deficit) after taxation</b>	<b>(246)</b>	<b>401</b>	<b>(52)</b>	<b>84</b>
Assets	12,033	10,097	2,527	2,120
Liabilities	10,319	8,137	2,167	1,709
Equity	1,714	1,960	360	411

## 20. OTHER FINANCIAL ASSETS

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Current portion</b>				
Loans to related parties (note 31)	10,700	-	-	-
Short term deposits with original maturities greater than three months	7,700	-	7,700	-
<b>Total other assets - current portion</b>	<b>18,400</b>	<b>-</b>	<b>7,700</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)	4,000	14,700	-	-
Unlisted shares in LGFA	100	100	100	100
Borrower notes from LGFA	1,552	1,264	1,552	1,264
<b>Total investment in CCO's and other similar entities</b>	<b>20,197</b>	<b>30,609</b>	<b>1,652</b>	<b>1,364</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>20,691</b>	<b>31,103</b>	<b>2,146</b>	<b>1,858</b>
<b>Total other assets</b>	<b>39,091</b>	<b>31,103</b>	<b>2,146</b>	<b>1,858</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 (2016: \$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	
	2017 \$000	2016 \$000	2017 \$000	2016 \$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 nil (2016: \$3,367).

### 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	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
At 1 July	(3)	(7)	(3)	(7)
Provisions reversed during the year	3	4	3	4
<b>At 30 June</b>	<b>-</b>	<b>(3)</b>	<b>-</b>	<b>(3)</b>

## 21. CREDITORS AND OTHER PAYABLES

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Trade and other payables	7,350	4,940	7,382	4,974
Deposits and bonds	102	269	104	270
Accrued expenses	12,120	12,995	13,361	13,801
Rates in advance	1,059	965	1,059	965
Amounts due to customers for contract work	2,718	2,312	2,952	2,523
<b>Total creditors and other payables</b>	<b>23,349</b>	<b>21,481</b>	<b>24,858</b>	<b>22,533</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	
		2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Current portion</b>					
Bank overdraft	11.	-	-	-	-
Secured loans		20,780	80	20,780	80
<b>Total current portion</b>		<b>20,780</b>	<b>80</b>	<b>20,780</b>	<b>80</b>
<b>Non-current portion</b>					
Secured loans		129,057	121,837	129,057	121,837
<b>Total non-current portion</b>		<b>129,057</b>	<b>121,837</b>	<b>129,057</b>	<b>121,837</b>
<b>Total borrowing</b>		<b>149,837</b>	<b>121,917</b>	<b>149,837</b>	<b>121,917</b>

**Maturity profile:**

MATURITY PROFILE	INTEREST COST		COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Years of maturity</b>						
Under 1 year	812	3	20,780	80	20,780	80
1 to 2 years	940	563	24,057	13,137	24,057	13,137
2 to 3 years	117	1,358	3,000	31,700	3,000	31,700
3 to 4 years	1,251	-	32,000	-	32,000	-
4 to 5 years	586	1,371	15,000	32,000	15,000	32,000
Over 5 years	2,151	1,929	55,000	45,000	55,000	45,000
<b>Total borrowing</b>	<b>5,857</b>	<b>5,224</b>	<b>149,837</b>	<b>121,917</b>	<b>149,837</b>	<b>121,917</b>

**Secured loans**

The Council's debt of \$150 million (2016: \$122 million) is issued at a range of maturities in accordance with the borrowing policy, at interest rates ranging from 2.14% to 5.00% (2016: 2.50% 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 (2016: \$15 million) wholesale advance facility signed on 28 September 2012 and subsequent amendment 12 June 2015. As at 30 June a total of \$nil (2016: \$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	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Current portion</b>				
Accrued salaries and wages	46	(81)	46	(81)
Time in lieu	44	35	44	35
Annual leave	1,928	1,908	2,012	1,987
Long service leave	49	49	49	49
<b>Total current portion</b>	<b>2,067</b>	<b>1,911</b>	<b>2,151</b>	<b>1,990</b>
<b>Non-current portion</b>				
Long service leave	28	29	28	29
Retirement gratuities	610	749	610	749
<b>Total non-current portion</b>	<b>638</b>	<b>778</b>	<b>638</b>	<b>778</b>
<b>Total employee entitlements</b>	<b>2,705</b>	<b>2,689</b>	<b>2,789</b>	<b>2,768</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 1.97% for 2018 to 4.75% for 2055 and beyond (2017: 1.95% for 2017 to 4.75% for 2055 and beyond) and an inflation factor of 2.5% (2016: 2.5%) 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 2017.

## 24. PROVISIONS

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Provision for landfill aftercare	5,440	5,729	5,440	5,729
Weather tight home	171	668	171	668
<b>Total provisions</b>	<b>5,611</b>	<b>6,397</b>	<b>5,611</b>	<b>6,397</b>

### Movements in provision:

	LANDFILL AFTERCARE	
	2017 \$000	2016 \$000
Balance at beginning of the year	5,729	6,127
Discount unwinding	288	337
Amounts charged to provision during the period	(577)	(735)
<b>Balance at end of the year (non-current liability)</b>	<b>5,440</b>	<b>5,729</b>

	WEATHER TIGHT HOME	
	2017 \$000	2016 \$000
Balance at beginning of the year	668	894
Claims settled during the year	(325)	(1,018)
Amounts charged to provision during the period	(172)	792
<b>Balance at end of the year (current liability)</b>	<b>171</b>	<b>668</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 100,000 cubic metres (2016: 86,000 cubic metres) with work underway to provide an additional 1,133,000 cubic meters. Airspace usage is currently approximately 126,000 cubic meters (2016: 126,000 cubic metres) per annum including cover material and an allowance for

settlement. The life of stage two, which has been operating for eight years, is projected to be approximately 39-43 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%. (2016: 5.0%) and an inflation rate of 2.0% (2016: 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 2017.

### 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 2017. 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	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Other liabilities - current portion</b>				
Accrued interest expenses	951	786	951	786
Third party funds	219	221	219	221
Miscellaneous current liabilities	779	802	775	801
Income earned in advance	2,852	2,668	3,139	2,744
Development contributions	163	140	163	140
<b>Total other liabilities - current portion</b>	<b>4,964</b>	<b>4,617</b>	<b>5,247</b>	<b>4,692</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>4,964</b>	<b>4,617</b>	<b>5,247</b>	<b>4,692</b>

## 26. EQUITY

	NOTES	COUNCIL		GROUP	
		2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Accumulated funds</b>					
Balance at beginning of the year		711,403	727,089	729,319	738,107
Adjustment for deferred tax on transition to PBE accounting standards		-	-	-	1,462
Deferred tax on revaluations		-	-	-	79
Interest allocated to reserves		(149)	(240)	(149)	(240)
Other transfers to reserves		-	-	-	-
Transfers from reserves		606	433	606	433
Net surplus/(deficit) after tax		974	(15,879)	7,006	(10,521)
<b>Accumulated funds - balance at end of the year</b>		<b>712,834</b>	<b>711,403</b>	<b>736,781</b>	<b>729,319</b>
<b>Council created reserves</b>					
Balance at beginning of the year		20,974	21,169	22,221	22,416
Transfers to accumulated funds		(606)	(433)	(606)	(433)
Transfers from accumulated funds		-	-	-	-
Interest earned		148	238	148	238
<b>Council created reserves - balance at end of the year</b>		<b>20,516</b>	<b>20,974</b>	<b>21,763</b>	<b>22,221</b>
<b>Restricted reserves*</b>					
Balance at beginning of the year		83	81	89	87
Interest earned		1	2	1	2
<b>Restricted reserves - balance at end of the year</b>	<b>11.</b>	<b>84</b>	<b>83</b>	<b>90</b>	<b>89</b>
<b>Asset revaluation reserve</b>					
Balance at beginning of the year		520,459	520,370	527,696	527,607
Changes in asset value		-	89	6,054	89
<b>Asset revaluation reserve - balance at end of the year</b>		<b>520,459</b>	<b>520,459</b>	<b>533,750</b>	<b>527,696</b>
<b>Asset revaluation reserves consist of:</b>					
<b>Operational Assets</b>					
Library books		706	706	706	706
Buildings		15,768	15,768	21,209	18,810
Land		11,326	11,326	19,177	15,521
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	
		2017 \$000	2016 \$000	2017 \$000	2016 \$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>520,459</b>	<b>533,751</b>	<b>527,696</b>
<b>Total other reserves</b>		<b>541,058</b>	<b>541,515</b>	<b>555,603</b>	<b>550,006</b>
<b>Total equity</b>		<b>1,253,892</b>	<b>1,252,918</b>	<b>1,292,385</b>	<b>1,279,326</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 AFTER TAX WITH CASH FLOWS FROM OPERATING ACTIVITIES

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Surplus after tax</b>	<b>974</b>	<b>(15,879)</b>	<b>7,006</b>	<b>(10,521)</b>
<b>Add/(less) non-cash items:</b>				
Depreciation and amortisation	35,478	33,568	36,610	34,652
Share of associates (surplus)/deficit	-	-	52	(84)
Net bad debts/impairment expense	(198)	2,511	(220)	2,595
Gain/(Loss) on revaluation of financial instruments	(5,152)	7,991	(5,152)	7,991
Landfill and weather tight home provision	(786)	(624)	(786)	(624)
Vested Assets	(1,746)	(211)	(1,746)	(211)
Income tax expense	-	-	-	-
<b>Add/(less) movements in working capital:</b>				
(Increase)/decrease in accounts receivable and other assets	1,985	(4,880)	(483)	(7,344)
Increase/(decrease) in creditors	1,488	92	1,945	(182)
Increase in provisions and other liabilities	363	(39)	574	(30)
Increase in deferred tax liability	-	-	-	-
<b>Add/(less) items classified as investing activities:</b>				
Surplus on sale of property, plant and equipment and other movements	(692)	361	(2,183)	1,109
<b>Net cash inflows from operating activities</b>	<b>31,714</b>	<b>22,890</b>	<b>35,617</b>	<b>27,351</b>

## 28. FINANCIAL INSTRUMENTS RISKS

	NOTES	COUNCIL		GROUP	
		2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Financial assets</b>					
<b>Fair value through surplus or deficit - held for trading</b>					
Derivative financial instrument assets	13.	111	-	111	-
<b>Total fair value through surplus or deficit - held for trading</b>		<b>111</b>	<b>-</b>	<b>111</b>	<b>-</b>
<b>Loans and receivables</b>					
Cash and cash equivalents	11.	8,720	5,069	14,076	9,400
Debtors and other receivables	12.	12,397	13,502	12,371	13,441
Other financial assets:					
Community and development loans	20.	-	-	-	-
Loans to Related Parties	20.	14,700	14,700	-	-
<b>Total loans and receivables</b>		<b>35,817</b>	<b>33,271</b>	<b>26,447</b>	<b>22,841</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.	1,652	1,364	1,652	1,364
- Local authority stock		-	-	-	-
<b>Total held to maturity</b>		<b>2,107</b>	<b>1,819</b>	<b>2,107</b>	<b>1,819</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>38,074</b>	<b>35,129</b>	<b>28,704</b>	<b>24,699</b>
<b>Financial liabilities</b>					
<b>Fair value through surplus or deficit - held for trading</b>					
Derivative financial instrument liabilities	13.	7,688	12,729	7,688	12,729
<b>Total fair value through surplus or deficit - held for trading</b>		<b>7,688</b>	<b>12,729</b>	<b>7,688</b>	<b>12,729</b>
<b>Financial liabilities at amortised cost</b>					
Trade creditors and other payables	21.	23,349	21,481	24,858	22,533
Borrowings:					
- bank overdraft	22.	-	-	-	-
- secured loans	22.	149,837	121,917	149,837	121,917
<b>Total financial liabilities at amortised cost</b>		<b>173,186</b>	<b>143,398</b>	<b>174,695</b>	<b>144,450</b>
<b>Total financial liabilities</b>		<b>180,874</b>	<b>156,127</b>	<b>182,383</b>	<b>157,179</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 (2016: \$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	
		2017 \$000	2016 \$000	2017 \$000	2016 \$000
Cash, cash equivalents and term deposits	11.	8,720	5,069	14,076	9,400
Debtors and other receivables	12.	12,397	13,502	12,371	13,441
Other assets	20.	494	494	494	494
Community and development loans	20.	-	-	-	-
Short term deposits with original maturities greater than three months		7,700	-	7,700	-
Loans to related parties	20.	14,700	14,700	-	-
Financial guarantees	33.	105	149	105	149
Derivative financial instrument assets (interest rate swaps and options)	13.	111	-	111	-
<b>Total credit risk</b>		<b>44,227</b>	<b>33,914</b>	<b>34,857</b>	<b>23,484</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 and Poor's credit ratings (if available) or to historical information about counterparty default rates:

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Counterparties with credit ratings</b>				
<b>Cash at bank and term deposits</b>				
AA	16,420	5,069	21,776	9,400
<b>Total cash at bank and term deposits</b>	<b>16,420</b>	<b>5,069</b>	<b>21,776</b>	<b>9,400</b>
<b>Derivative financial instrument assets</b>				
AA+	-	-	-	-
AA	111	-	111	-
<b>Total derivative financial instrument assets</b>	<b>111</b>	<b>-</b>	<b>111</b>	<b>-</b>
<b>Counterparties without credit ratings</b>				
<b>Community and related party loans</b>				
Existing counterparty with no defaults in the past	14,700	14,700	-	-
<b>Total community, development and related party loans</b>	<b>14,700</b>	<b>14,700</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 (2016: \$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 2017</b>						
Trade creditors and other payables	7,350	7,350	7,350	-	-	-
Secured loans	149,837	155,694	21,592	28,114	48,837	57,151
Financial guarantees	105	105	105	-	-	-
<b>Total</b>	<b>157,292</b>	<b>163,149</b>	<b>29,047</b>	<b>28,114</b>	<b>48,837</b>	<b>57,151</b>
<b>Group 2017</b>						
Trade creditors and other payables	7,382	7,382	7,382	-	-	-
Secured loans	149,837	155,694	21,592	28,114	48,837	57,151
Financial guarantees	105	105	105	-	-	-
<b>Total</b>	<b>157,324</b>	<b>163,181</b>	<b>29,079</b>	<b>28,114</b>	<b>48,837</b>	<b>57,151</b>
<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>

*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	CONTRACTUAL 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 2017</b>						
Cash and cash equivalents	8,720	8,720	8,720	-	-	-
Debtors and other receivables	12,397	12,397	12,397	-	-	-
Other financial assets:						
- loans to related parties	14,700	14,700	10,700	4,000	-	-
<b>Total</b>	<b>35,817</b>	<b>35,817</b>	<b>31,817</b>	<b>4,000</b>	-	-
<b>Group 2017</b>						
Cash and cash equivalents	14,076	14,076	14,076	-	-	-
Debtors and other receivables	12,371	12,371	12,371	-	-	-
<b>Total</b>	<b>26,447</b>	<b>26,447</b>	<b>26,447</b>	-	-	-
<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>	-	-	-

*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.

	2017 \$000				2016 \$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	(7,857)	-	7,126	-	(7,530)	-	6,814	-
<b>Financial liabilities</b>								
Borrowing:								
- short term loans	61	-	(61)	-	1	-	(1)	-
- term loans	1,291	-	(1,291)	-	1,071	-	(1,071)	-
<b>Total sensitivity to interest rate risk</b>	<b>(6,505)</b>	-	<b>5,774</b>	-	<b>(6,458)</b>	-	<b>5,742</b>	-
<b>Group</b>								
<b>Financial assets</b>								
Derivatives held for trading	(7,857)	-	7,126	-	(7,530)	-	6,814	-
<b>Financial liabilities</b>								
Borrowing:								
- short term loans	61	-	(61)	-	1	-	(1)	-
- term loans	1,291	-	(1,291)	-	1,071	-	(1,071)	-
<b>Total sensitivity to interest rate risk</b>	<b>(6,505)</b>	-	<b>5,774</b>	-	<b>(6,458)</b>	-	<b>5,742</b>	-

*Explanation of sensitivity analysis*

Derivative net financial assets and derivatives held for trading include interest rate swaps with a fair value liability totalling \$7,577,000 (2016 liability: \$12,729,000). A movement in interest rates of plus 1% has an effect of \$7,126,000 (2016: \$4,750,000) 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 \$0.0 million (2016: \$0.2 million). A movement in interest rates of plus or minus 1% has an effect on interest expense of \$0 (2016: \$2,000).

### Term loans

Council has term floating rate debt with a principal amount totalling \$135 million (2016: \$107 million). A movement in interest rates of plus or minus 1% has an effect on interest expense of \$1,350,000 (2016: \$1,070,000). A movement in market interest rates on fixed rate debt \$15 million (2016: \$15 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.

	2017				2016			
	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	-	111	-	111	-	-	-	-
Shares	-	-	2,146	2,146	-	-	1,858	1,858
<b>Financial liabilities</b>								
Derivatives	-	7,688	-	7,688	-	12,729	-	12,729
<b>Group</b>								
<b>Financial assets</b>								
Derivatives	-	111	-	111	-	-	-	-
Shares	-	-	2,146	2,146	-	-	1,858	1,858
<b>Financial liabilities</b>								
Derivatives	-	7,688	-	7,688	-	12,729	-	12,729

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:

	2017 \$000	2016 \$000
Balance at 1 July	1,858	1,378
Purchases	288	480
<b>Balance at 30 June</b>	<b>2,146</b>	<b>1,858</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:

	2017			2016		
	SALARY	POST EMPLOYMENT BENEFITS	TOTAL REMUNERATION	MOTOR VEHICLE	POST EMPLOYMENT BENEFITS	TOTAL REMUNERATION
Chief Executive	360,035	10,801	370,836	352,781	11,084	363,865

Elected Representatives received the following remuneration:

MAYOR AND COUNCILLORS	COUNCIL			GROUP TOTAL		
	2017			2016		
	REMUNERATION	DIRECTOR FEES	TOTAL REMUNERATION	REMUNERATION	DIRECTOR FEES	TOTAL REMUNERATION
WR Wallace	138,869	-	138,869	135,818	-	135,818
C Barry	51,679	-	51,679	51,530	-	51,530
G Barratt Appointed Oct 2016	40,975	-	40,975	-	-	-
D Bassett	75,212	15,010	90,222	77,074	8,319	85,393
B Branch	14,907	-	14,907	50,669	-	50,669
L Bridson	55,883	-	55,883	51,703	-	51,703
J Briggs Appointed Oct 2016	36,772	-	36,772	-	-	-
D Butler*	-	2,000	2,000	-	2,000	2,000
M Cousins	58,119	-	58,119	59,097	2,000	61,097
S Edwards Appointed Oct 2016	36,772	-	36,772	-	-	-
A Finlayson Resigned Oct 2016	16,025	11,258	27,283	58,270	15,566	73,836
M Flowers*	-	2,000	2,000	-	2,000	2,000
S Govind* Resigned Oct 2016	-	-	-	-	2,000	2,000
A Leslie*	-	2,000	2,000	-	2,000	2,000
T Lewis	51,679	-	51,679	50,669	-	50,669
M Lulich	53,781	-	53,781	50,669	-	50,669
H MacKenzie Appointed Apr 2017	-	3,753	3,753	-	-	-
G McDonald	53,781	-	53,781	50,669	-	50,669
C Milne	55,883	25,522	81,405	50,669	12,972	63,641
K Patterson*	-	2,000	2,000	-	2,000	2,000
M Shierlaw Resigned Oct 2016	17,143	-	17,143	58,685	-	58,685
A Skene*	-	38,298	38,298	-	18,298	18,298
P Steele Appointed Apr 2017	-	3,125	3,125	-	-	-

MAYOR AND COUNCILLORS		COUNCIL			GROUP TOTAL		
		2017			2016		
		REMUNERATION	DIRECTOR FEES	TOTAL REMUNERATION	REMUNERATION	DIRECTOR FEES	TOTAL REMUNERATION
A Stewart*	Resigned Mar 2017	-	20,633	20,633	-	28,538	28,538
L Sutton	Appointed Oct 2016	36,772	-	36,772	-	-	-
B Walshe*		-	41,415	41,415	-	42,806	42,806
M Willard	Resigned Oct 2016	14,907	-	14,907	50,669	-	50,669
<b>Total</b>		<b>809,157</b>	<b>167,014</b>	<b>976,171</b>	<b>796,191</b>	<b>138,499</b>	<b>934,690</b>
<b>Total Full Time Equivalent</b>		<b>13</b>	<b>11</b>	<b>22</b>	<b>13</b>	<b>12</b>	<b>21</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 2017:

MEETING	COUNCIL	POLICY AND REGULATORY	CITY DEVELOPMENT	FINANCE AND AUDIT	COMMUNITY PLAN	HUTT VALLEY SERVICES	WORKSHOPS
<b>Number of meetings held</b>	<b>16</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>27</b>
WR Wallace	15	2	3	3	4	2	26
G Barratt	11	-	2	2	4	-	14
C Barry	16	4	2	4	4	-	8
D Bassett	16	4	4	4	4	2	15
B Branch	3	2	2	-	-	-	-
L Bridson	15	4	-	2	4	1	25
J Briggs	11	2	-	2	4	-	17
M Cousins	15	4	4	4	4	-	21
S Edwards	11	2	2	2	4	-	23
A Finlayson	5	2	2	-	-	1	-
T Lewis	16	4	4	-	4	1	25
M Lulich	15	4	2	4	3	-	15
G McDonald	14	-	3	-	4	2	9
C Milne	12	-	4	4	4	-	22
M Shierlaw	5	4	2	2	-	-	-
L Sutton	11	2	2	2	4	-	27
M Willard	5	2	2	-	-	-	-

## 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	-
C Barry	13	4	2	7	4	-
D Bassett	13	4	7	7	4	2
B Branch	10	4	6	1	4	-
L Bridson	10	5	-	7	4	-
M 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
M Shierlaw	12	-	6	7	4	-
M Willard	13	5	7	1	4	-

Note: Where no number is shown, the councillor named is not a member of that committee.

## Employee staffing levels and remuneration:

	COUNCIL		GROUP	
	2017	2016	2017	2016
Full-time equivalent salaried employees	364.01	358.33	375.96	371.33
Full-time equivalent waged and temporary employees	90.62	95.52	91.62	95.52
<b>Total full time equivalent</b>	<b>454.63</b>	<b>453.85</b>	<b>467.58</b>	<b>466.85</b>
<b>Total number of staff</b>	<b>526.00</b>	<b>522.00</b>	<b>540.00</b>	<b>535.00</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	
	2017	2016	2017	2016
\$180,000 - \$379,999	5	5	6	5
\$140,000 - \$179,999	7	5	7	5
\$120,000 - \$139,999	8	8	10	10
\$100,000 - \$119,999	22	20	23	21
\$80,000 - \$99,999	47	42	49	45
\$60,000 - \$79,999	108	105	110	106
Less than \$59,999	329	337	335	343
<b>Total</b>	<b>526</b>	<b>522</b>	<b>540</b>	<b>535</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	
	2017	2016	2017	2016
Severance payments	20,000	5,000	20,000	5,000
Number of employees	1	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	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Key management personnel costs</b>				
Salary and other short term benefits	1,264	1,215	1,714	1,699
Post-employment benefits	38	37	45	49
<b>Total key management personnel costs</b>	<b>1,302</b>	<b>1,252</b>	<b>1,759</b>	<b>1,748</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	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
<b>Property, plant and equipment</b>				
- Water systems	5,039	4,923	5,039	4,923
- Roading network	7,407	13,065	7,407	13,065
- Buildings	14,266	8,020	32,914	17,543
Other	742	1,005	742	1,005
Intangible assets	-	-	-	-
<b>Total capital commitments</b>	<b>27,454</b>	<b>27,013</b>	<b>46,102</b>	<b>36,536</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	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Not later than one year	575	774	707	807
Later than one year and not later than five years	892	1,274	1,033	1,304
Later than five years	-	-	-	95
<b>Total non-cancellable operating leases</b>	<b>1,467</b>	<b>2,048</b>	<b>1,740</b>	<b>2,206</b>

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2016: \$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	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Not later than one year	-	-	215	151
Later than one year and not later than five years	-	-	631	449
Later than five years	-	-	117	118
<b>Total operating leases as lessor</b>	<b>-</b>	<b>-</b>	<b>963</b>	<b>718</b>

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

## 33. CONTINGENCIES

### Contingent liabilities

	COUNCIL		GROUP	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Financial guarantees	105	149	105	149
Wastewater	2,003	2,510	2,003	2,510
<b>Total contingent liabilities</b>	<b>2,108</b>	<b>2,659</b>	<b>2,108</b>	<b>2,659</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 (2016: \$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 3 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% (2016: 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. Council was a member of RiskPool until 30 June 2016. 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) (2016: \$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 15 local authority guarantors of the LGFA. LGFA has uncalled capital of \$20m of which Council's share is \$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 LGFA's borrowings. At 30 June 2017, LGFA had borrowings totalling \$7.95 billion (2016: \$6.22 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.

### Ministry of Education claim against CHH and Council

In April 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. Subsequently, in December 2016, CHH commenced third party proceedings against 48 Councils, including Hutt City Council alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates. The Councils have applied for orders setting aside and striking out CHH's claims against them. The MOE's claim against CHH is for 833 school buildings, 11 of which are located within Lower Hutt. At present there is insufficient information to conclude on potential liability and claim quantum, if any.

### 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.

## 36. MAJOR BUDGET VARIATIONS

Explanations for major variations from Council's budgeted figures in the 2016/2017 Annual 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 2017. 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:

- Rates, excluding metered water supply rates is \$0.3mil above budget. This variance from previous year is a result of increase in rates revenue based on CPI, growth and an additional 1% for rejuvenation projects.
- Subsidies and grants \$4.5mil below budget. This is due to lower funding from NZ Transport Authority for capital roading projects.
- Other revenue is \$1.6mil above budget. This is mainly a result of increase revenue from vested assets (\$0.9mil) and miscellaneous income (\$0.5.mil).

- Gain on revaluation of financial instruments is \$5.2mil above budget. The variance is a result of moving interest rates. Gain on revaluation are not budgeted for.
- Gain on disposal is \$0.8mil above budget. Gain on disposal are not budgeted for.
- Other expenses is \$10.3mil below budget. This is a result of large capital project funding projects (eg: Fraser Park Sportsville, Midenhall Park and Stokes Valley Hub) budgeted in the current year however the project has been delayed to the 2017-18 year.
- Finance costs are \$1.4mil below budget. This is a result of lower borrowing levels and lower interest rates than expected.
- The above has contributed to net surplus after tax result of \$16.1mil above budget.

The statement of financial position (that is what council own and owe) is as at 30 June 2017. The following are significant variances in the statement of financial position:

- Cash and cash equivalents is \$6.6mil above budget. Refer to cash flow explanations.
- Inventories are \$2.9mil above budget. This relates to the purchase of a building property intended for resale, therefore held as inventory rather than property, plant and equipment.
- Other assets is \$14.7mil above budget. This is due to part of intercompany borrowing moving into from long term to current timeband. Balance eliminates at Group level.
- Property, plant and equipment is \$27.2mil below budget - due to delay in completion of various projects including the Huia Pool development and Civic Event Centre.
- Assets under construction is \$10.4mil 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, and Riddiford Garden redevelopment.
- Investments in CCO is \$16.7mil below budget. This is due to part of the intercompany borrowing moving into the current timeband. Balance eliminates at Group level.
- Current and non-current borrowing is \$27.0mil below budget. This is due to lower than anticipated capital spend.
- Current and Non current derivative financial instruments is \$2.8mil above budget. This is due to the revaluation of Council's interest rate swap portfolio.
- Creditors and other payables are \$5.2mil 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 \$2.5mil above budget.

The following are significant variances in the statement of cash flows:

- Cash flow from operations is \$13.9mil above budget due to
  - Payments to suppliers \$14.2m below budget
- Cash flow from Investing \$20.5mil below budget. Relates to lower than expected level of capital purchases

- Cash flow from financing \$23.2 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 2016-17 year:

	OPENING BALANCE JULY 2016 \$000	DEPOSITS \$000	EXPENDITURE \$000	CLOSING BALANCE JUNE 2017 \$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.	5,429	88	(606)	4,911
<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.	2,939	51	-	2,990
<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.	168	3	-	171

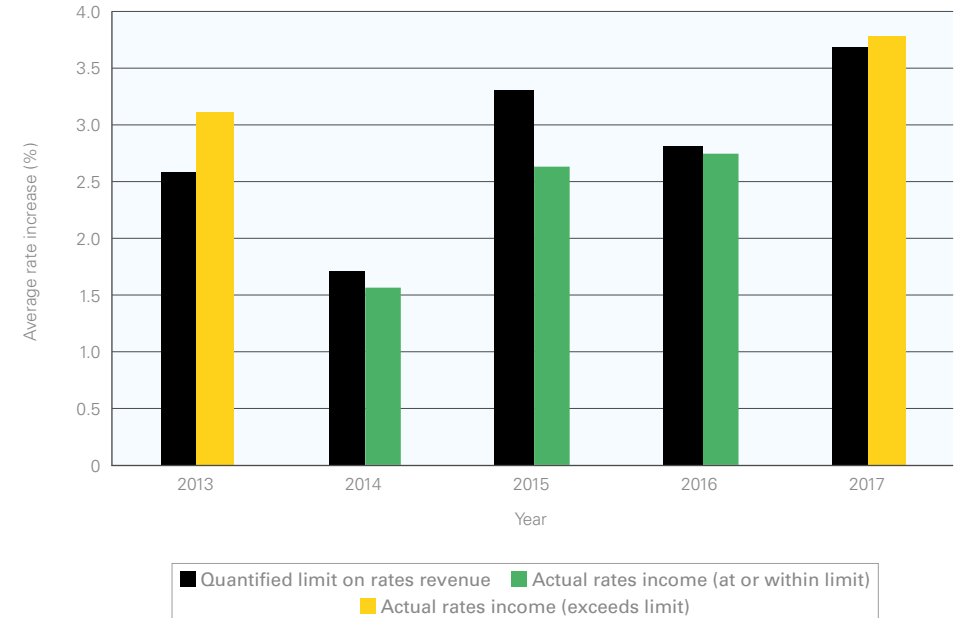
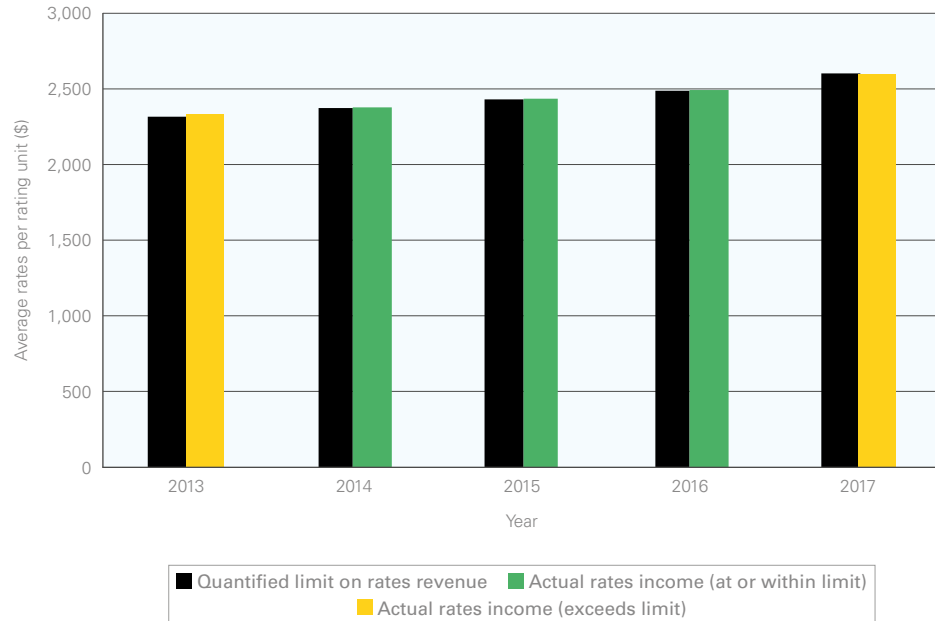
	OPENING BALANCE JULY 2015 \$000	DEPOSITS \$000	EXPENDITURE \$000	CLOSING BALANCE JUNE 2016 \$000
<b>Wingate Park (Parks and Reserves Activity)</b> To provide for the development and major maintenance of the former landfill areas (bottom areas) at the end of Page Grove, Wingate, now managed as reserve land and used for various recreational activities.	163	3	-	166
<b>Ex Hillary Commission Funds (Aquatics and Recreation)</b> To provide funding for sporting activities. Approval needs to be given by Sport New Zealand.	125	2	-	127
<b>Totals</b>	<b>20,974</b>	<b>147</b>	<b>(606)</b>	<b>20,515</b>

	OPENING BALANCE JULY 2016 \$000	DEPOSITS \$000	EXPENDITURE \$000	CLOSING BALANCE JUNE 2017 \$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.	31	-	-	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.	21	-	-	21
<b>ML Talbut Bequest (Parks and Reserves Activity)</b> To provide for the planting and maintenance of reserves.	13	1	-	14
<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.	15	-	-	15
<b>Totals</b>	<b>83</b>	<b>1</b>	<b>-</b>	<b>84</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.



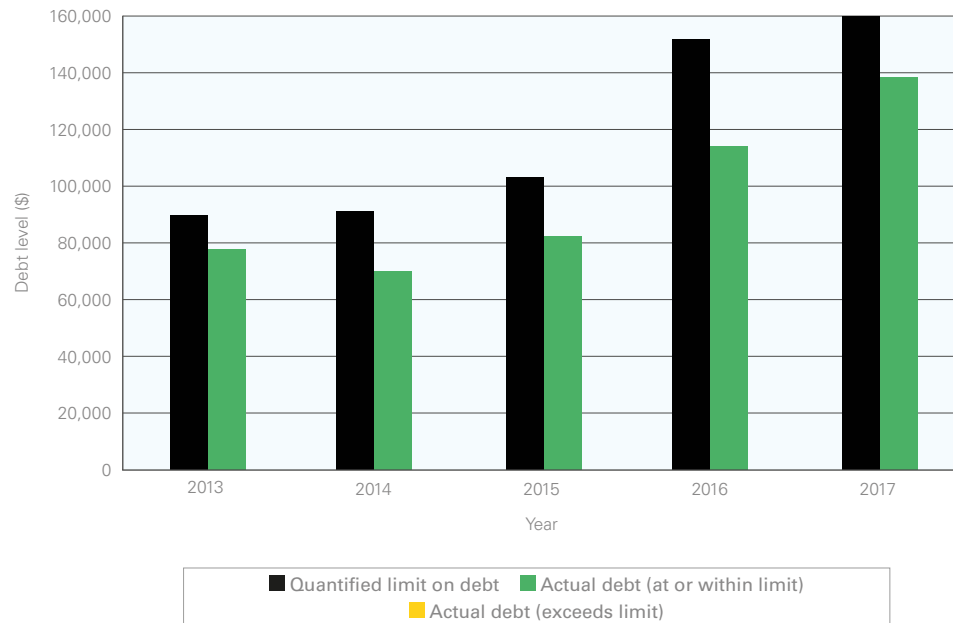
### RATES (INCOME) AFFORDABILITY BENCHMARK

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 (INCREASE) AFFORDABILITY BENCHMARK

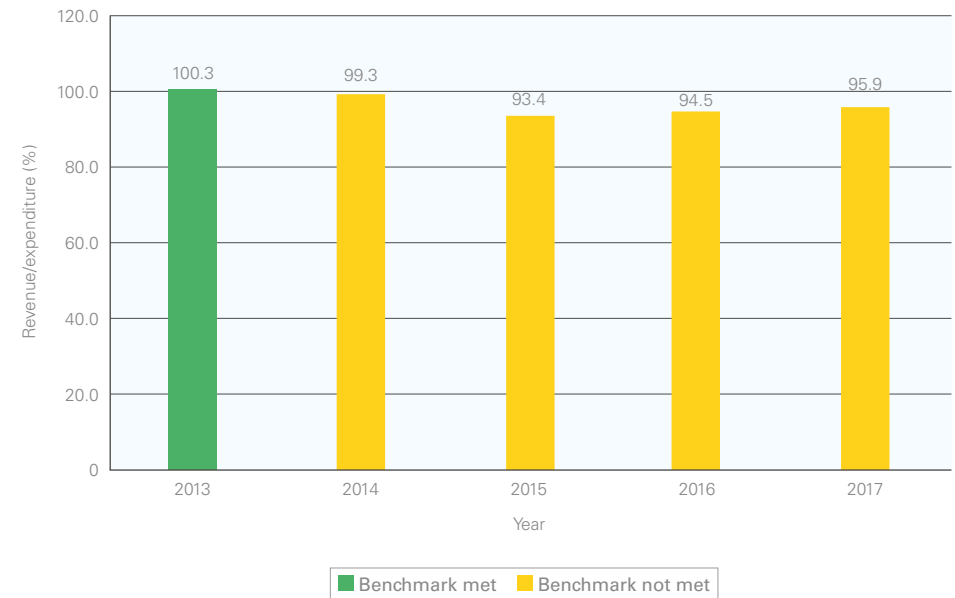
The above graph compares the Council's actual rates increase with a quantified limit on rates increases included in the financial strategy included in the Council's Long Term Plan. The quantified limit is to increase rates by no more than inflation (plus 0.5% for year 2010, increase to 1.0% by 2015).





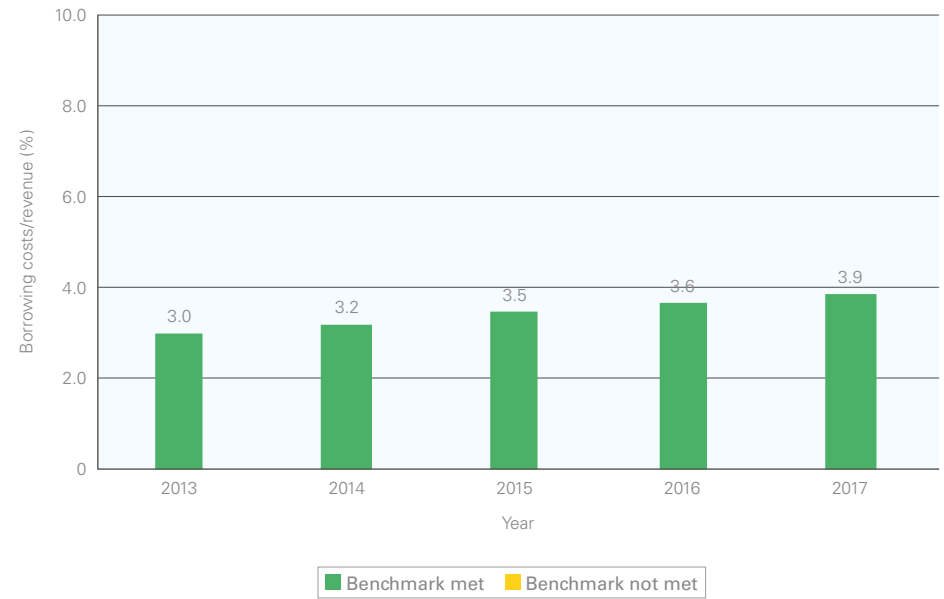
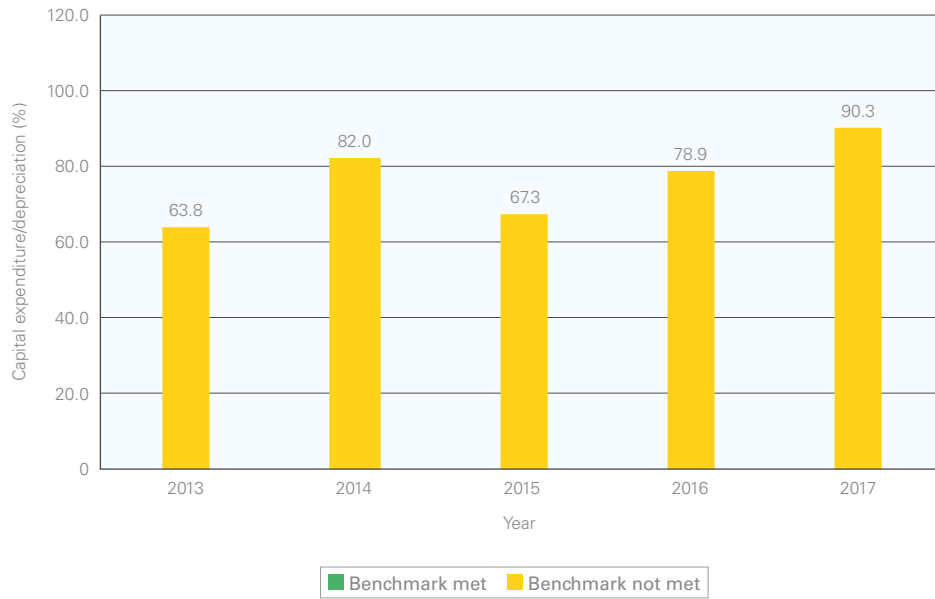
## DEBT AFFORDABILITY BENCHMARK

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.

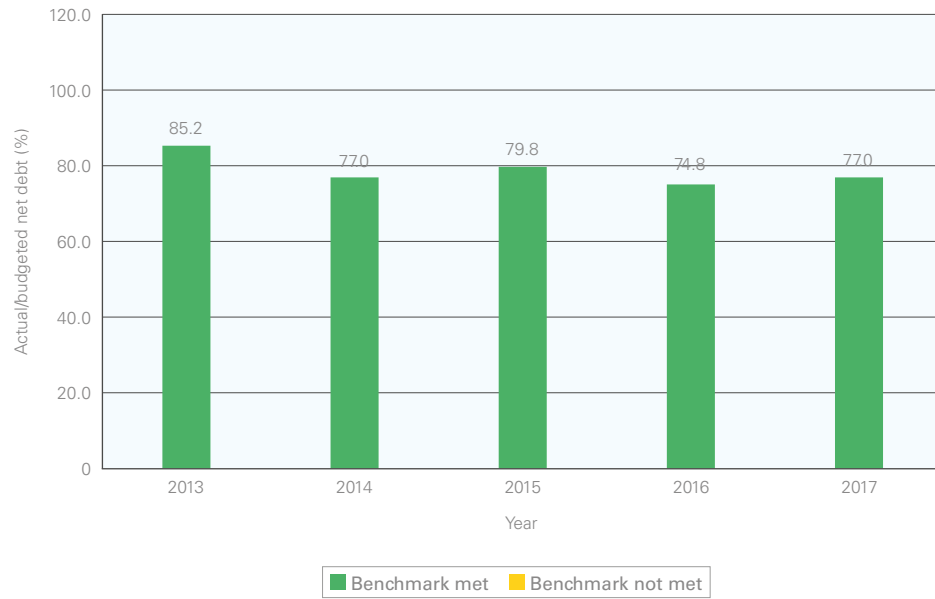


### ESSENTIAL SERVICES BENCHMARK

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.

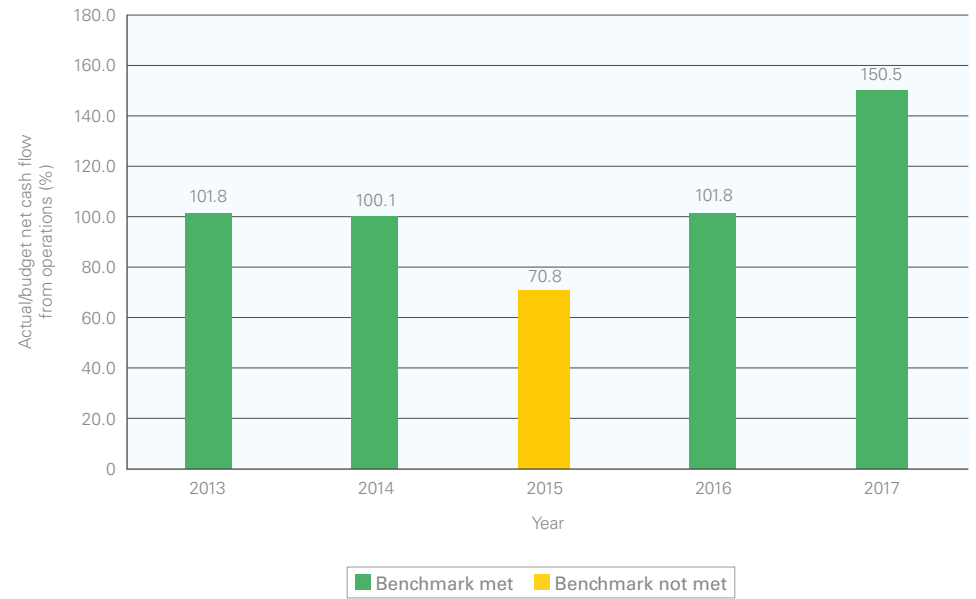
### DEBT SERVICING BENCHMARK

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 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

Total Council assets as at 30 June 2017	\$1,448,046,000
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	39,187
Average rates per residential ratepayer	\$2,308
Capital value of rating units	\$21,209,216,500
Total land value of rating units (30 June 2017)	\$10,800,442,950
Capital value of the city (30 June 2017)	\$22,260,402,050

# 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 Hutt City, such as roads, drains, parks and buildings.

## ASSET MANAGEMENT PLAN

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

## ASSOCIATE

Companies in which 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 PANELS

Local committees set up by Council. Community committees are consulted by Council and can represent community concerns to Council. Hutt City Council has 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 Hutt City 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 STATEMENTS

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.

## 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 Māori 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 interest of improving accountability and transparency. A more detailed discussion of the main sources of information is provided below.

## KEY RESEARCH SURVEY

Key Research is a Tauranga based, full service, independent market research agency. The company belongs to the Key Research Group and provides consultancy and market research for many high profile clients both in New Zealand and overseas. These clients include numerous city, district and regional councils and territorial authorities in New Zealand and Australia.

Key Research has conducted resident satisfaction surveys for Hutt City Council since 2016. The telephone based survey is conducted quarterly with 100 residents interviewed every quarter to provide an annual total of 400 interviews. Randomised sampling methods are used to access residents over the age of 18 with quotas applied for ward, age, gender and ethnicity to ensure a representative sample. Post data collection the sample is weighted to ensure it resembles known population distributions.

A sample of 400 provides a maximum margin of error of +/- 4.8% (at the 95% confidence interval). The margin of error increases as the sample size decreases,

as with sub-groups, meaning the associated results are less precise.

Satisfaction/performance is rated on a 10-point scale where 1 equals very dissatisfied/poor and 10 equals very satisfied/excellent. To make the results easier to interpret, 'satisfied' and 'good' scores have been calculated. This is the percentage of residents who provided a rating of 6 or more out of 10. Those who were unable to comment on the specific service being measured were excluded from the calculation.

## 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 2016-17 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

Each year we complete IBMs Best Workplaces Survey, formerly known as the Kenexa 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:

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**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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Note: Has left Hutt City Council

**HUTT CITY**  
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