

OUR CITY, OUR COMMUNITY, OUR FUTURE

TO TĀTOU PĀ,
TO TĀTOU HĀPORI,
TO TĀTOU HEKE MAI

Annual Report to 30 June 2018

HUTT CITY
TE AWA KAIRANGI



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HUTT CITY COUNCIL'S ANNUAL REPORT TO 30 JUNE 2018

FOREWORD

Council's vision for Lower Hutt is to create 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.

It's been a busy year as we work to make this vision a reality. We're making progress in improving the wellbeing of our residents and visitors, through strong financial management and investing in things that make a real difference.

Council's new financial strategy was introduced at the start of the 2017/18 financial year. The strategy has helped council to continue to deliver the lowest rate increases in the Wellington region and to maintain debt at prudent and affordable levels necessary for long-term investment in Lower Hutt.

The services we provide and facilities we invest in support people to live happy and healthy lives. In July 2017 we opened the redeveloped Huia Pool+Fitness centre, which includes a hydrotherapy pool for rehabilitation and a learner's pool. And construction continues on the Ricoh Sports Centre at Fraser Park. It will be a regionally-significant sporting facility catering for a number of codes including rugby, softball, squash, football, hockey and cricket.

Hutt City Council's work to transform the lives of young people in the high deprivation suburb of Taita was recognised at the Local Government New Zealand EXCELLENCE Awards. We aim to create a brighter future for Lower Hutt tamariki who need it most, through access to facilities, resources and activities that matter, for example the TAKA Trust WIFI initiative, which will ensure that all children in Lower Hutt's north east suburbs have free access to digital devices and Wi-Fi in their homes.

In September 2017, the Naenae Bowling Centre was opened at Walter Mildenhall Park. The \$6 million facility boasts three traditional outdoor greens and one covered artificial green, along with café and bar facilities. The centre has hosted several high-profile events since opening including the international Bowls Premier League, which was broadcast live on Sky Sports.

In October 2017 we opened the Koraunui Stokes Valley Community Hub, which includes a Library, Toy Library, Plunket and several multipurpose spaces available to hire. The hub has had over 240,000 visitors in its first year in operation – a fantastic success. And in November, over 1000 people responded to a community consultation about what they wanted for our next exciting community facility, the Naenae Community Hub.

Driving economic growth and development in the city is crucial to our city's prosperity. This year we saw our population grow, along with an increase in building consent numbers. Our population is ageing and the challenge for Council is to ensure our city is well-equipped to respond to these changing demographics.

From November 2017 to February 2018, Council asked the public about a proposed District Plan change that would allow for a wider range of housing types and medium density housing in the city. This change is designed to provide for growth and to address issues such as housing affordability, particularly for those looking to buy their first property, plus offer practical options to older residents looking to downsize their homes while remaining in the same suburb.

We've also seen good levels of investment in the Lower Hutt CBD. The Riverlink project is generating interest as we look to turn our city centre to face the river, while at the same time protecting homes and businesses from a devastating flood.

We're also investing in the redevelopment of the Civic Precinct, the heart of our city. The Civic Precinct will be a vibrant, artistic, people-friendly space that our residents are proud of and want to spend time in. We're well on our way to doing this with the new Lower Hutt Events Centre, refurbished Town Hall, upgraded Riddiford Garden along with past work to upgrade the Dowse, War Memorial Library and surrounds. In October 2017, Highlight: Carnival of Lights, Council's newest and biggest event, lit up faces all over Riddiford Garden and attracted over 120,000 happy people to our Civic Precinct across four nights.

Our rejuvenation strategy is enhancing the city – making our community a better place to live, work and play. Lower Hutt is in great shape, and we'll be working hard again next year to make our city even better.



Ray Wallace
Mayor of Lower Hutt



Tony Stallinger
Chief Executive

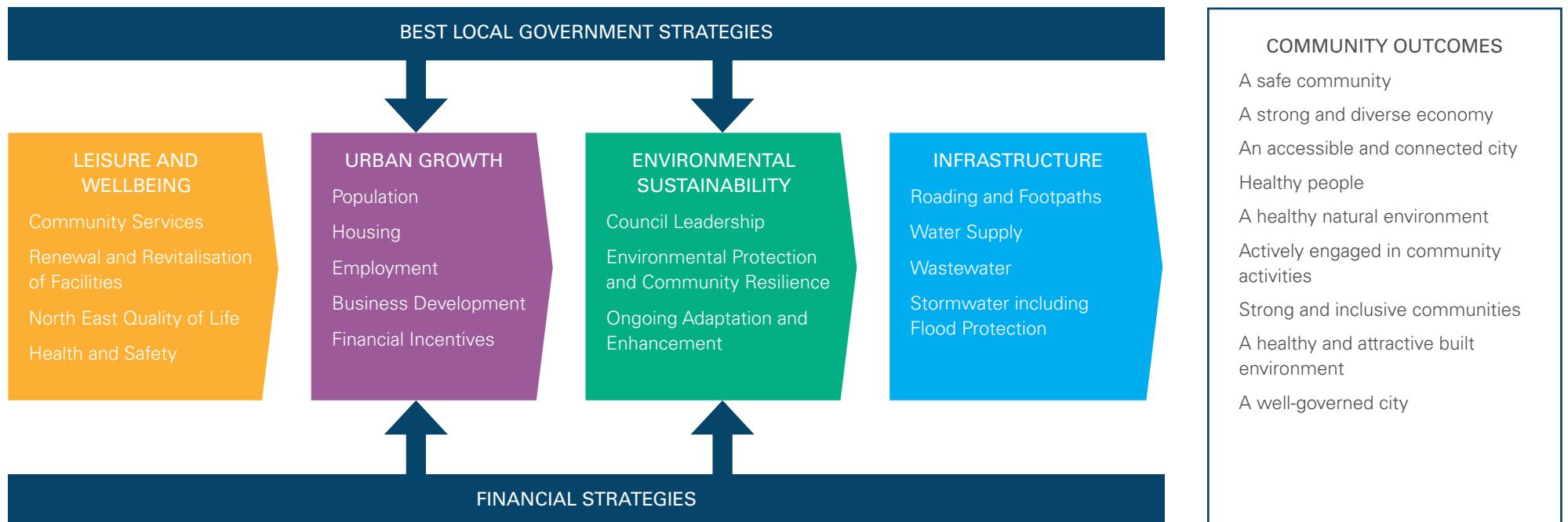
VISION FOR THE CITY

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

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

STRATEGIC DIRECTION: OUR FOUR KEY STRATEGIES AND COMMUNITY OUTCOMES

Our vision is to make our city a great place to live, work and play. The move to rejuvenate and revitalise Lower Hutt is underpinned by four key strategies – 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.





OUR YEAR IN REVIEW: HIGHLIGHTS

A SAFE COMMUNITY

84% of residents feel **MOSTLY OR VERY SAFE**, an increase from last year

3,000

RANGATAHI ATTENDED X-ROADS, a five day event designed to educate students about the dangerous combination of alcohol, drug, and vehicle use

A STRONG AND DIVERSE ECONOMY

\$8.8M

INCREASE in international visitor spending

395 **NEW HOUSING CONSENTS** up 85%, the highest in the region

HEALTHY PEOPLE

40+

BRAND NEW BIKES WERE PROVIDED TO TWO LOW DECILE SCHOOLS THROUGH THE TAKA TRUST

The TAKA Trust seeks to provide vulnerable tamariki with more opportunities, and give them access to the things that most Kiwi kids take for granted, such as access to sports, technology, cultural events, modern learning and the arts



49

ORGANISATIONS AND THOUSANDS OF INDIVIDUALS are doing their bit to turn the tide to make Lower Hutt a healthier place.

STRONG AND INCLUSIVE COMMUNITIES

4000

RANGATAHI HELPED INTO EMPLOYMENT since 2014 through Youth Inspire programme. Social return of investment \$11.60 for every dollar spent.



10000+

rangatahi and their whānau **ATTENDED SYMPHONY IN THE HUTT** a free community concert at the Walter Nash Centre



15,000

Hutt Valley children, fanau and friends came visited **THE POLY ODYSSEY AND POLYFEST AT THE WALTER NASH CENTRE** where they were **IMMERSED IN PASIFIKA CULTURE** including villages from five Pasifika nations, a full sized Vaka Atafaga, tape art labyrinth, story telling and drumming.

A WELL GOVERNED CITY

75%

satisfied that Council makes decisions which are in the **BEST INTERESTS OF THE CITY**

94

ORGANISATIONS OR INDIVIDUALS PRESENTED to Councillors as part of the 2018-2028 Long Term Plan



114,300

CALLS AND 21,800 EMAILS answered through our contact centre over the year

A HEALTHY AND ATTRACTIVE BUILT ENVIRONMENT

85%

satisfied with the **OVERALL LOOK AND FEEL** of the city

30 YEARS

we have been searching for a meaningful way to connect our central city with our river. With your support we are **INVESTING \$51 MILLION THROUGH THE RIVERLINK PROJECT** to deliver this connection

A HEALTHY NATURAL ENVIRONMENT



THREE SCHOOLS

IN LOWER HUTT WITH A GREEN-GOLD ENVIROSCHOOL ACHIEVEMENT. The highest number per local authority in the region.

1,045M²

OF PARKS AND RESERVES managed by Hutt City Council for every household



8,235

TONNES OF RECYCLING

AN ACCESSIBLE AND CONNECTED CITY

\$28M

BUDGETED IN OUR THREE CYCLEWAY PROJECTS designed to develop a shared pathway network that is safe, convenient and pleasurable for commuting and recreational purposes

124

Year 5 and 6 children from Rata Street School in Naenae will have free wifi access in their homes through the **TAKA TRUST WIFI PROJECT**



ACTIVELY ENGAGED IN COMMUNITY ACTIVITIES

200,000

visitors through **KORAUNUI STOKES VALLEY COMMUNITY HUB** since it opened in October 2017

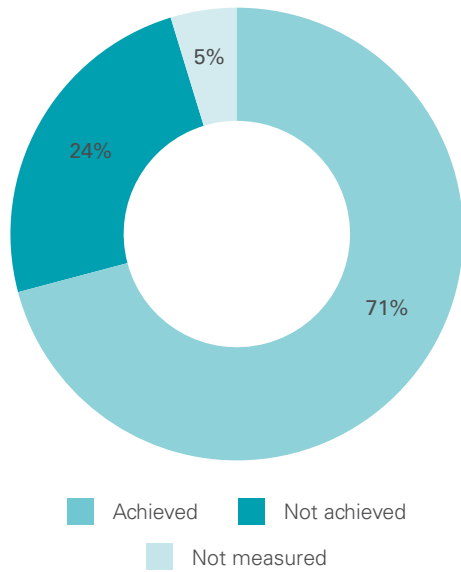


120,000+

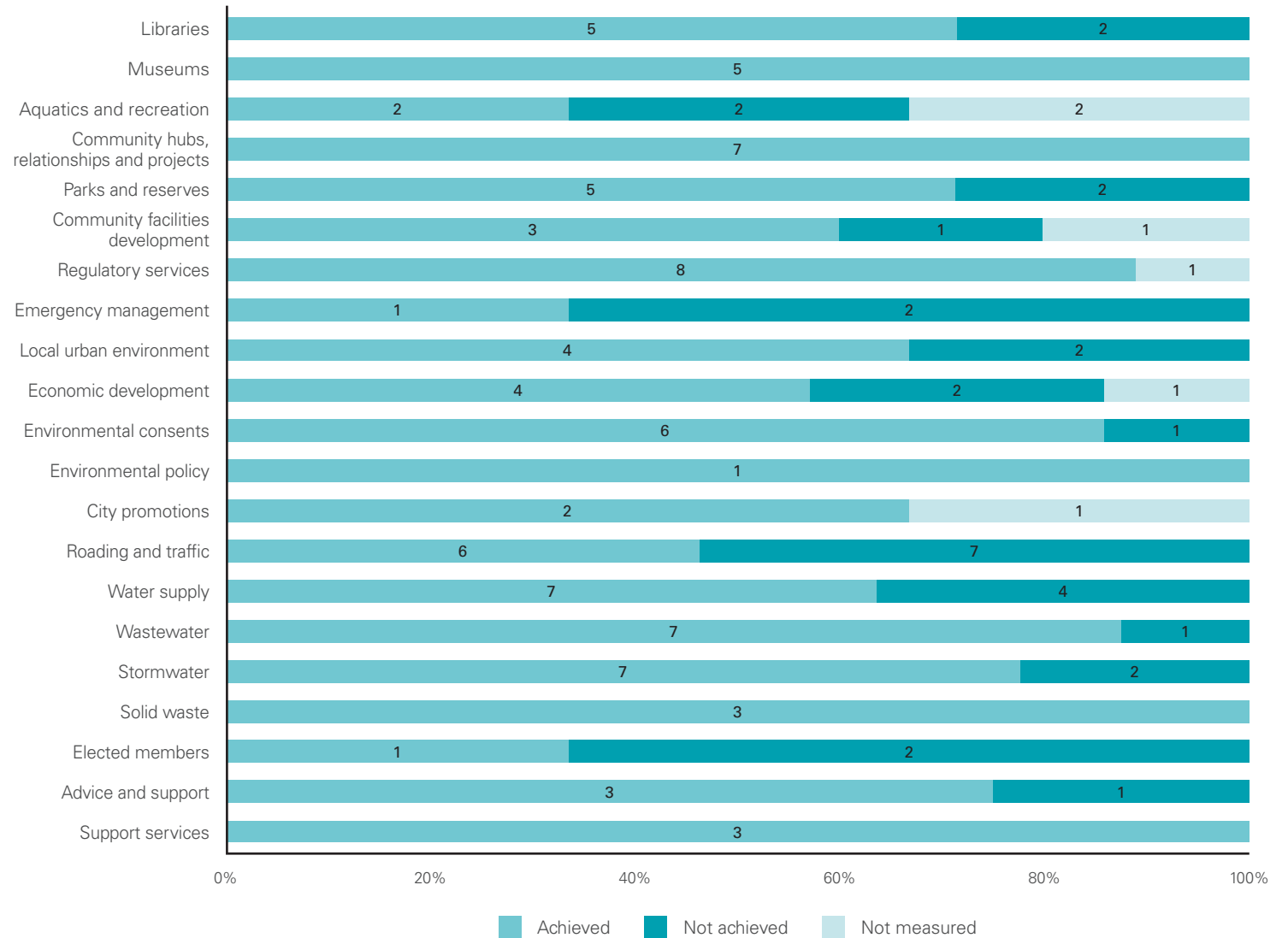
attended the inaugural **HIGHLIGHT: CARNIVAL OF LIGHTS FESTIVAL** over Labour Weekend

OUR YEAR IN REVIEW: PERFORMANCE

OVERALL PERFORMANCE TARGETS SUMMARY



OVERALL PERFORMANCE TARGETS BY ACTIVITY AREA



* A change in research approach after performance targets were set has resulted in some measures not being achieved despite a high level of performance. For more information please see "Customer Research" on page 9.

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. In 2016-17 we changed our research approach so that we could answer these questions. 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 that 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 and 2017-18 results are not directly comparable to previous years' results or the target that was set prior to the change in research approach. This has resulted in us not achieving some of the targets sourced from customer research.



OUR YEAR IN REVIEW: FINANCIAL OVERVIEW

Being accountable to the ratepayers and residents for the management of its budgets and assets is a key responsibility of council. We have produced this overview to help ratepayers and residents understand our finances and in particular where we have spent the money that we have received and how we have invested in the future of the city. Full financial details for the year ending 30 June 2018 are provided on pages 97 to 149.

FOR THE 2017-18 FINANCIAL YEAR OUR:

REVENUE
WAS **\$160.9M**

OPERATING
SPEND WAS
\$169.2M

NET SURPLUS
(AFTER ASSET
REVALUATION)
\$58.6M

HUTT CITY COUNCIL IS AN
ENTITY WORTH

\$1.3BN

NET DEBT
WAS
\$156.4M

TOTAL CAPITAL
SPEND WAS
\$66.2M

WE MAINTAINED OUR
STANDARD & POOR'S
AA CREDIT RATING
AND WE ACHIEVED AN
AVERAGE COST OF
BORROWINGS OF

3.9%

FINANCIAL PERFORMANCE

Council closed the year \$10.3 million unfavourable to budget. This was mainly due to subsidies being \$4.2 million less than planned from project delays, a non-cash and temporary valuation loss of \$2.9 million on Council's interest rate swaps and a non-cash budget error of \$1.9 million on depreciation.

Council revalues its infrastructure and community assets every three years and the December 2017 revaluation resulted in an asset increase of \$69.8 million.

CAPITAL SPENDING

We budgeted to spend \$88.2 million on capital projects in 2017-18. Due to project delays, Council spent \$66.2 million with \$20 million worth of projects now moved to 2018-19 as part of Council's 2018-2028 Long Term Plan.

FINANCIAL POSITION

As at 30 June 2018, Council had total assets of \$1.6 billion. Of this, infrastructure (water, stormwater, wastewater, roading), parks, open spaces and community facilities accounts for \$1.5 billion with the remainder being financial investments in council controlled entities and term deposits.

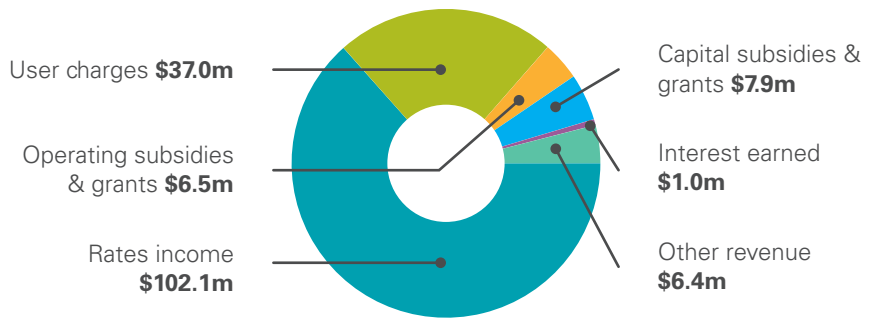
Council's liabilities were \$243 million at year end with 80% of this being medium to long-term borrowings with the remainder being money owed to suppliers and temporary interest rate swap valuations. The difference between total assets and total liabilities represents ratepayers' equity in the Council of \$1.3 billion.

CASH AND DEBT MANAGEMENT

Council ended the year with net debt (total borrowings less cash and cash investments) of \$156.4 million. This was less than planned, reflecting lower spend on capital projects off-set by \$20 million of debt pre-funding for debt maturing in 2018-19.

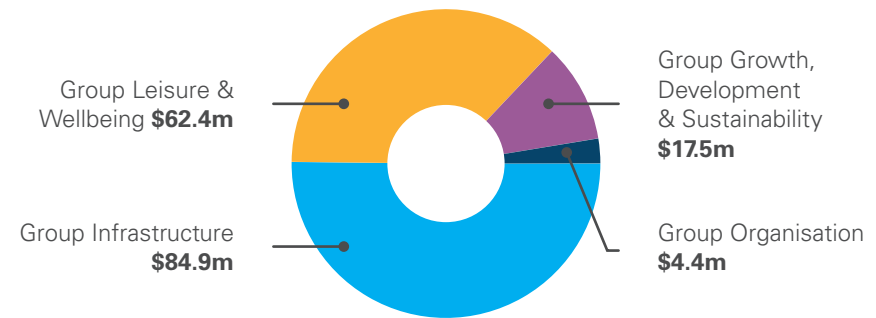
OUR INCOME WAS \$160.9M
WHERE DID THIS MONEY COME FROM?

2018 ACTUAL INCOME (\$M)



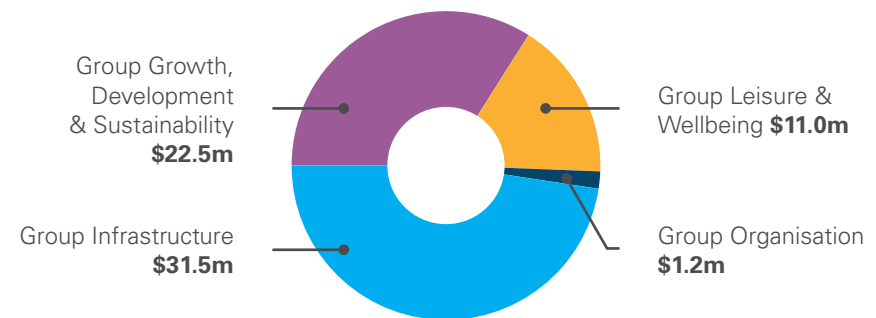
OUR OPERATING SPEND WAS \$169.2M
HOW WAS THIS MONEY SPENT?

2018 ACTUAL EXPENDITURE (\$M)



OUR CAPITAL SPEND WAS \$66.2M
HOW WAS THIS MONEY SPENT?

2018 CAPITAL EXPENDITURE (\$M)



FINANCIAL PRUDENCE
 All local authorities are required to report against a set of benchmarks around three key elements of financial prudence – affordability, sustainability and predictability.
 These benchmarks and Council's performance against them are set out in the Disclosure Statement on pages 146 to 149.



LEISURE & WELLBEING

WHAT

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

WHY

The Census 2013 results indicated that the city will be getting older and that our ethnic population will increase over time. By investing in building and improving our recreation and community facilities we will be adding to Lower Hutt's quality of life and providing a more attractive environment.

Lower Hutt has some of the highest levels of social deprivation in New Zealand, in particular Naenae and Taita, but also in the neighbouring suburbs of Delaney, Epuni East and Waiwhetu North. Council has the important role of ensuring that the quality of life and wellbeing of people connected to these communities is significantly improved.

Leisure and Wellbeing activities are 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 currently fall under Leisure and Wellbeing:

- Integrated Community Services incorporating libraries, museums, aquatics and recreation and community hubs, relationships and projects.
- Parks and Reserves.
- 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** – we live in a safe city, free from crime and injury. Our city is prepared for emergencies.
- **A strong and diverse economy** – all members of our community benefit from a strong economy, and we attract increasing numbers of visitors.
- **An accessible and connected city** – members of our community are connected to the digital world.
- **Healthy people** – we live healthy lives, and our city's services help to protect our health and our environment.
- **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.
- **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.
- **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.
- **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 that values and protects our built heritage and the natural environment.



CASE STUDY: HEALTHY PEOPLE TURNING THE TIDE

Turning the Tide is a social movement to make the Hutt a healthier place to live, work and play through inspiring individuals to work together to turn the tide on our collective health. It recognises that every person has the ability to take action for a healthier city and acknowledges each action no matter how small or big. Turning the Tide is supported by Healthy Families Lower Hutt, a dedicated prevention workforce that works with local leaders, groups and organisations including Hutt City Council (lead provider), Hutt Valley District Health Board, Te Awakairangi Health Network, Sport Wellington, Ministry of Education, Ministry of Health, local schools, Māori and Pasifika communities, and local businesses.

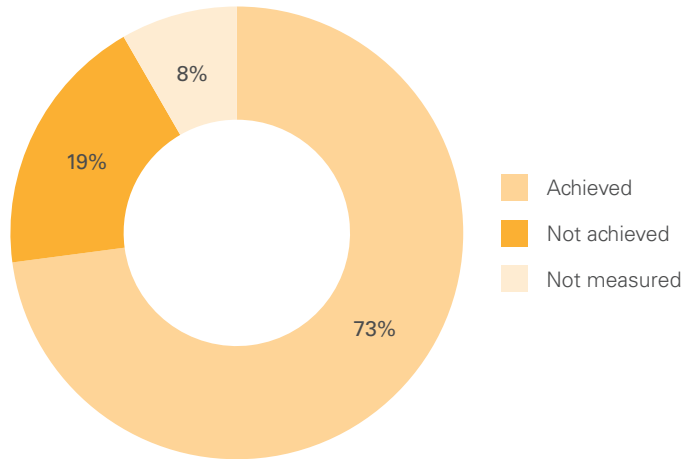
At the end of June 2018, 49 organisations have formally joined the Turning the Tide movement with many of those organisations having a reach of thousands. In Naenae alone, ten organisations have joined Turning the Tide with a focus on promoting water as the choice of drink. These ten organisations have a reach of approximately 5,000 members or students in addition to the over 620,000 visits to the Council pool and library each year.

One of these organisations is Wellington Rugby League who is leading the way in making their junior sporting fixtures family friendly. They “Go the H2O” and have water only side lines. Their junior players are rewarded with Player of the Day certificates with free pool passes to Council owned pools in Lower Hutt, Upper Hutt, Porirua and Wellington.

They strongly promote the national “Be a Sport” initiative which aims at encouraging supporters to get behind their players and match officials in a positive way. Each team takes responsibility for their own supporters’ behaviour with key messages displayed on large sandwich boards on the grounds. Having alcohol free and smokefree sidelines and water only fixtures is a core part of Wellington Rugby League’s kaupapa.

LEISURE AND WELLBEING PERFORMANCE

LEISURE AND WELLBEING PERFORMANCE TARGETS SUMMARY



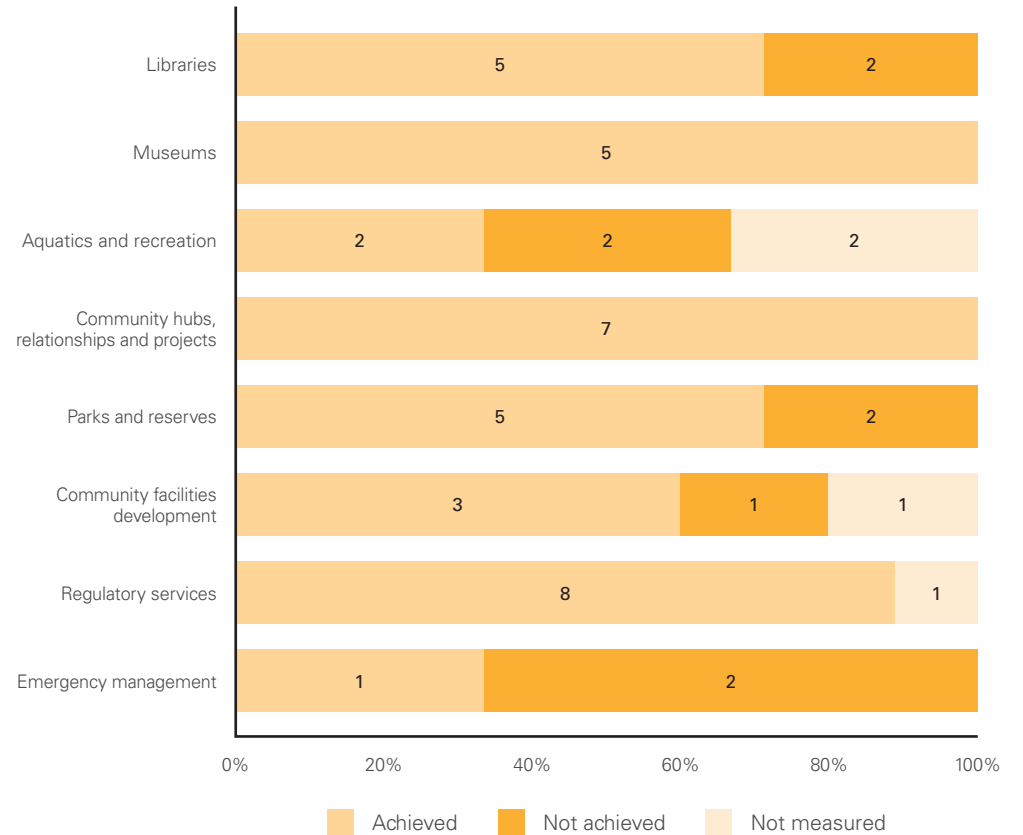
LEISURE AND WELLBEING FINANCIAL SUMMARY

	(DEFICIT)/SURPLUS BEFORE TAX			RATE REQUIREMENT PER RESIDENT
	ACTUAL 2018 \$000	BUDGET 2018 \$000	ACTUAL 2017 \$000	ACTUAL 2018 \$
Integrated Community Services	(25,746)	(24,429)	(24,283)	245.90
Parks and Reserves	(11,719)	(12,650)	(11,446)	111.93
Community Facilities Development	(9,551)	(10,350)	(5,553)	91.22
Regulatory Services	(1,855)	(2,015)	(1,874)	17.72
Emergency Management	(916)	(705)	(775)	8.75

Note: The (Deficit)/Surplus before tax shows the net cost of the Council's activities for the year in comparison to the 2017-18 Annual Plan and the 2016-17 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 KEY PERFORMANCE TARGETS BY ACTIVITY AREA



* A change in research approach after performance targets were set has resulted in some measures not being achieved despite a high level of performance. For more information please see "Customer Research" on page 9.

LEISURE AND WELLBEING FUNDING IMPACT STATEMENT

For year ended 30 June 2018

	LONG TERM PLAN 2017 \$000	LONG TERM PLAN 2018 \$000	ACTUAL 2018 \$000	ANNUAL PLAN 2018 \$000	ACTUAL 2017 \$000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charges, rates penalties	41,092	37,507	49,787	50,149	43,928
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	236	240	116	105	149
Fees and charges	8,777	9,773	9,135	8,393	7,347
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	3,646	3,716	3,455	3,078	3,890
Total operating funding (A)	53,751	51,236	62,493	61,725	55,314
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	40,972	38,148	48,390	47,702	42,437
Finance costs	2,556	2,575	1,667	1,768	1,417
Internal charges and overheads applied	5,234	5,322	5,741	5,738	5,112
Other operating funding applications	-	-	23	-	200
Total applications of operating funding (B)	48,762	46,045	55,821	55,208	49,166
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	4,989	5,191	6,672	6,517	6,148
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	1,004	(1,297)	4,226	(1,090)	6,411
Gross proceeds from sale of assets	3,865	1,710	103	9,600	1,217
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	4,869	413	4,329	8,510	7,628
APPLICATION OF CAPITAL FUNDING					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve level of service	6,736	1,818	8,548	11,333	11,054
- to replace existing assets	3,122	3,786	2,453	3,694	2,722
Increase (decrease) in reserves	-	-	-	-	-
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	9,858	5,604	11,001	15,027	13,776
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(4,989)	(5,191)	(6,672)	(6,517)	(6,148)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-	-	-

Note: For the Leisure and Wellbeing Funding Impact Statement the Actuals shown for 2017 when compared to the 2016-17 Annual Report are a combination of libraries, museums, aquatics and recreation, and community safety and connections activities.

INTEGRATED COMMUNITY SERVICES

The City and Community Services Group continues to undergo significant change as it responds to the changing needs of our communities as well as Council priorities. Community development efforts are now more integrated and increasingly more community services are being run out of community hubs, including core council services such as libraries, recreation and other services. The Group is also increasingly exploring opportunities for externally funded contracts that are aligned to Council's vision and priorities. For this reason the libraries, museums, aquatics and recreation, and community safety and connections activities have been combined into a new Integrated Community Services Activity.

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 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	ACHIEVED 2017-18	SOURCE OF INFORMATION
Percentage of residents who have used library services during the year > 80% of those expressing an opinion	79%	81%	72% ¹	67% ¹	Key Research
Residents' satisfaction with library services > 97% of those expressing an opinion	98%	98%	96% ¹	97% ¹	Key Research
Number of physical visits per year > 1,200,000	1,020,996	1,204,830	1,415,759 ²	1,295,893	Monthly management reports
Number of visits via the internet per year 600,000 Libraries Online visits 110,000 pay session on Connect	526,689 Libraries Online visits 107,285 pay sessions on Connect	579,543 Libraries Online visits 162,182 pay sessions on Connect	507,974 Libraries Online visits 176,620 session on Connect	476,122 Libraries Online visits 167,926 sessions on Connect	Monthly management reports
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	5.18 (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)	4.64 (national mean 3.52 average annual circulation per item)	New Zealand Library Statistics
Library programmes and events delivered Programmes and events delivered to > 40,000 participants	New measure for 2017-18	New measure for 2017-18	New measure for 2017-18	50,107	Management reports

Notes:

1. Research provider and methodology changed in 2016. Resident satisfaction survey results in 2016-17 and 2017-18 not comparable to earlier years or the target.
2. Physical visits to Stokes Valley Library not counted from 16 September 2016.

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 freely access 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 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	ACHIEVED 2017-18	SOURCE OF INFORMATION
Number of museum visits per year > 215,000	216,447	226,946 (Dowse: 218,847; Petone Settlers: 8,099)	225,693 (Dowse 210,402; Petone Settlers 15,291)	229,219 (Dowse 215,990; Petone Settlers 13,229)	Monthly management reports
Residents' satisfaction with the Dowse Art Museum > 93% of those expressing an opinion	95%	95%	87% ¹	93% ¹	Key Research
Residents' satisfaction with the Petone Settlers Museum > 93% of those expressing an opinion	98%	97%	89% ¹	98% ¹	
Public education programmes delivered that meet the needs and expectations of community and school groups					
Public education programmes delivered to 6,600 participants > 90% satisfaction	11,535 participants 100% satisfaction	11,168 participants 100% satisfaction	10,159 ² participants 97% satisfaction	8,104 ² participants 98% satisfaction	Management Reports and Participant Evaluation Forms

Notes:

1. Research provider and methodology changed in 2016. Resident satisfaction survey results in 2016-17 and 2017-18 not comparable to earlier years or the target.
2. Contract with Ministry of Education re-negotiated in January 2017. Target participation reduced to 5,500

AQUATICS AND RECREATION

WHAT WE DO

We provide six swimming pools and two gyms in Lower Hutt, 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 Lower Hutt a vibrant and festive place to be.

The 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 Lower Hutt.

HOW WE MEASURE THE SUCCESS OF OUR SERVICES

MEASURE	ACHIEVED 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	ACHIEVED 2017-18	SOURCE OF INFORMATION
Residents' satisfaction with pools ≥ 93% of those expressing an opinion	96%	97%	93% ¹	98% ¹	Key Research
Residents' use of pools ≥ 65%	71%	72%	55% ¹	54% ¹	Key Research
POOLSAFE accreditation for swimming pool operation, including quality standards for health and safety, water quality, supervision, pool building and operation, signage and other standards Accreditation maintained	Accreditation not maintained (audit completed November 2015)	Accreditation maintained	Accreditation maintained	Accreditation maintained	Annual NZRA External Audit
Cost per visit to Council of aquatic services provided 2017-18 ≤ \$4.73	\$3.75	\$3.72	\$5.00 ²	\$4.83 ³	Management Reports
User satisfaction with 'Leisure Active' programmes and events ≥ 92% of those expressing an opinion	97%	96%	93% ¹	Not measured ⁴	Key Research
Residents' use of 'Leisure Active' programmes and events ≥ 30%	33%	32%	30% ¹	Not measured ⁴	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.
3. Depreciation and overhead costs have increased significantly due to capital redevelopment projects at McKenzie and Huia pools.
4. No longer measured as the programme delivery of 'Leisure Active' has changed.

COMMUNITY HUBS, RELATIONSHIPS AND PROJECTS

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 have established two integrated community hubs or facilities that provide core community and other council services, with more hubs planned. The hubs are focused on providing communities with opportunities for social and leisure activities, practical help and advice, and contributing to growing social capital.

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 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	ACHIEVED 2017-18	SOURCE OF INFORMATION
Walter Nash Centre User satisfaction with Walter Nash Centre facilities ≥ 90% Number of visits per year ≥ 450,000 Three or more significant events held		New measures for 2016-17	96% ¹ 771,000 5 significant events	100% ¹ 867,000 8 significant events	Key Research Annual Management Report Annual Management Report
Community Hubs Stokes Valley Community Hub open by October 2017		New measure for 2016-17	Achieved – Stokes Valley Hub due for completion in October 2017	Achieved – Stokes Valley Hub opened October 2017	Annual Management Report
User satisfaction with Stokes Valley Community Hub facilities ≥ 90%		New measure for 2017-18	New measure for 2017-18	93%	Key Research
Community organisations' satisfaction with the availability and quality of our funding service (measured by survey of community organisations) ≥ 90% of those expressing an opinion	93.3% A total of 15 responses were received. Quality of funding process overall – 13 very satisfied, 1 fairly satisfied and 1 not very satisfied	96.68% A total of 32 responses were received. Quality of funding process overall – 22 very satisfied, 9 fairly satisfied and 1 not very satisfied	95.16% A total of 62 responses were received. Quality of funding process overall – 34 very satisfied, 25 fairly satisfied and 3 not very satisfied	95.83% A total of 96 responses were received. Quality of funding process overall – 55 very satisfied, 37 fairly satisfied and 4 not very satisfied	Measured by Survey of Community Organisations
Residents' perceptions of Hutt City in terms of their sense of safety: ≥ 81% overall of those expressing an opinion	85% overall	84.5% overall	78.8% overall ¹	84% overall ¹	Key Research
• in their local neighbourhood during the day	96% during the day	96% during the day	92% during the day	95% during the day	
• in their local neighbourhood after dark	81% after dark	82% after dark	77% after dark	78% after dark	
• in the Lower Hutt city centre during the day	98% during the day	97% during the day	95% during the day	96% during the day	
• in the Lower Hutt city centre after dark	66% after dark	63% after dark	58% after dark	68% after dark	

Notes:

1. Research provider and methodology changed in 2016. Resident satisfaction survey results in 2016-17 and 2017-18 not comparable to earlier years or the target.

INTEGRATED COMMUNITY SERVICES STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For year ended 30 June 2018

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000	ACTUAL 2017 \$000
REVENUE				
Rates Income	-	-	-	-
User Charges	4,856	5,190	(334)	3,956
Operating Subsidies & Grants	110	105	5	125
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	-	-	-	-
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	-	-	-	-
Vested Assets	-	-	-	-
Other Revenue	2,201	2,022	179	1,835
Total Revenue	7,167	7,317	(150)	5,916
EXPENDITURE				
Employee Costs	13,553	13,209	(344)	12,039
Operating Costs	9,439	9,068	(371)	9,066
Support Costs	4,831	4,831	-	4,458
Loss On Prop Disposals	22	-	(22)	179
Finance Cost	644	682	38	545
Depreciation	4,424	3,956	(468)	3,912
Total Expenditure	32,913	31,746	(1,167)	30,199
DEFICIT BEFORE TAX	(25,746)	(24,429)	(1,317)	(24,283)
RATES FUNDING REQUIREMENT				
Deficit Before Tax	(25,746)	(24,429)	(1,317)	(24,283)
Add Capital Contributions	-	-	-	-
Total Rates Funding Requirement	(25,746)	(24,429)	(1,317)	(24,283)
LOAN FUNDING REQUIREMENT				
Capital Expenditure - to replace existing assets	(1,873)	(2,653)	780	(2,158)
Capital Expenditure - to improve level of service	(1,424)	(3,475)	2,051	(7,687)
Less Capital Contributions	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-
Less Proceeds From Asset Sales	-	-	-	-
Less Depreciation	4,424	3,956	468	3,912
Total Loan Funding Repayment	1,127	(2,172)	3,299	(5,933)
TOTAL FUNDING REQUIREMENT	(24,619)	(26,601)	1,982	(30,216)

OPERATING PROJECTS

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000
Community Development Fund	147	148	1
Heritage Fund	14	15	1
Community Houses Funding	196	183	(13)
Marae Funding	200	200	-
Arts & Culture Funding	40	40	-
CAB Funding	92	87	(5)
Scholarships	10	10	-
Events Funding	1	19	18
Hutt City Youth Council	10	20	10
Safety Initiatives	368	377	9
Regional Grants	33	33	-
Tamaiti Whangai Grant	20	20	-
Waiwhetu Marae Scholarship	5	5	-
Wellington Free Ambulance	75	75	-
Mayors Taskforce for Jobs Wainuiomata	140	70	(70)
Sportsville	90	100	10
Arts & Culture Advisory Group	-	10	10
North East Projects	21	12	(9)
Youth Partnership Fund	65	164	99
Hutt Valley Tennis - Mitchell Park	18	30	12
Sport Wellington Long Term Regional Strategy	15	15	-
New Arts Funding	62	60	(2)
Petone Settlers Webpage Development	-	7	7
Volunteer Hutt	10	10	-
Family Centre	20	20	-
Wahine Commemorations	20	20	-

SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

Revenue is unfavourable due to Learn to Swim revenue and Fitness Suites not reaching expectations because of less numbers than expected, and overall charges and revenue has decreased within Libraries. This is slightly offset by favourable revenue from the outdoor pools and the renegotiation of the Kiwisport contract, which is also reflected in the unfavourable variance in operating costs. Employee costs are unfavourable due to additional staff in Community Hubs and Relationship/projects with a \$50k offset from additional grants. Additional staff were also required with the increase in outdoor pool hours and usage. Depreciation was over budget due to a more accurate method of calculating the costs compared to how the budget was prepared.

CAPITAL PROJECTS ACQUISITIONS AND RENEWALS

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000
Furniture and Equipment Replacement Programme Libraries	45	77	32
Libraries Interior and Exterior Maintenance	55	113	58
Libraries Replacement Shelving	40	100	60
Libraries Security Maintenance	39	30	(9)
Libraries Stock Replacement	880	900	20
Dowse Audio Visual Equipment Replacement	13	40	27
Dowse Building and Plant Maintenance	63	76	13
Dowse Building Repair and Repaint	62	66	4
Dowse Carpets and Soft Furnishings Gallery and Office	-	20	20
Dowse Gallery Lighting	42	60	18
Dowse Office Furniture and Equipment	-	50	50
Dowse Ventilation Plant Replacement	-	82	82
Little Theatre Maintenance	9	6	(3)
Petone Settlers Museum Exhibition Furniture and Fittings	3	5	2
Community Hubs - Furniture & Equipment Replacements	8	9	1
Community Hubs - Interior & Exterior Maintenance	-	7	7
Stokes Valley Hub Maintenance	-	10	10
Walter Nash Centre Maintenance	94	100	6
Walter Nash Indoor Courts Resurface Floor and Seating	-	22	22
Other Pools Projects	372	548	176
CBD Community Resource Centre	11	20	9
Community Halls External and Internal Maintenance	60	212	152
Community Houses Building Maintenance	27	50	23
CCTV Replacement	50	50	-
Libraries Buildings Improvements	47	90	43
Self Scanning Machines Purchase	-	93	93
Dowse Entrance Upgrade	-	142	142
Dowse New Artworks	55	40	(15)
Little Theatre Improvements	35	190	155
Little Theatre Sound and Lighting Improvements		150	150
Community Hubs - Building Improvements	2	10	8
Stokes Valley Community Hub	687	1,278	591
Vehicle Purchase	34	-	(34)
Huia Pool Programme Pool	210	160	(50)
Huia Pool Replace Roof Membranes	-	250	250
McKenzie Pool Replacement	45	-	(45)
Naenae Fitness Suite Equipment Purchase	155	140	(15)
Pools Other Improvement Projects	47	45	(2)
Stokes Valley Pool Fitness Suite Equipment	-	40	40
Community Halls Improvements	103	390	287
Community Panel Projects	4	457	453

SIGNIFICANT CAPITAL VARIATIONS FROM THE ANNUAL PLAN

The most significant variation in capital expenditure was the savings made in the Stokes Valley Community Hub project. There were a number of other projects that were under spent including Community Panels Projects, Huia Pool Replace Roof Membranes, Community Halls Improvements, and various Museums projects mainly because these projects were not able to be completed and have therefore been carried over to the 2018/19 financial year. The underspend in Capital within Integrated Community Services more than offset the overall unfavourable operating variance.

INTEGRATED COMMUNITY SERVICES BREAKDOWN FOR 2017-18 BUDGETS

	TOTAL \$000	LIBRARIES \$000	MUSEUMS \$000	POOLS \$000	REC PROGS & EVENTS \$000	COMMUNITY HUBS \$000	COMMUNITY RELATIONSHIPS & PROJECTS \$000	COMMUNITY FUNDING \$000	CITY SAFETY \$000	COMMUNITY HALLS & VENUES \$000	EXTERNAL FUNDED CONTRACTS \$000
REVENUE											
User charges	5,190	400	255	3,546	20	518	-	-	-	226	225
Operating subsidies & grants	105	-	65	-	15	10	-	-	15	-	-
Other revenue	2,022	22	181	247	308	114	-	-	-	-	1,150
EXPENDITURE											
Employee costs	13,209	3,939	1,546	3,437	866	2,225	405	-	118	-	673
Operating costs	9,068	1,198	1,371	2,012	778	656	101	1,175	387	881	509

INTEGRATED COMMUNITY SERVICES BREAKDOWN FOR 2017-18 ACTUALS

	TOTAL \$000	LIBRARIES \$000	MUSEUMS \$000	POOLS \$000	REC PROGS & EVENTS \$000	COMMUNITY HUBS \$000	COMMUNITY RELATIONSHIPS & PROJECTS \$000	COMMUNITY FUNDING \$000	CITY SAFETY \$000	COMMUNITY HALLS & VENUES \$000	EXTERNAL FUNDED CONTRACTS \$000
REVENUE											
User charges	4,856	293	221	3,302	36	470	-	-	-	263	271
Operating subsidies & grants	110	4	1	23	20	-	29	7	26	-	-
Other revenue	2,201	27	222	247	271	26	-	-	-	-	1,408
EXPENDITURE											
Employee Costs	13,553	3,858	1,574	3,615	922	2,319	450	-	141	-	674
Operating Costs	9,439	1,380	1,385	1,950	850	606	88	1,144	382	1,024	630

PARKS AND RESERVES

WHAT WE DO

We provide and maintain active and passive recreational facilities in Lower Hutt 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 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	ACHIEVED 2017-18	SOURCE OF INFORMATION
Residents' satisfaction with:					
• sports grounds ≥ 95% of those expressing an opinion	97%	96%	95% ¹	95% ¹	Key Research
• parks, reserves and gardens ≥ 95% of those expressing an opinion	96%	96%	96% ¹	94% ¹	
• cemeteries ≥ 90% of those expressing an opinion	97%	94%	95% ¹	95% ¹	
Sports fields meet the standard agreed with sports codes ≥ 95%	95%	95%	95%	95%	Complaints from users during 2017-18 and sportsground audits
Area of parks and reserves per 1000 of population ≥ 25 hectares Note: From 2014-15 the result excludes Greater Wellington Regional Council parks and reserves	26.8 hectares	27.1 hectares	27.1 hectares	27.1 hectares	Reserves Strategy
Percentage of households that have used or visited parks, reserves or gardens in the previous 12 months ≥ 89%	90%	92%	84% ¹	84% ¹	Key Research
Maintain a high standard of maintenance and development of playgrounds, parks, reserves, gardens and cemeteries 95% of contract and asset management plan requirements met	89%	95%	95%	95%	Playground and parks audits

Notes:

1. Research provider and methodology changed in 2016. Resident satisfaction survey results in 2016-17 and 2017-18 not comparable to earlier years or the target.

PARKS AND RESERVES STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For year ended 30 June 2018

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000	ACTUAL 2017 \$000
REVENUE				
Rates Income	-	-	-	-
User Charges	2,694	1,734	960	1,852
Operating Subsidies & Grants	6	-	6	24
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	-	-	-	-
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	106	-	106	939
Vested Assets	-	-	-	-
Other Revenue	53	-	53	110
Total Revenue	2,859	1,734	1,125	2,925
EXPENDITURE				
Employee Costs	671	703	32	590
Operating Costs	10,398	9,826	(572)	10,495
Support Costs	730	730	-	608
Loss On Prop Disposals	-	-	-	-
Finance Cost	589	626	37	508
Depreciation	2,190	2,499	309	2,170
Total Expenditure	14,578	14,384	(194)	14,371
DEFICIT BEFORE TAX	(11,719)	(12,650)	931	(11,446)
RATES FUNDING REQUIREMENT				
Deficit Before Tax	(11,719)	(12,650)	931	(11,446)
Add Capital Contributions	-	-	-	-
Total Rates Funding Requirement	(11,719)	(12,650)	931	(11,446)
LOAN FUNDING REQUIREMENT				
Capital Expenditure - to replace existing assets	(580)	(1,041)	461	(562)
Capital Expenditure - to improve level of service	(6,844)	(7,858)	1,014	(3,368)
Less Capital Contributions	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-
Less Proceeds From Asset Sales	103	9,600	9,497	1,217
Less Depreciation	2,190	2,499	(309)	2,170
Total Loan Funding Repayment	(5,131)	3,200	10,663	(543)
TOTAL FUNDING REQUIREMENT	(16,850)	(9,450)	11,594	(11,989)

OPERATING PROJECTS

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000
Wainuiomata Development Plan	3	-	(3)
Waimarie Croquet Club	140	93	(47)

SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

The favourable variance in operating revenue was mainly the result of more reserve contributions due to a higher level of residential development than expected. The unfavourable variance in operating expenditure was due to an increase in contract costs and costs associated with preparing land for sale. Asset sales were not achieved with legal processes or negotiations having taken longer than expected. Depreciation was under budget due to the delays in completing a number of major capital projects.

CAPITAL PROJECTS ACQUISITIONS AND RENEWALS

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000
Avalon Park Pavilion Maintenance	-	60	60
Miscellaneous Rentals Maintenance	-	40	40
Seats & Bins	31	29	(2)
Parks Hard Surfaces Maintenance	145	150	5
Parks Signage & Interpretation	23	27	4
Playgrounds	209	205	(4)
Sportsground Buildings Maintenance	143	150	7
Track Maintenance	29	30	1
Wharves Maintenance	-	350	350
Avalon Park Development	1,098	1,700	602
Parks & Gardens Protection Bollards	11	5	(6)
New Cemetery Development, Akatarawa Road	(75)	-	75
Cemetery Improvements	119	100	(19)
Escarpment Fencing Pencarrow Coast Road	-	50	50
Holborn Drive Reserve Drainage	95	90	(5)
Light Boxes	-	12	12
Mountain Bike Park	7	50	43
Manor Park Cycle Trail	8	380	372
New Tracks & Track Upgrades	99	100	1
Making Places Riddiford Gardens Stage 3	1,745	2,000	255
Reserves Upgrades (CFT Projects)	250	250	-
Valley Floor Review Implementation	21	120	99
Sportsground Drainage Upgrades	62	60	(2)
Toilets Upgrade	53	100	47
Te Whiti Park New Changing Rooms	1,317	1,340	23
Wharves Refurbishment	1,766	1,400	(366)
Wainuiomata Welcome Sign	-	30	30
Walter Nash Reserve Upgrade	268	71	(197)

SIGNIFICANT CAPITAL VARIATIONS FROM THE ANNUAL PLAN

The favourable variance in the Wharves Maintenance project of \$350k was due to treating this project as part of the refurbishment so is offset by a corresponding unfavourable variance in the Wharves Refurbishment project. The overall favourable variance in capital is largely due to timing of works, with both Avalon Park and Riddiford Gardens delayed and now due for completion in early 2018-19. A number of other projects such as Manor Park Cycle Trail were not completed and have been carried over to the 2018-19 financial year.



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 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	ACHIEVED 2017-18	SOURCE OF INFORMATION
Fraser Park Sportsville User satisfaction with stage 1 Fraser Park facilities ≥ 90% Stage 2 development completed 2017-18	New measures for 2016-17	New measures for 2016-17	90% Achieved – construction in progress. Contract awarded in May 2017	Not measured ¹ Construction 60% complete	Annual Management Report
Walter Mildenhall Park Redevelopment Development completed and handed over to tenant 2017-18	New measure for 2016-17	New measure for 2016-17	Achieved – facility officially opening 1 September 2017	Achieved – completed and handed over	Annual Management Report
Community Facilities Trust • Operating and capital expenditure within budget • 100% of Council accountability requirements met	Achieved Achieved	Achieved Achieved	Achieved Achieved	Achieved Achieved	Annual Management Report

Notes:

1. Not measured due to staff resourcing.

COMMUNITY FACILITIES DEVELOPMENT STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For year ended 30 June 2018

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000	ACTUAL 2017 \$000
REVENUE				
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	-	-	-	-
Total Revenue	-	-	-	-
EXPENDITURE				
Employee Costs	-	-	-	-
Operating Costs	9,135	9,908	773	5,206
Support Costs	-	-	-	-
Loss On Prop Disposals	-	-	-	-
Finance Cost	416	442	26	347
Depreciation	-	-	-	-
Total Expenditure	9,551	10,350	799	5,553
DEFICIT BEFORE TAX	(9,551)	(10,350)	799	(5,553)
RATES FUNDING REQUIREMENT				
Deficit Before Tax	(9,551)	(10,350)	799	(5,553)
Add Capital Contributions	-	-	-	-
Total Rates Funding Requirement	(9,551)	(10,350)	799	(5,553)
LOAN FUNDING REQUIREMENT				
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	-	-	-	-
Total Loan Funding Repayment	-	-	-	-
TOTAL FUNDING REQUIREMENT	(9,551)	(10,350)	799	(5,553)

OPERATING PROJECTS

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000
CFT Operating Grant	350	350	-
CFT Fraser Park Sportsville	5,607	7,507	1,900
CFT Stokes Valley Community Hub	2,778	1,055	(1,723)
CFT Sportsville Petone	-	300	300
CFT Sportsville Wainuiomata	-	300	300

SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

The significant variances are timing related only. Fraser Park Sportsville has been carried over as construction is due for completion in 2018-19. The Stokes Valley Hub project overspend is offset by \$2m underspend in 2016-17. Overall budget saving on the CFT component of the Stokes Valley Hub was approximately \$300k. Wainuiomata Sportsville has also been carried over to 2018-19.

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
- 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 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	ACHIEVED 2017-18	SOURCE OF INFORMATION
Residents' satisfaction with:					
• animal services ≥ 82% of those expressing an opinion	87%	82%	76% ¹	85% ¹	Key Research
• enforcement of parking restrictions ≥ 75% of those expressing an opinion	78%	78%	79% ¹	82% ¹	
• environmental health services ≥ 75% of those expressing an opinion	100%	100%	Not measured in 2016-17	Not measured in 2017-18 ²	
Animal services open 300 days per year 100%	100%	100%	100%	100%	Monthly management report
Dog complaints are responded to:					
• > 95% within 30 minutes for dog attacks	99%	96%	95%	95%	Monthly management report
• > 95% within 24 hours for other complaints	98%	98%	95%	95%	
Food premises registered or licensed:					
• > 90% registered within 30 days of application (for premises operating under the Food Hygiene Regulations 1974)	100%	100%	100%	100%	Computer Database Records
• > 90% within three months (for premises with a Food Control Plan operating under the Food Act 2014)	98%	100%	100%	100%	
Noise complaints responded to within 45 minutes ≥ 85% noise complaints responded to within	93%	91%	91%	85%	Monthly management report

Notes:

1. Research provider and methodology changed in 2016. Resident satisfaction survey results in 2016-17 and 2017-18 not comparable to earlier years or the target.
2. Not measured due to change in research methodology

REGULATORY SERVICES STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For year ended 30 June 2018

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000	ACTUAL 2017 \$000
REVENUE				
Rates Income	-	-	-	-
User Charges	1,585	1,469	116	1,539
Operating Subsidies & Grants	-	-	-	-
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	-	-	-	-
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	-	-	-	-
Vested Assets	-	-	-	-
Other Revenue	1,095	1,046	49	996
Total Revenue	2,680	2,515	165	2,535
EXPENDITURE				
Employee Costs	3,273	3,260	(13)	3,341
Operating Costs	1,150	1,173	23	1,128
Support Costs	43	40	(3)	(122)
Loss On Prop Disposals	1	-	(1)	-
Finance Cost	13	13	-	11
Depreciation	55	44	(11)	51
Total Expenditure	4,535	4,530	(5)	4,409
DEFICIT BEFORE TAX	(1,855)	(2,015)	160	(1,874)
RATES FUNDING REQUIREMENT				
Deficit Before Tax	(1,855)	(2,015)	160	(1,874)
Add Capital Contributions	-	-	-	-
Total Rates Funding Requirement	(1,855)	(2,015)	160	(1,874)
LOAN FUNDING REQUIREMENT				
Capital Expenditure - to replace existing assets	-	-	-	-
Capital Expenditure - to improve level of service	(279)	-	(279)	-
Less Capital Contributions	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-
Less Proceeds From Asset Sales	-	-	-	-
Less Depreciation	55	44	11	51
Total Loan Funding Repayment	(224)	44	(268)	51
TOTAL FUNDING REQUIREMENT	(2,079)	(1,971)	(108)	(1,823)

SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

The majority of the increase in User Charges is due to the number of liquor and food licence applications being higher than expected. In addition there were also higher numbers of dog registrations, boardings and impoundings. Other Revenue was favourable due to higher revenue from the WCC Animal Services contract. Operating expenditure was managed within budget.

CAPITAL PROJECTS ACQUISITIONS AND RENEWALS

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000
Dog Park	279	-	(279)

SIGNIFICANT CAPITAL VARIATIONS FROM THE ANNUAL PLAN

The unbudgeted spend relates to the purchase of a property in Waiu Street Wainuiomata, plus equipment, for a new Dog Park. This spend is expected to be offset by future additional dog registration revenue.

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. From 1 July 2012 all emergency management staff and resources have been pooled together with the expectation of improved effectiveness from increased scale and coordination, as well as efficiencies from the centralised provision of services such as training and public education.

This team:

- leads the preparation and review of the Wellington Region CDEM Group Plan and associated plans
- educates people about the risks they face and how to prepare for emergency events
- maintains the Wellington Region CDEM Group’s Emergency Operation Centres so they can be quickly activated to manage an emergency event, and
- works with central government, emergency services, welfare groups, lifeline utilities and a wide range of interested and affected organisations on emergency management issues.

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. The Council maintains:

- a fire plan for the district
- a fully operational Volunteer Rural Fire Force
- a Rural Fire Permit database and permitting process, and
- relationships with other councils and the National Rural Fire Authority to develop regional mitigation strategies, response protocols, and to promote community awareness.

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 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	ACHIEVED 2017-18	SOURCE OF INFORMATION
Percentage of households that are prepared for a civil defence emergency ≥ 75% of those expressing an opinion	82%	81%	22% ^{1,2}	27% ^{1,2}	Key Research
Time to activate Emergency Operations Centres (EOC) EOC activated within one hour of any incident or notification of a likely threat	Achieved	Achieved	Achieved	Achieved	Management reports
Community Response Plans are developed, maintained, and agreed ³ Covering 100% of the geographical area	40%	75%	75%	85%	Management reports

Notes:

1. Research provider and methodology changed in 2016. Resident satisfaction survey results in 2016-17 and 2017-18 not comparable to earlier years or the target.
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, around a quarter of households are prepared. However, a higher proportion 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 three days.
3. Community Response Plans no longer need to be signed off by the Mayor or the Council

EMERGENCY MANAGEMENT STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For year ended 30 June 2018

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000	ACTUAL 2017 \$000
REVENUE				
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
Total Revenue	-	10	(10)	10
EXPENDITURE				
Employee Costs	152	-	(152)	2
Operating Costs	619	555	(64)	569
Support Costs	137	137	-	168
Loss On Prop Disposals	-	-	-	22
Finance Cost	5	5	-	6
Depreciation	3	18	15	18
Total Expenditure	916	715	(201)	785
DEFICIT BEFORE TAX	(916)	(705)	(211)	(775)
RATES FUNDING REQUIREMENT				
Deficit Before Tax	(916)	(705)	(211)	(775)
Add Capital Contributions	-	-	-	-
Total Rates Funding Requirement	(916)	(705)	(211)	(775)
LOAN FUNDING REQUIREMENT				
Capital Expenditure - to replace existing assets	-	-	-	-
Capital Expenditure - to improve level of service	(1)	-	(1)	-
Less Capital Contributions	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-
Less Proceeds From Asset Sales	-	-	-	-
Less Depreciation	3	18	(15)	18
Total Loan Funding Repayment	2	18	(16)	18
TOTAL FUNDING REQUIREMENT	(914)	(687)	(227)	(757)

SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

Unbudgeted employee costs were due to a contracted position engaged to implement a work programme that arose from the November 2016 Kaikoura earthquake. The unfavourable variance in operating costs is due to unbudgeted costs passed on from the Wellington Regional Emergency Management Office (WREMO) and costs associated with Hutt City's Emergency Response Team (NZRT18). These are offset by savings in Rural Fire Authority costs that are covered by our insurance costs. There have also been some unbudgeted costs transferred from capital to operating that relate to the establishment of emergency facilities including a temporary power supply and 30,000 ltr water tank located at the new Naenae Bowls Centre.

CAPITAL PROJECTS ACQUISITIONS AND RENEWALS

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000
Emergency Water Supply	1	-	(1)

SIGNIFICANT CAPITAL VARIATIONS FROM THE ANNUAL PLAN

The capital spend relates to the unbudgeted costs of a resource consent for a proposed emergency water supply at the Naenae Bowls Centre.

GROWTH, DEVELOPMENT AND SUSTAINABILITY

WHAT

The Urban Growth Strategy is Council's approach to managing growth and development in Lower Hutt 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 all future decision-making for Council including:

- taking leadership as an ambassador for environmental best practise
- enhancing community engagement and collaboration
- working in partnership with local businesses and organisations
- managing our own response to environmental issues.

WHY

The 2013 Census night result showed that Lower Hutt had grown by only 537 people in the previous seven years. We recognise growth and development is essential if our city and our communities are to prosper in the medium to long term and that Council needs to be proactive to ensure Lower Hutt gets its fair share of the region's growth. In response to this we developed our Urban Growth Strategy. By promoting building and construction we can help our city grow, through businesses and organisations that operate here, and through appropriate housing for the range of residents that live or plan to live here.

Since the Urban Growth Strategy was developed our population growth has exceeded original projections. In 2017, the total population of Lower Hutt was estimated to be 104,700 people. This indicates an increase of 3,500 people compared to 2013, when it was estimated to be 101,200 people. The recent growth, is expected to be consistent, reaching 110,000 people by 2032.

Our environment is facing some major challenges, and we recognise that there is insufficient emphasis on the environment in our existing plans. We want to shift the focus from trying to fit the environment around us, to fitting within our environment.

Growth, Development and Sustainability activities are responsible for developing the economic wellbeing of the city, including delivering promotion of the city, environmental

planning and consents functions, and developing the environmental wellbeing of the city including environmental education.

The following activities fall under Growth, Development and Sustainability:

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

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

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

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



CASE STUDY: FESTIVAL CONTRIBUTES TO A STRONG AND DIVERSE ECONOMY

Over 120,000 gathered in Lower Hutt over Labour Weekend last year to experience a wonderland of brilliant light installations and live performances for the city's first HighLight Carnival of Lights Festival. Visitors to the four day festival were treated to a dazzling array of light displays, live entertainment, activities, interactive features and pyrotechnics including UV hand marbling, emoji glow tunnel, illuminated maze, aerial performer within a giant suspended lightbulb, imagination alley and finishing with a fire and light show every night.

Local groups and businesses got involved offering sponsorship, displays and extended opening hours and deals to the many festival goers and visitors to our city. A post event survey indicated that over a third of festival goers (nearly 43,000) lived outside the city and visited for the event. That's more than initial projection for the total number of attendees for the entire festival!

Community support for HighLight exceeded all expectations.

The event was such a success it was recognised as one of the region's best events last year being nominated as a finalist for the Wellington Gold Awards alongside All Whites vs Peru, Asia-Pacific Amateur Golf Championship, Beervana, CupaDupa, and Visa Wellington On A Plate.

Planning is well underway for the second HighLight Festival this year.

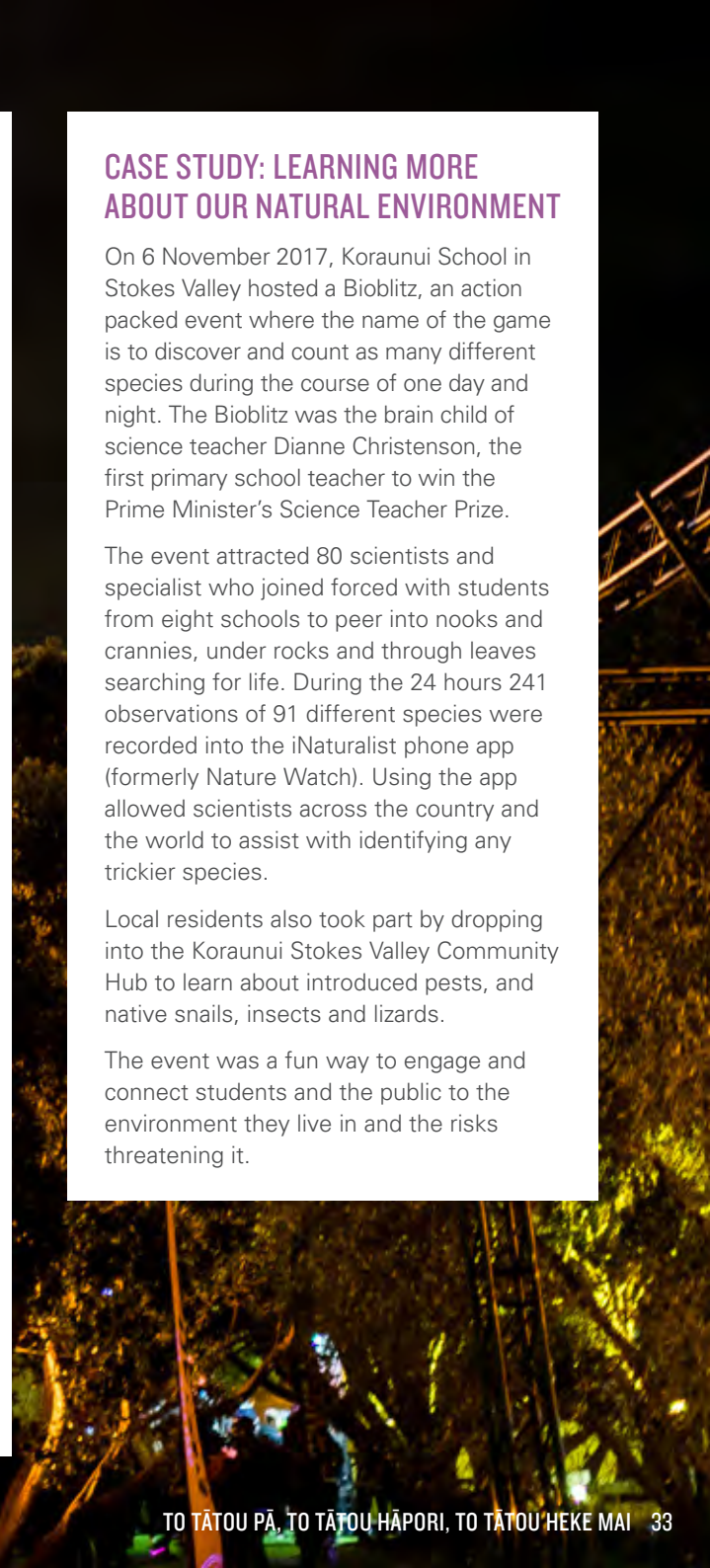
CASE STUDY: LEARNING MORE ABOUT OUR NATURAL ENVIRONMENT

On 6 November 2017, Korauui School in Stokes Valley hosted a Bioblitz, an action packed event where the name of the game is to discover and count as many different species during the course of one day and night. The Bioblitz was the brain child of science teacher Dianne Christenson, the first primary school teacher to win the Prime Minister's Science Teacher Prize.

The event attracted 80 scientists and specialist who joined forces with students from eight schools to peer into nooks and crannies, under rocks and through leaves searching for life. During the 24 hours 241 observations of 91 different species were recorded into the iNaturalist phone app (formerly Nature Watch). Using the app allowed scientists across the country and the world to assist with identifying any trickier species.

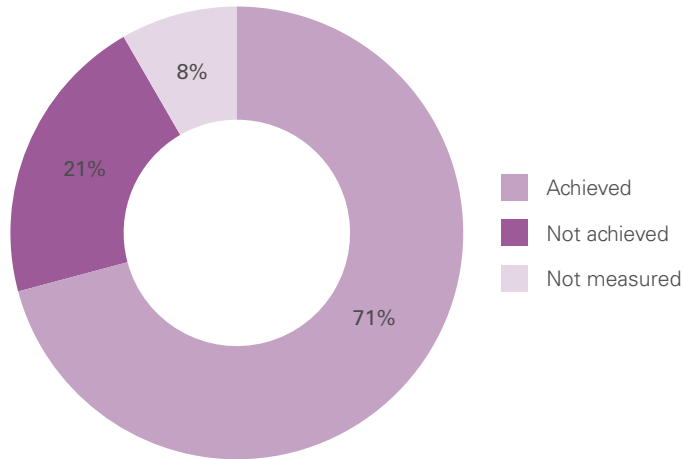
Local residents also took part by dropping into the Korauui Stokes Valley Community Hub to learn about introduced pests, and native snails, insects and lizards.

The event was a fun way to engage and connect students and the public to the environment they live in and the risks threatening it.

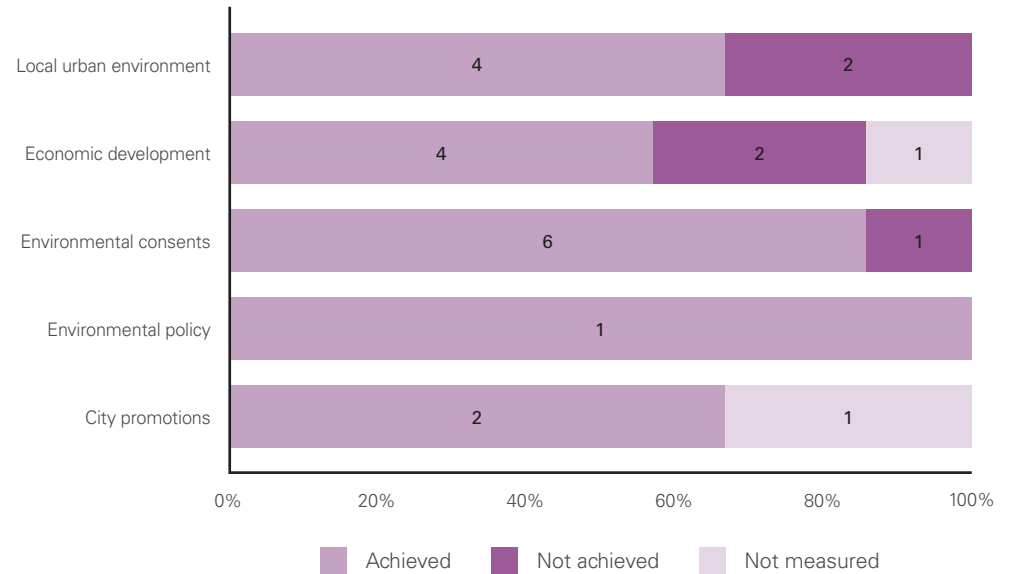


GROWTH, DEVELOPMENT AND SUSTAINABILITY PERFORMANCE

GROWTH, DEVELOPMENT AND SUSTAINABILITY PERFORMANCE TARGETS SUMMARY



GROWTH, DEVELOPMENT AND SUSTAINABILITY: KEY PERFORMANCE TARGETS BY ACTIVITY AREA



GROWTH, DEVELOPMENT AND SUSTAINABILITY FINANCIAL SUMMARY

	(DEFICIT)/SURPLUS BEFORE TAX			RATE REQUIREMENT PER RESIDENT
	ACTUAL 2018 \$000	BUDGET 2018 \$000	ACTUAL 2017 \$000	ACTUAL 2018 \$
Local Urban Environment	(4,094)	(4,143)	(3,248)	39.10
Economic Development	(5,194)	(5,290)	(3,188)	49.61
Environmental Consents	(1,707)	(2,261)	(1,482)	16.30
Environmental Policy	(1,251)	(1,342)	(1,084)	11.95
City Promotions	(561)	(264)	(575)	5.36

Note: The (Deficit)/Surplus before tax shows the net cost of the Council's activities for the year in comparison to the 2017-18 Annual Plan and the 2016-17 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.

* A change in research approach after performance targets were set has resulted in some measures not being achieved despite a high level of performance. For more information please see "Customer Research" on page 9.

GROWTH, DEVELOPMENT AND SUSTAINABILITY FUNDING IMPACT STATEMENT

For year ended 30 June 2018

	LONG TERM PLAN 2017 \$000	LONG TERM PLAN 2018 \$000	ACTUAL 2018 \$000	ANNUAL PLAN 2018 \$000	ACTUAL 2017 \$000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charges, rates penalties	10,174	9,068	12,673	13,165	9,444
Targeted rates	134	137	134	135	133
Subsidies and grants for operating purposes	61	62	-	55	21
Fees and charges	3,096	3,199	4,077	3,643	3,664
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	1,070	1,090	634	1,062	1,307
Total operating funding (A)	14,535	13,556	17,518	18,060	14,569
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	10,673	9,630	15,196	15,168	12,129
Finance costs	1,858	1,844	1,150	1,223	1,057
Internal charges and overheads applied	1,214	1,233	1,112	1,112	1,300
Other operating funding applications	-	-	-	-	1
Total applications of operating funding (B)	13,745	12,707	17,458	17,503	14,487
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	790	849	60	557	82
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	4,666	(839)	22,463	28,207	9,396
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	4,666	(839)	22,463	28,207	9,396
APPLICATION OF CAPITAL FUNDING					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve level of service	5,446	-	22,523	28,764	9,470
- to replace existing assets	10	10	-	-	8
Increase (decrease) in reserves	-	-	-	-	-
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	5,456	10	22,523	28,764	9,478
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(790)	(849)	(60)	(557)	(82)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-	-	-

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.

We:

- advocate for good long term spatial and urban form solutions through expert design advice
- preserve and protect our heritage buildings, reflecting and enhancing our distinctive character and identity
- implement environmental policies and plans for Lower Hutt's sustainable development, including environmental education and promotion, and
- run an annual waste minimisation programme to promote the concept of 'reduce, reuse, recycle' to businesses and residents.

WHY WE DO IT

We recognise that our urban design and infrastructure must support our changing business and community environment. We manage and develop Lower Hutt'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 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	ACHIEVED 2017-18	SOURCE OF INFORMATION
Making Places Project Events Centre including new halls and atrium open for business early 2018	New measures for 2015-16	Achieved	Not achieved	Not achieved – event centre was opened on 14 July 2018 ¹	Management report
Residents feel a sense of pride in the way the city looks and feels ≥ previous results	86%	82%	76% ²	85% ²	Key Research
Residents' satisfaction with: ≥ 86% of those expressing an opinion					
• litter control	90%	77%	86% ²	85% ²	Key Research
• recycling	93%	86%	88% ²	90% ²	
Percentage of households that have used the recycling service in the previous 12 months ≥ 86% of households	90%	84%	Not measured in 2016-17	86% ³	Key Research
Tonnes of recycling per annum Increasing	7,584	7,357	7,619	8,235	Monthly Management report

Notes:

1. The Event Centre was opened two weeks after the start of the financial year on 14 July 2018, hosting its first booking on 19 July. The Event Centre project was impacted by the high demand for construction resources which led to delays from suppliers and shortage of human resources, therefore not meeting its planned schedule.
2. Research provider and methodology changed in 2016. Resident satisfaction survey results in 2016-17 and 2017-18 not comparable to earlier years or the target.
3. Other recycling services used include community recycling stations (26%), recycle bays at Silverstream landfill (12%) and the Earthlink recycling shop (7%).

LOCAL URBAN ENVIRONMENT STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For year ended 30 June 2018

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000	ACTUAL 2017 \$000
REVENUE				
Rates Income	-	-	-	-
User Charges	36	52	(16)	95
Operating Subsidies & Grants	-	-	-	-
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	-	-	-	-
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	-	-	-	-
Vested Assets	-	-	-	-
Other Revenue	261	300	(39)	475
Total Revenue	297	352	(55)	570
EXPENDITURE				
Employee Costs	529	534	5	514
Operating Costs	2,477	2,002	(475)	1,958
Support Costs	234	234	-	278
Loss On Prop Disposals	-	-	-	1
Finance Cost	1,145	1,218	73	1,053
Depreciation	6	507	501	14
Total Expenditure	4,391	4,495	104	3,818
DEFICIT BEFORE TAX	(4,094)	(4,143)	49	(3,248)
RATES FUNDING REQUIREMENT				
Deficit Before Tax	(4,094)	(4,143)	49	(3,248)
Add Capital Contributions	-	-	-	-
Total Rates Funding Requirement	(4,094)	(4,143)	49	(3,248)
LOAN FUNDING REQUIREMENT				
Capital Expenditure - to replace existing assets	-	-	-	(8)
Capital Expenditure - to improve level of service	(22,523)	(28,764)	6,241	(9,427)
Less Capital Contributions	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-
Less Proceeds From Asset Sales	-	-	-	-
Less Depreciation	6	507	(501)	14
Total Loan Funding Repayment	(22,517)	(28,257)	5,740	(9,421)
TOTAL FUNDING REQUIREMENT	(26,611)	(32,400)	5,789	(12,669)

OPERATING PROJECTS

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000
Waste Minimisation Projects	238	134	(104)
Waste Minimisation Programme	-	39	39
Environmental Sustainability Projects	120	130	10
School Programmes	52	40	(12)
Business Programmes	2	25	23
Heritage Incentives	9	52	43
Sculpture Trust	50	50	-
Petone 2040	18	-	(18)
Local Business Area Revitalisation	8	100	92

SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

Total operating revenue was close to budget. Total operating expenditure was also close to budget although there was a favourable variance in depreciation due to the delay in the completion of the Events Centre. This was offset by an unfavourable variance in Operating Costs due to a \$682K write down in value of 177 High Street due to earthquake strengthening reports. This unfavourable variance was offset by underspends in a number of operating projects including Heritage Incentives and Local CBD Revitalisation which were delayed and are expected to be completed in the 2018-19 year. This was partly offset by an overall unfavourable variance in Waste Minimisation and Environmental Sustainability Projects due to changes in the way that these are now accounted for.



CAPITAL PROJECTS ACQUISITIONS AND RENEWALS

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000
Admin Building Strengthening	96	70	(26)
Civic Events centre - Operational Fitout	233	-	(233)
Making Places - Civic Events Centre Upgrade	20,544	19,864	(680)
Making Places Investigations For Future Projects	-	200	200
Making Places Projects	234	1,560	1,326
Suburban Shopping Centres Improvements	60	70	10
Strategic Property Purchases	1,356	7,000	5,644

SIGNIFICANT CAPITAL VARIATIONS FROM THE ANNUAL PLAN

The Civic Events Centre project was overspent in 2017-18 and is due to be completed within the first two months of the 2018-19 financial year. The total project cost over all years is expected to be \$3.5m over budget however this is offset by additional revenues and cost savings allocated to other Council Activity areas and the net of these is expected to be \$0.7m overspend (less than 2% of the total project budget). This is considered to be an excellent result considering the multi-year nature of the project, the complexity of refurbishment of an historic building, and the inflation in construction costs over the period of the work. The Strategic Property Purchases project was under budget due to the extended process required to acquire properties needed for the RiverLink project. The remaining properties to be acquired are in a current process under the Public Works Act. Making Places Projects was delayed due to project partners completing their planning and therefore this budget has been carried over to the 2018-19 financial year.



ECONOMIC DEVELOPMENT

WHAT WE DO

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

- creating a business-friendly environment
- facilitating the expansion and creation of local businesses and employment
- increasing tourism and events in Lower Hutt, 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 Lower Hutt as a whole, as well as themselves. By supporting the business sector and promoting Lower Hutt 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 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	ACHIEVED 2017-18	SOURCE OF INFORMATION
Urban Growth Strategy					
<ul style="list-style-type: none"> • population growth ≥ 0.6% per annum (to achieve population increase of 110,000 by 2032) 	New measures for 2015-16	0.3% Achieved prior to 2015-16	1.4% Estimate change 2015-16 (latest available)	1.25% Estimate change 2016-17 (latest available)	Statistics New Zealand Estimates for June 2016 and June 2017
<ul style="list-style-type: none"> • number of new homes ≥ 250 new homes per annum first five years and approx 300 per annum for remaining years (to achieve 6000 new homes by 2032) 	New measures for 2015-16	232 new homes	325 new homes ¹	466 new homes ¹	Building consents with Code of Compliance Certificates between 1 July 2017 and 30 June 2018
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 ²					
<ul style="list-style-type: none"> • number of businesses 	1.30%	0.20%	1.10%	1.30%	Infometrics
<ul style="list-style-type: none"> • number of full-time equivalents (FTEs) in the workforce 	0%	0.20%	0.20%	-0.10%	Infometrics
<ul style="list-style-type: none"> • Gross Domestic Product (GDP) 	1.00%	1.60%	-0.10%	1.4% ³	Infometrics
<ul style="list-style-type: none"> • GDP per capita 	0.60%	Figure not available from Infometrics	Figure not available from Infometrics	Figure not available from Infometrics	Infometrics
<ul style="list-style-type: none"> • high value sectors as percentage of all sectors (by GDP) 	1.70%	0.90%	-3.40%	0.40%	Infometrics

Notes:

1. Number of new homes completed closely aligned with building consents in 2016-17.
2. Measures compared against the average results for the previous years presented rather than other cities
3. 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 year ended 30 June 2018

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000	ACTUAL 2017 \$000
REVENUE				
Rates Income	-	-	-	-
User Charges	5	-	5	-
Operating Subsidies & Grants	-	-	-	-
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	-	-	-	-
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	-	-	-	-
Vested Assets	-	-	-	-
Other Revenue	174	150	24	207
Total Revenue	179	150	29	207
EXPENDITURE				
Employee Costs	608	697	89	703
Operating Costs	4,343	4,321	(22)	2,357
Support Costs	421	421	-	316
Loss On Prop Disposals	-	-	-	-
Finance Cost	1	1	-	1
Depreciation	-	-	-	18
Total Expenditure	5,373	5,440	67	3,395
DEFICIT BEFORE TAX	(5,194)	(5,290)	96	(3,188)
RATES FUNDING REQUIREMENT				
Deficit Before Tax	(5,194)	(5,290)	96	(3,188)
Add Capital Contributions	-	-	-	-
Total Rates Funding Requirement	(5,194)	(5,290)	96	(3,188)
LOAN FUNDING REQUIREMENT				
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
Total Loan Funding Repayment	-	-	-	18
TOTAL FUNDING REQUIREMENT	(5,194)	(5,290)	96	(3,170)

OPERATING PROJECTS

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000
Jackson Street Programme	134	134	-
International Co-operating Cities	27	45	18
Economic Development Strategy	78	100	22
Hutt Valley Chamber Of Commerce	200	200	-
Economic Development Contestable Fund	43	44	1
Science & Technology	78	115	37
Development Stimulus Package	2,740	2,700	(40)
CBD Place Maker	246	92	(154)
Regional Amenities Fund	200	200	-
Urban Growth Strategy	117	150	33
Wainuiomata Development Plan	160	160	-
Petone 2040	97	50	(47)
Petone Clock Walk	-	50	50
Technology Valley	73	160	87

SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

Expenditure was slightly under budget due to lower than anticipated employee costs. The unfavourable variance on CBD Place Maker was due to new traffic management costs incurred in delivering the Riverbank Market to deal with the large number of attendees each week. The favourable variance on Technology Valley is due to delays in the work programme being developed and therefore only commenced in early 2018.

SIGNIFICANT CAPITAL VARIATIONS FROM THE ANNUAL PLAN

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 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	ACHIEVED 2017-18	SOURCE OF INFORMATION
Land Information Memoranda (LIMs) processed to comply with statutory requirements ≥ 95% processed within nine working days	100% processed within nine working days	100% processed within nine working days	99% processed within nine working days	92% processed in nine working days ¹	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	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.	97% building consents processed and 80% 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 90% resource consents monitored within six months of the consent being granted.	100% resource consents were monitored within five working days 100% 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	97% acknowledged within 24 hours	99% acknowledged within 24 hours	100% 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	96% processed within five working days	99% processed within five working days	100% processed within five working days.	100% processed in 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 in 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	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	100% issued in 20 working days 99% issued in 18 working days	Computer Database Records

Notes:

1. Slight drop in performance is reflective of an increased number of LIM applications, particularly fast track LIMs.

ENVIRONMENT CONSENTS STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For year ended 30 June 2018

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000	ACTUAL 2017 \$000
REVENUE				
Rates Income	-	-	-	-
User Charges	4,016	3,529	487	3,544
Operating Subsidies & Grants	-	-	-	-
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	-	-	-	-
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	-	-	-	-
Vested Assets	-	-	-	-
Other Revenue	12	12	-	14
Total Revenue	4,028	3,541	487	3,558
EXPENDITURE				
Employee Costs	3,056	2,763	(293)	2,736
Operating Costs	662	1,022	360	363
Support Costs	1,973	1,973	-	1,897
Loss On Prop Disposals	-	-	-	-
Finance Cost	4	4	-	3
Depreciation	40	40	-	40
Total Expenditure	5,735	5,802	67	5,039
DEFICIT BEFORE TAX	(1,707)	(2,261)	554	(1,481)
RATES FUNDING REQUIREMENT				
Deficit Before Tax	(1,707)	(2,261)	554	(1,481)
Add Capital Contributions	-	-	-	-
Total Rates Funding Requirement	(1,707)	(2,261)	554	(1,481)
LOAN FUNDING REQUIREMENT				
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	40	40	-	40
Total Loan Funding Repayment	40	40	-	40
TOTAL FUNDING REQUIREMENT	(1,667)	(2,221)	554	(1,441)

OPERATING PROJECTS

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000
Unreinforced Masonry Buildings Fund	6	375	369

SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

The favourable variance in operating revenue is due to the increased number and complexity of building and resource consent applications, and LIM applications received which is around a 10% average increase compared to last year. The unfavourable variance in employee costs is due to the additional staff required throughout the year to process the increased number of consents not budgeted for. The favourable variance in operating costs is partly due to the underspend in the Unreinforced (EQ Prone) Building Fund which has been carried over to 2018-19 and also because of a significant decrease in legal costs.

SIGNIFICANT CAPITAL VARIATIONS FROM THE ANNUAL PLAN

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 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	ACHIEVED 2017-18	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	100%	100%	100%	Section 32 Reports

ENVIRONMENT POLICY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For year ended 30 June 2018

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000	ACTUAL 2017 \$000
REVENUE				
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	4	-	4	194
Total Revenue	4	-	4	194
EXPENDITURE				
Employee Costs	425	401	(24)	438
Operating Costs	441	552	111	497
Support Costs	389	389	-	343
Loss On Prop Disposals	-	-	-	-
Finance Cost	-	-	-	-
Depreciation	-	-	-	-
Total Expenditure	1,255	1,342	87	1,278
DEFICIT BEFORE TAX	(1,251)	(1,342)	91	(1,084)
RATES FUNDING REQUIREMENT				
Deficit Before Tax	(1,251)	(1,342)	91	(1,084)
Add Capital Contributions	-	-	-	-
Total Rates Funding Requirement	(1,251)	(1,342)	91	(1,084)
LOAN FUNDING REQUIREMENT				
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	-	-	-	-
Total Loan Funding Repayment	-	-	-	-
TOTAL FUNDING REQUIREMENT	(1,251)	(1,342)	91	(1,084)

SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

The favourable operating variance is due to delays in two consultancy projects that will now be completed and paid in 2018-19.

SIGNIFICANT CAPITAL VARIATIONS FROM THE ANNUAL PLAN

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

CITY PROMOTIONS

WHAT WE DO

We promote Lower Hutt through a series of channels, including:

- 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 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	ACHIEVED 2017-18	SOURCE OF INFORMATION
Residents' satisfaction with the i-SITE Visitor Information Centre ≥ 95% of those expressing an opinion	96%	97%	79% ¹	Not measured ²	Key Research
Major events in Hutt City 100,000 people attending events supported by the major event fund	New measure for 2015-16	104,000 attendees	101,500 attendees	154,000 attendees ³	Hutt City Council Events Team
Minor events in Hutt City 25 diverse events supported through the minor event fund	New measure for 2015-16	32 events supported	37 events supported	29 events supported ⁴	Hutt City Council Events Team

Notes:

1. Research provider and methodology changed in 2016. Resident satisfaction survey results in 2016-17 and 2017-18 not comparable to earlier years or the target.
2. The iSITE visitor kiosk was closed in August 2017
3. Most events exceeded attendance expectations. In particular the new showcase events for the city, HighLight attracted approximately 120,000 visitors over four evenings. A record for any event in our city
4. A diverse range of events were supported across the city by the fund including a mix of cultural, arts, sporting and community engagement.

CITY PROMOTIONS STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For year ended 30 June 2018

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000	ACTUAL 2017 \$000
REVENUE				
Rates Income	-	-	-	-
User Charges	20	62	(42)	25
Operating Subsidies & Grants	-	55	(55)	21
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	-	-	-	-
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	-	-	-	-
Vested Assets	-	-	-	-
Other Revenue	183	600	(417)	418
Total Revenue	203	717	(514)	464
EXPENDITURE				
Employee Costs	1,174	1,124	(50)	1,066
Operating Costs	1,481	1,752	271	1,496
Support Costs	(1,905)	(1,905)	-	(1,534)
Loss On Prop Disposals	-	-	-	-
Finance Cost	-	-	-	-
Depreciation	14	10	(4)	11
Total Expenditure	764	981	217	1,039
DEFICIT BEFORE TAX	(561)	(264)	(297)	(575)
RATES FUNDING REQUIREMENT				
Deficit Before Tax	(561)	(264)	(297)	(575)
Add Capital Contributions	-	-	-	-
Total Rates Funding Requirement	(561)	(264)	(297)	(575)
LOAN FUNDING REQUIREMENT				
Capital Expenditure - to replace existing assets	-	-	-	-
Capital Expenditure - to improve level of service	-	-	-	(43)
Less Capital Contributions	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-
Less Proceeds From Asset Sales	-	-	-	-
Less Depreciation	14	10	4	11
Total Loan Funding Repayment	14	10	4	(32)
TOTAL FUNDING REQUIREMENT	(547)	(254)	(293)	(607)

OPERATING PROJECTS

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000
Events Funding	766	542	(224)
Internet Design	5	6	1
Development Stimulus Marketing	15	30	15

SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

The unfavourable variance in operating revenue is due to the closure of the i-SITE Visitor Information Centre resulting in lower than budgeted revenue. This was however offset by savings on associated employee and operating costs. However these savings in operating costs were offset by higher than budgeted spend for the Events Funding projects. This included increased spend on the HighLight: Carnival of Lights event due to the investments in set up costs associated with an event of this scale in its first year, as well as increased costs due to four times the number of event attendees than anticipated. As well as the HighLight event, the Events Funding project also put on a number of additional events during the year including the Wahine Commemorations and Te Omanga Hospice Christmas Table.

SIGNIFICANT CAPITAL VARIATIONS FROM THE ANNUAL PLAN

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

INFRASTRUCTURE

WHAT

Our long-term approach is to ensure that infrastructure is built and maintained to perform at a high standard, to ensure we are meeting all our legislative requirements and the needs and the expectations of our community, now and into the future. The strategy enables and informs asset management planning and ensures decisions are made in the most efficient and effective way possible.

WHY

The future presents both challenges and opportunities for our infrastructure. The strategy focusses on where improvements can be made in response to the key challenges and opportunities we face:

- natural hazards and the effects of climate change
- changing demand for services stemming from population growth, an ageing population and shifts in preferences
- technological advancements
- sustainability and public health, and
- management practices.

The Strategy goes beyond the scope of our asset management plans and provides a strategic view of the Council's infrastructure by setting vision, principles and goals, and maintaining consistency across different asset groups, including:

- roading and footpaths
- water supply
- wastewater (sewage treatment and disposal)
- stormwater drainage including flood protection.

Infrastructure activities are 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:

- Roding and accessways.
- 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** – we live in a safe city; our city is prepared for emergencies.
- **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.
- **An accessible and connected city** – a city that is easy to move about with well-designed roads, cycleways and footpaths.
- **Healthy people** – we live healthy lives, and our city's services help to protect our health and our environment.
- **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.
- **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 that values and protects our built heritage and the natural environment.



CASE STUDY: CREATING AN ACCESSIBLE AND CONNECTED CITY

Many areas of our integrated strategy touch on changing the way our city moves –that’s both the people and the various vehicles that transport us.

It goes way beyond getting from A to B. Transport affects our ability to be physically active as part of our daily routine, the quality of the air we breathe, our safety as we move round the city and how easily we can access the people, places and services we need. All of these are vitally important to quality of life.

Our Urban Growth Strategy emphasises development through intensification, which will reduce journey distances. This makes promoting active transportation a key priority for Council. It will require a paradigm shift in the way we resource our transport network and the way we all think about how we move around the city.

We have invested \$28 million in our three cycle ways projects designed to develop a shared pathway network that is safe, easy, convenient, attractive and pleasurable, both for leisure and as transport to workplaces, schools and other key destinations.

Work on the much anticipated \$11.1 million Wainuiomata Shared Pathway began on 24 November with the official sod turning. Once completed there will be a 4m wide off-road sealed and separated pathway over the Wainuiomata Hill Road providing a safe accessway for pedestrians and cyclists. The pathway will boost existing mountain bike trails and walkways as well as improving the connection between the wider Hutt Valley and Wainuiomata making active transport safer for all residents.

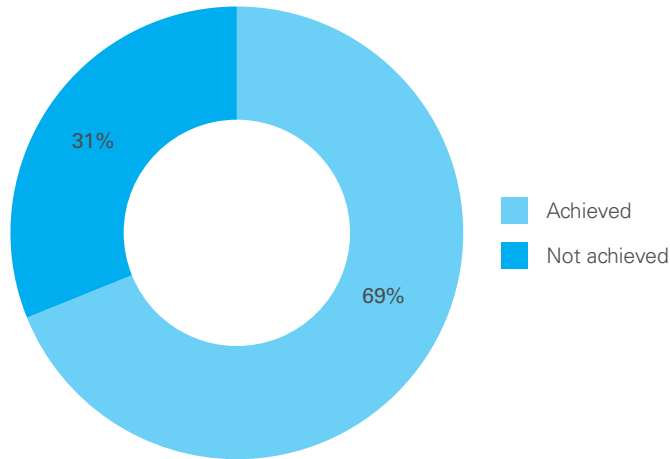
Other significant Cycleway and Shared Path projects include:

- Eastern Bays part of the Great Harbour Way / Te Aranui o Poneke providing a shared path from Point Howard to northern Days Bay and Windy Point to Eastbourne
- The Beltway will provide a safe commuting and recreational route from Seaview to Taita, linking to the Hutt River trail and the public transport network.

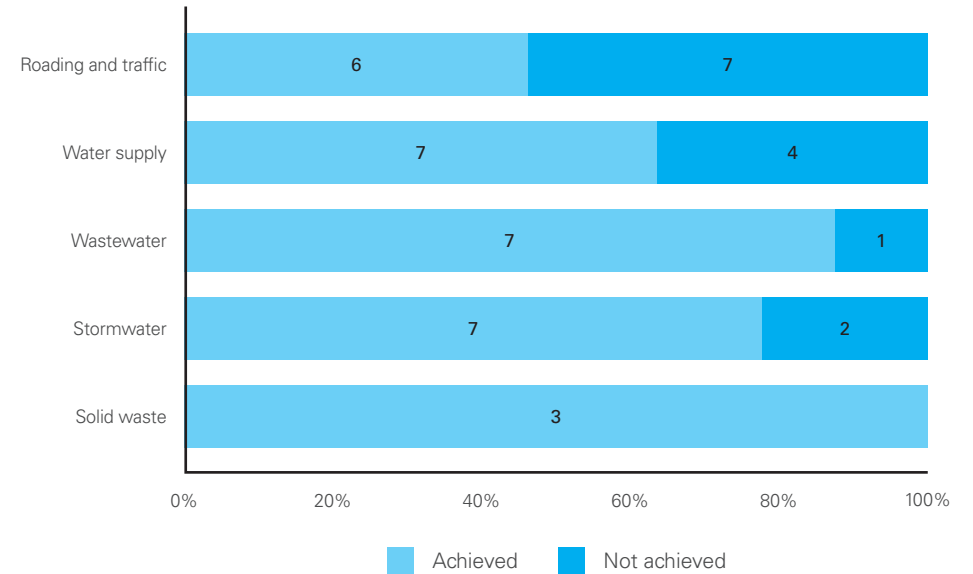
Future work will include extending the southern section of Beltway and the connections between cycleways and key destinations.

INFRASTRUCTURE PERFORMANCE

INFRASTRUCTURE PERFORMANCE TARGETS SUMMARY



INFRASTRUCTURE: KEY PERFORMANCE TARGETS BY ACTIVITY AREA



INFRASTRUCTURE FINANCIAL SUMMARY

	(DEFICIT)/SURPLUS BEFORE TAX			RATE REQUIREMENT PER RESIDENT
	ACTUAL 2018 \$000	BUDGET 2018 \$000	ACTUAL 2017 \$000	ACTUAL 2018 \$
Rooding & Traffic	(13,287)	(8,875)	(16,230)	126.91
Water Supply	(13,859)	(13,814)	(13,429)	132.37
Wastewater	(15,749)	(16,014)	(16,407)	150.42
Stormwater	(7,693)	(6,989)	(6,992)	73.48
Solid Waste	5,015	5,290	5,675	(47.89)

Note: The (Deficit)/Surplus before tax shows the net cost of the Council's activities for the year in comparison to the 2017-18 Annual Plan and the 2016-17 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.

* A change in research approach after performance targets were set has resulted in some measures not being achieved despite a high level of performance. For more information please see "Customer Research" on page 9.

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 Lower Hutt. 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

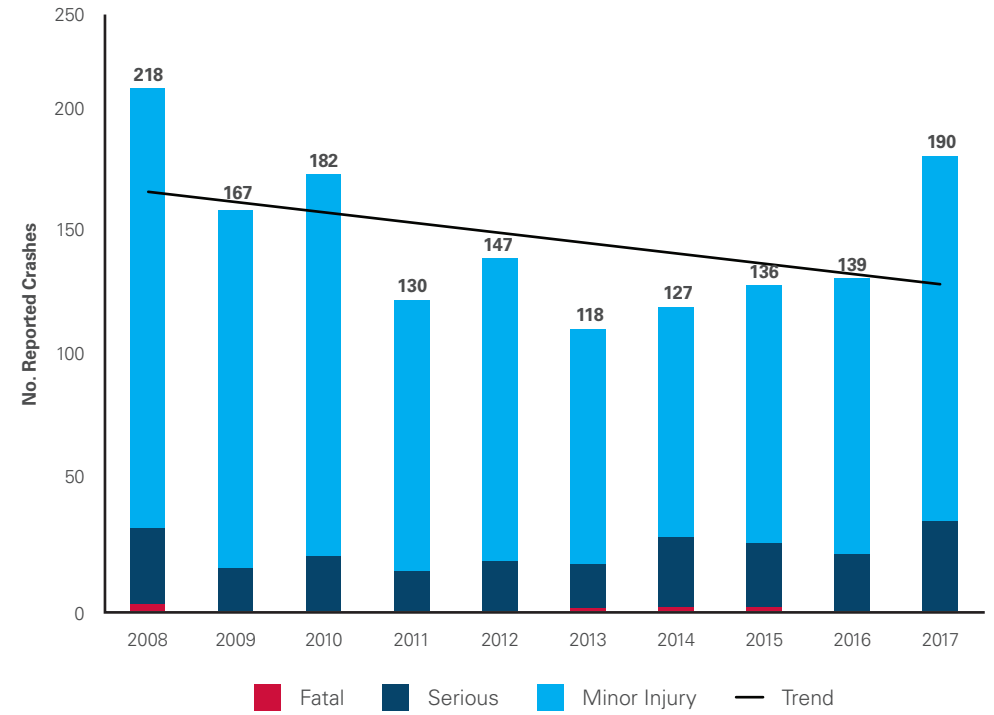
MEASURE	ACHIEVED 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	ACHIEVED 2017-18	SOURCE OF INFORMATION
Residents' satisfaction with:					
Better than our historical average or the average of our peer councils, whichever is the higher, for each of these measures ³					
• street lighting	89%	90%	81% ¹	90% ¹	Key Research
• roads and gutters being free of litter	90%	88%	72% ¹	87% ¹	
• city free of graffiti	92%	91%	91% ¹	90% ¹	
• traffic control	88%	89%	80% ¹	89% ¹	
• footpaths	85%	80%	82% ¹	84% ¹	
• roads	87%	84%	92% ¹	90% ¹	
• parking in and around Hutt City	85%	84%	65% ¹	77% ¹	
'Road Condition Index', which measures the condition of the road surface	1.2	1.7	1.5	1.4	Data from the Road Assessment and Maintenance Management System (RAMM)
Hold or improve rating			Note: As half the city is surveyed in alternate years the 2016-17 figure needs to be compared with 2014-15		
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					
'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	79.50%	79.05%	80.88%	77.83%	Data from RAMM
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					
Accident trend (measured by NZTA) (refer to accident trend graph) ²	126	135	139	190	Data from NZTA
Contribute to a reducing trend over 10 years					
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	91.48%	92.08%	93.30%	99.57%	Management Report
>94%					
Percentage of sealed local road network that is resurfaced	New measure for 2015-16	5.30%	5.90%	3.6%	Measured as the resurfacing programme length achieved annually
8% is the long-term target, however significant year to year variance is expected					
Percentage of footpaths that fall within the service standard for footpath condition	New measure for 2015-16	97.90%	98.00%	97.31%	Data from RAMM
>98%					

Notes:

1. Research provider and methodology changed in 2016. Resident satisfaction survey results in 2016-17 and 2017-18 not comparable to earlier years or the target.
2. Measure covers the calendar year, not the financial year.
3. Measures compared against the average results for the previous years presented rather than other cities.



INJURY AND FATAL CRASHES WITHIN LOWER HUTT EXCLUDING STATE HIGHWAYS



ROADING AND TRAFFIC FUNDING IMPACT STATEMENT

For year ended 30 June 2018

	LONG TERM PLAN 2017 \$000	LONG TERM PLAN 2018 \$000	ACTUAL 2018 \$000	ANNUAL PLAN 2018 \$000	ACTUAL 2017 \$000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charges, rates penalties	19,200	19,865	20,160	19,732	20,191
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	3,741	3,812	4,157	3,945	4,065
Fees and charges	4,993	5,088	4,728	4,961	3,846
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	1,002	1,021	1,400	968	1,388
Total operating funding (A)	28,936	29,786	30,445	29,606	29,490
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	13,267	13,518	14,130	13,716	13,265
Finance costs	1,835	1,966	1,358	1,444	1,188
Internal charges and overheads applied	2,372	2,411	2,555	2,555	2,543
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	17,474	17,895	18,043	17,715	16,996
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	11,462	11,891	12,402	11,891	12,494
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	5,913	5,368	6,858	10,787	3,956
Development and financial contributions	141	144	15	70	5
Increase (decrease) in debt	(5,511)	(6,145)	(4,697)	908	(7,633)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	543	(633)	2,176	11,765	(3,672)
APPLICATION OF CAPITAL FUNDING					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve level of service	6,158	5,518	8,313	17,570	2,849
- to replace existing assets	5,847	5,740	6,265	6,086	5,973
Increase (decrease) in reserves	-	-	-	-	-
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	12,005	11,258	14,578	23,656	8,822
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(11,462)	(11,891)	(12,402)	(11,891)	(12,494)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-	-	-

ROADING & TRAFFIC STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For year ended 30 June 2018

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000	ACTUAL 2017 \$000
REVENUE				
Rates Income	-	-	-	-
User Charges	4,728	4,961	(233)	3,846
Operating Subsidies & Grants	4,157	3,945	212	4,065
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	6,858	10,787	(3,929)	3,956
Development Contributions	15	70	(55)	5
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	-	-	-	2
Vested Assets	846	500	346	893
Other Revenue	554	468	86	493
Total Revenue	17,158	20,731	(3,573)	13,260
EXPENDITURE				
Employee Costs	1,719	1,636	(83)	1,647
Operating Costs	12,411	12,080	(331)	11,618
Support Costs	2,555	2,555	-	2,543
Loss On Prop Disposals	-	-	-	-
Finance Cost	1,358	1,444	86	1,188
Depreciation	12,402	11,891	(511)	12,494
Total Expenditure	30,445	29,606	(839)	29,490
DEFICIT BEFORE TAX	(13,287)	(8,875)	(4,412)	(16,230)
RATES FUNDING REQUIREMENT				
Deficit Before Tax	(13,287)	(8,875)	(4,412)	(16,230)
Add Capital Contributions	(6,873)	(10,857)	3,984	(3,961)
Total Rates Funding Requirement	(20,160)	(19,732)	(428)	(20,191)
LOAN FUNDING REQUIREMENT				
Capital Expenditure - to replace existing assets	(6,265)	(6,086)	(179)	(5,973)
Capital Expenditure - to improve level of service	(8,313)	(17,570)	9,257	(2,849)
Less Capital Contributions	6,873	10,857	(3,984)	3,961
Less UHCC Capital Contributions	-	-	-	-
Less Proceeds From Asset Sales	-	-	-	-
Less Depreciation	12,402	11,891	511	12,494
Total Loan Funding Repayment	4,697	(908)	5,605	7,633
TOTAL FUNDING REQUIREMENT	(15,463)	(20,640)	5,177	(12,558)

OPERATING PROJECTS

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000
Rapid Response Anti-Graffiti Service	176	205	29
Safety Initiatives	23	20	(3)

SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

The unfavourable variance for User Charges is due to reduced parking revenue from Infringement Fees, partially offset by higher than expected income from Inspections of Utility Reinstatements. The unfavourable variances for Operating and Capital Subsidies are in line with the variances for Operating and Capital expenditure, which are detailed separately. Vested Assets has a favourable variance following completion of significant developments in Wainuiomata. The favourable variance for Other Revenue relates to more income than budgeted from "new vehicle crossings" and from Adshel, although the "new vehicle crossing" income is matched by corresponding expenditure. The unfavourable variance in Operating Costs is due to an overspend on Slip and Storm Damage Repairs, which was subsidised by NZTA, and partly offset by an underspend on the Melling Gateway which has been carried over to 2018-19. The unfavourable variance for Employee Costs relates to an additional Subdivision Engineering resource to accommodate the increased development activity throughout the city in 2017-18. Depreciation was over budget due to a more accurate method of calculating the costs compared to how the budget was prepared.

CAPITAL PROJECTS ACQUISITIONS AND RENEWALS

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000
Area Wide Pavement Treatment (Subsidy 51%)	2,379	1,380	(999)
Carpark Resurfacing	45	51	6
Estuary Bridge Corrosion Protection (Subsidy 51%)	22	40	18
Footpath Resurfacing And Replacement	202	205	3
Pavement Surfacing (Subsidy 51%)	1,909	2,100	191
Minor Safety Works (Subsidy 51%)	47	51	4
Minor Road And Footpath Construction	51	74	23
Pedestrian Crossing Maintenance (Subsidy 51%)	24	31	7
Road Reconstruction (Out Years) (Subsidy 17%)	141	407	266
Streetlight Lantern Replacement Programme (Subsidy 51%)	328	335	7
Streetlight Standard Replacement (Subsidy 51%)	298	298	-
Street Name Sign Replacement (Subsidy 51%)	-	20	20
Traffic Signal Replacement (Subsidy 51%)	494	294	(200)
Wainuiomata Hill Rd Safety Seal (Subsidy 51%)	325	800	475
Broadband Ducting	-	21	21
Civic Precinct Parking & Laings Rd Upgrade	2,039	2,170	131
Cross Valley Link - Investigation/Design (Subsidy 51%)	-	1,000	1,000
Cycleway Network Development (Shared Path Beltway)	-	2,090	2,090
Cycleway/Shared Path Beltway - Continued	608	1,000	392
Cycleway/Shared Path Eastern Bays	-	3,200	3,200
Cycleway/Shared Path Eastern Bays c/o	890	165	(725)
Pavements Wainuiomata Hill (Cycleway/Shared Path) (Subsidy 70%)	2,428	5,791	3,363
Local Area Traffic Management (Subsidy 51%)	40	51	11
Land Purchase For Roads	1	10	9
Port Road Erosion Mitigation (Net Of Subsidy)	727	726	(1)
Pedestrian Crossings New (Subsidy 51%)	53	53	-
Road Reconstruction (Heretaunga St) (Subsidy 16%)	217	20	(197)
Road Reconstruction (Queen St) (Subsidy 18%)	341	30	(311)
Reconstruction Improvements - Out Years (Subsidy 17%)	-	80	80
Substandard Roads Upgrade (Subsidy 13%)	2	487	485
Substandard Roads Footpaths	190	51	(139)
School Speed Zone Programme (Subsidy 51%)	57	60	3
Traffic Safety Improvements (Subsidy 51%)	640	490	(150)
Urban Growth Strategy Roading Improvements	24	25	1
Wheelchair Friendly Footpath Routes	56	50	(6)

SIGNIFICANT CAPITAL VARIATIONS FROM THE ANNUAL PLAN

Council had Capital Replacement and Capital Improvement budgets of just over \$6m and \$17.5m respectively for the 2017-18 financial year, most of which was subsidised by NZTA. Capital replacement 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. Work that is budgeted in 2018-19 was brought forward for Area Wide Pavement Treatments, Traffic Safety Improvements and Traffic Signal Replacements to utilise NZTA subsidy that was available in 2017-18 but not certain for 2018-19. Progress on the three Cycleway Projects is behind the original programme and budget has been carried over to 2018-19 to continue this work. The Cross Valley Link Investigation and Design has been delayed and the budget has been carried over to 2018-19. The Road Reconstruction and Reconstruction Improvements favourable variances are balanced by the Road Reconstruction Heretaunga Street, Jackson Street and Queen Street unfavourable variances. The net unfavourable variance on these projects is offset by a favourable variance in 2016-17. The Substandard Roads Upgrade variance reflects the accumulation of budget, via a carry over to 2018-19, required to complete the Hill Road project. The unfavourable Substandard Roads Footpaths variance is partially offset by a favourable variance in 2016-17 with the balance reflecting an overspend that is compensated by a number of smaller underspends in other Transport projects. The Civic Precinct Parking and Laings Road Upgrade project was largely completed in 2017-18 and will be finished in 2018-19.

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), and 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 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	ACHIEVED 2017-18	SOURCE OF INFORMATION
Residents' satisfaction with the city water supply ≥ 95% of those expressing an opinion	95%	90%	97% ¹	94% ¹	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"> • clarity • taste • odour • pressure or flow • continuity of supply • responsiveness to issues 	New measures for 2015-16	Achieved 10.17	Achieved: 12.49	Achieved: 16.03	Wellington Water SLA spreadsheet
Median response time for: <ul style="list-style-type: none"> • attendance for urgent callouts ≤ 60 minutes • resolution of urgent callouts ≤ Four hours • attendance for non-urgent callouts ≤ 36 hours • resolution of non-urgent callouts ≤ 15 days 	New measures for 2015-16	Achieved: 43 minutes Achieved: 2.82 hours Achieved: 24.37 hours Achieved: 1.10 days	Achieved: 45 minutes Achieved: 3.38 hours Not achieved: 42.12 hours ² Achieved: 1.93 days	Achieved: 38 minutes Achieved: 2.9 hours Not achieved: 479 hours ² Achieved: 2.70 days	Operations and Maintenance Contract Monthly Report
Average drinking water consumption per resident per day 345 litres per day	New measure for 2015-16	Not achieved: 355 litres per day	Not achieved: 352 l/p/d	Not achieved: 378 l/p/d ³	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	Not achieved - 22.5%	Not achieved: 21.6% ³	Not achieved: 24.4% ⁴	Wellington Water SLA spreadsheet

MEASURE	ACHIEVED 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	ACHIEVED 2017-18	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 '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 2.2	Achieved 2.46	Achieved: 2.42	Achieved: 2.61	Operations and Maintenance Contract Monthly Report

Notes:

1. Research provider and methodology changed in 2016. Resident satisfaction survey results in 2016-17 and 2017-18 not comparable to earlier years or the target.
2. There has been a significant increase in the number of water network bursts and leaks above normal levels over the extended summer period of this year. This is evident across the region and has meant that the initial response to lower priority (non-urgent) jobs has been slower, as more urgent jobs (eg; bursts) have taken precedence. The number of reported leaks is dropping and contractors are continuing work to clear the back log of non-urgent jobs.
3. Year to date average drinking water consumption is higher than the normal, following a trend in the city since April 2017. Information to date indicates that the issue is mainly related to widespread increase in network leakage and commercial consumption. The leak detection/maintenance contractors are working across the city finding the leaks and fixing them.
4. The water loss estimate is above the target and is likely to include high outdoor water use during the extended summer period. This may not have been fully reflected in the estimated residential consumption. An increase in water leaks reported during period also meant that less urgent leaks were not able to be responded to as quickly as desired, thereby increasing consumption through losses to a degree. Watering restrictions and summer demand strategies were implemented and ongoing leak detection work is continuing to find and fix network leaks throughout Lower Hutt.

WATER SUPPLY FUNDING IMPACT STATEMENT

For year ended 30 June 2018

	LONG TERM PLAN 2017 \$000	LONG TERM PLAN 2018 \$000	ACTUAL 2018 \$000	ANNUAL PLAN 2018 \$000	ACTUAL 2017 \$000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charges, rates penalties	-	-	(20)	-	53
Targeted rates	13,462	14,162	13,892	13,849	13,379
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	2,376	2,421	3,094	2,561	2,644
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	116	118	220	114	205
Total operating funding (A)	15,954	16,701	17,186	16,524	16,281
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	11,529	12,062	12,463	12,120	11,926
Finance costs	609	666	437	464	350
Internal charges and overheads applied	321	326	395	395	344
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	12,459	13,054	13,295	12,979	12,620
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	3,495	3,647	3,891	3,545	3,661
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	36	36	13	35	3
Increase (decrease) in debt	1,296	(14)	327	1,123	2,683
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	1,332	22	340	1,158	2,686
APPLICATION OF CAPITAL FUNDING					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve level of service	2,843	1,110	2,862	2,579	4,719
- to replace existing assets	1,984	2,559	1,369	2,124	1,628
Increase (decrease) in reserves	-	-	-	-	-
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	4,827	3,669	4,231	4,703	6,347
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(3,495)	(3,647)	(3,891)	(3,545)	(3,661)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-	-	-

WATER SUPPLY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For year ended 30 June 2018

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000	ACTUAL 2017 \$000
REVENUE				
Rates Income	-	-	-	-
User Charges	3,094	2,561	533	2,644
Operating Subsidies & Grants	-	-	-	-
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	13	35	(22)	3
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	-	-	-	-
Vested Assets	220	114	106	205
Other Revenue	-	-	-	-
Total Revenue	3,327	2,710	617	2,852
EXPENDITURE				
Employee Costs	-	-	-	-
Operating Costs	12,463	12,120	(343)	11,926
Support Costs	395	395	-	344
Loss On Prop Disposals	-	-	-	-
Finance Cost	437	464	27	350
Depreciation	3,891	3,545	(346)	3,661
Total Expenditure	17,186	16,524	(662)	16,281
DEFICIT BEFORE TAX	(13,859)	(13,814)	(45)	(13,429)
RATES FUNDING REQUIREMENT				
Deficit Before Tax	(13,859)	(13,814)	(45)	(13,429)
Add Capital Contributions	(13)	(35)	22	(3)
Total Rates Funding Requirement	(13,872)	(13,849)	(23)	(13,432)
LOAN FUNDING REQUIREMENT				
Capital Expenditure - to replace existing assets	(1,369)	(2,124)	755	(1,628)
Capital Expenditure - to improve level of service	(2,862)	(2,579)	(283)	(4,719)
Less Capital Contributions	13	35	(22)	3
Less UHCC Capital Contributions	-	-	-	-
Less Proceeds From Asset Sales	-	-	-	-
Less Depreciation	3,891	3,545	346	3,661
Total Loan Funding Repayment	(327)	(1,123)	796	(2,683)
TOTAL FUNDING REQUIREMENT	(14,199)	(14,972)	773	(16,115)

SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

Actual commercial water meter revenue is \$3,076k compared to the annual budget of \$2,550K giving a favourable variance of \$526k. This is offset by the costs of the Bulk Water Levy (based on consumption) of \$8,155k compared to the annual budget of \$7,696k giving an unfavourable variance of \$459k. Expenditure controlled by Wellington Water Ltd is \$164k (7%) under budget. Network spend is on budget despite increased volumes of leak investigations and repairs driven by the extremely dry summer and high water use in the central city since May 2017. Savings in storage have been found to partially offset overspend on pump stations and utilities. Depreciation was over budget due to a more accurate method of calculating the costs compared to how the budget was prepared.

CAPITAL PROJECTS ACQUISITIONS AND RENEWALS

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000
Minor Works (Water Supply)	269	150	(119)
Pump Station Minor Works	76	54	(22)
Reservoir Minor Work	49	54	5
Control Systems renewals (SW)	5	-	(5)
Scada Renewals Water Supply	26	27	1
Seismic Coupling Installations	156	190	34
Water Quality - UV Treatment	55	-	(55)
Forward Design - Water Supply	76	137	61
Network Renewals Water Supply	657	1,512	855
Community Infrastructure Resilience Projects	899	-	(899)
Critical Pipelines Seismic Upgrade	286	729	443
Eastern Bays Reservoir Upgrade Design/Consents/Construction	37	50	13
Holborn Booster Pump	-	300	300
Reservoir Auto Shut Off Valves	93	105	12
Sweetacres Reservoir Upgrade	1,509	1,095	(414)
Taita Reservoir Seismic Upgrade	38	-	(38)
Water Resilience	-	300	300

SIGNIFICANT CAPITAL VARIATIONS FROM THE ANNUAL PLAN

Approximately \$4.2m was spent on upgrading and renewing the network, compared to a budget of \$4.7m. The Community Infrastructure Resilience project is scheduled for completion in September with expected savings. The practical completion certificate has now been issued on the Sweetacres Reservoir project and construction is now in the defects monitoring period. The Holborn Booster Pump project has been carried forward into 2018/19, whilst discussions are on-going between the developer and the Council as to the size of the development. Reactive renewals have been higher than budget.

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 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	ACHIEVED 2017-18	SOURCE OF INFORMATION
Residents' satisfaction with the city wastewater service ≥ 95% of those expressing an opinion	97%	98%	96% ¹	95% ¹	Key Research
Provide a reliable wastewater service Fewer than 1.2 wastewater incidents reported per kilometre of wastewater reticulation pipeline	0.63 incidents	0.71 incidents	Achieved 0.55 incidents	Achieved 0.52 incidents	Operations and Maintenance Contract Monthly Report
Respond promptly to wastewater disruptions ≥ 97% of requests responded to within one hour of notification	99.50%	99.60%	Achieved: 99.52%	Achieved: 99.33%	Operations and Maintenance Contract Monthly Report
Dry weather wastewater overflows 0 per 1000 connections	New measure for 2015-16	Not achieved 5	Not achieved 0.05	Not achieved 0.05 ²	Wellington Water SLA
Number of complaints: <ul style="list-style-type: none"> wastewater odour wastewater system faults wastewater system blockages responsiveness to wastewater system issues ≤ 30 per 1000 connections	New measures for 2015-16	Achieved: 13.47	Achieved: 25.42	Achieved: 22.80	Wellington Water SLA
Median response time for: <ul style="list-style-type: none"> attendance time for wastewater overflows ≤ 60 minutes resolution time for wastewater overflows ≤ Six hours 	New measures for 2015-16	39 minutes 1.89 hours	Achieved: 35 minutes Achieved: 2.52 hours	Achieved: 35 minutes Achieved: 2.6 hours	Wellington Water SLA
Compliance with resource consents for discharges from wastewater system: <ul style="list-style-type: none"> number of abatement notices number of infringement notices number of enforcement orders number of convictions No enforcement action	New measures for 2015-16	Achieved Nil	Achieved: Nil	Achieved: No enforcement action	Compliance reports from GWRC

Notes:

1. Research provider and methodology changed in 2016. Resident satisfaction survey results in 2016-17 and 2017-18 not comparable to earlier years or the target.
2. There were two dry weather overflow events, one in the first quarter (August 2017) from Point Howard (Trunk WW) due to a leak in an air valve and another in the second quarter (October 2017) due to a local wastewater main blockage. Both faults were subsequently fixed.

WASTEWATER FUNDING IMPACT STATEMENT

For year ended 30 June 2018

	LONG TERM PLAN 2017 \$000	LONG TERM PLAN 2018 \$000	ACTUAL 2018 \$000	ANNUAL PLAN 2018 \$000	ACTUAL 2017 \$000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charges, rates penalties	-	-	293	-	121
Targeted rates	17,218	17,591	16,447	16,420	16,680
Subsidies and grants for operating purposes	2,590	2,640	2,239	2,518	2,498
Fees and charges	1,086	1,107	1,294	1,037	998
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	116	118	267	114	266
Total operating funding (A)	21,010	21,456	20,540	20,089	20,563
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	11,890	12,116	11,355	11,644	11,817
Finance costs	1,053	1,045	755	803	530
Internal charges and overheads applied	785	798	865	865	842
Other operating funding applications	-	-	-	-	2
Total applications of operating funding (B)	13,728	13,959	12,975	13,312	13,191
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	7,282	7,497	7,565	6,777	7,372
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	478	472	556	540	321
Development and financial contributions	413	421	991	406	394
Increase (decrease) in debt	(2,778)	(3,126)	(2,953)	(1,506)	(2,936)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	(1,887)	(2,233)	(1,406)	(560)	(2,221)
APPLICATION OF CAPITAL FUNDING					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve level of service	407	415	693	700	122
- to replace existing assets	4,988	4,849	5,466	5,517	5,029
Increase (decrease) in reserves	-	-	-	-	-
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	5,395	5,264	6,159	6,217	5,151
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(7,282)	(7,497)	(7,565)	(6,777)	(7,372)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-	-	-

WASTEWATER STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For year ended 30 June 2018

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000	ACTUAL 2017 \$000
REVENUE				
Rates Income	-	-	-	-
User Charges	1,294	1,037	257	998
Operating Subsidies & Grants	-	-	-	-
UHCC Operating Subsidy	2,239	2,518	(279)	2,498
Capital Subsidies	-	-	-	-
Development Contributions	991	406	585	394
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	-	-	-	-
Vested Assets	267	114	153	266
Other Revenue	-	-	-	-
Total Revenue	4,791	4,075	716	4,156
EXPENDITURE				
Employee Costs	-	-	-	-
Operating Costs	11,355	11,644	289	11,816
Support Costs	865	865	-	842
Loss On Prop Disposals	-	-	-	2
Finance Cost	755	803	48	530
Depreciation	7,565	6,777	(788)	7,372
Total Expenditure	20,540	20,089	(451)	20,562
DEFICIT BEFORE TAX	(15,749)	(16,014)	265	(16,406)
RATES FUNDING REQUIREMENT				
Deficit Before Tax	(15,749)	(16,014)	265	(16,406)
Add Capital Contributions	(991)	(406)	(585)	(394)
Total Rates Funding Requirement	(16,740)	(16,420)	(320)	(16,800)
LOAN FUNDING REQUIREMENT				
Capital Expenditure - to replace existing assets	(5,466)	(5,517)	51	(5,029)
Capital Expenditure - to improve level of service	(693)	(700)	7	(122)
Less Capital Contributions	991	406	585	394
Less UHCC Capital Contributions	556	540	16	321
Less Proceeds From Asset Sales	-	-	-	-
Less Depreciation	7,565	6,777	788	7,372
Total Loan Funding Repayment	2,953	1,506	1,447	2,936
TOTAL FUNDING REQUIREMENT	(13,787)	(14,914)	1,127	(13,864)

OPERATING PROJECTS

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000
Wastewater Flow Management Wainuiomata	66	90	24
Rising Main Vulnerability Assessment	16	50	34

SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

The unfavourable variance for UHCC Operating Subsidies was due to less subsidised maintenance costs. The favourable variances for Development Contributions and Vested Assets were due to the high number of developments being carried out across the City. The favourable variance for operating costs was mainly due to less unplanned maintenance required on the network with the extremely dry weather in early summer. Depreciation was over budget due to a more accurate method of calculating the costs compared to how the budget was prepared.

CAPITAL PROJECTS ACQUISITIONS AND RENEWALS

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000
Adelaide Street Wastewater Renewal (with Stormwater)	674	700	26
Naenae Sewer Renewal	188	-	(188)
Network Upgrades (WW)	175	-	(175)
Pressure Testing Of Sewers	9	-	(9)
Queen Street Sewer Renewal	3	-	(3)
Scada Renewals Wastewater	26	180	154
Trunk DBO Asset Replacement Fund	971	881	(90)
Trunk DBO Network Cyclic Replacement (Subsidy 32%)	12	100	88
Trunk Resource Consent Renewals (Subsidy 28%)	287	300	13
Victoria Street Pumping Station Seismic Strengthening	2	-	(2)
Wainuiomata Catchment Sewer Renewals	24	-	(24)
Wastewater Modelling	28	-	(28)
Network Renewals	1,998	3,270	1,272
Pump Station Minor Works	1,069	86	(983)
Trunk DBO Type B Network Development	106	100	(6)
Tennyson Avenue Sewer Renewal	1	-	(1)
Trunk Type A Asset Development (Subsidy 31%)	586	500	(86)
Water Resilience	-	100	100

SIGNIFICANT CAPITAL VARIATIONS FROM THE ANNUAL PLAN

Approximately \$6.2m was spent on renewals and upgrades in the network, which is in line with budget. Savings from projects and programme contingency were used to accelerate physical works on the Victoria Street pumping station, originally planned for 2018/19. Network renewal costs were lower than budget, as this work has been slowed down due to limited available contractor resources.



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 Lower Hutt 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 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	ACHIEVED 2017-18	SOURCE OF INFORMATION
Residents' satisfaction with the city stormwater service ≥ 80% of those expressing an opinion	87%	83%	73% ¹	86% ¹	Key Research
Provide a reliable stormwater service Fewer than 0.5 stormwater incidents reported per kilometre of stormwater pipeline	Achieved 0.12 incidents	Achieved 0.04 incidents	Achieved 0.03 incidents	Achieved 0.03 incidents	Operations and Maintenance Contract Monthly Report
Achieve water quality at main recreational beaches 90% days during the bathing season (1 Dec to 31 Mar) that monitored beaches are suitable for recreational use	89%	91%	Achieved - each monitored beach open 100% of days during the bathing season	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	Achieved - Nil	Not Achieved 1	Not Achieved 1 ²	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	Achieved - Nil	Not Achieved 0.05	Not Achieved 0.03 ²	Wellington Water SLA spreadsheet
Number of complaints about stormwater system performance ≤ 30 per 1000 connections	New measure for 2015-16	Achieved 1.59	Achieved 11.44	Achieved 10.51	Wellington Water SLA spreadsheet
Median response time to attend a flooding event ≤ 60 minutes	New measure for 2015-16	Achieved 49 minutes	Achieved 48 minutes	Achieved 37 minutes	Wellington Water SLA spreadsheet
Compliance with resource consents for discharges from stormwater system: <ul style="list-style-type: none"> number of abatement notices number of infringement notices number of enforcement orders number of convictions No enforcement action	New measures for 2015-16	Achieved - Nil	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	Achieved	Not achieved 85%	Achieved	GWRC

Notes:

1. Research provider and methodology changed in 2016. Resident satisfaction survey results in 2016-17 and 2017-18 not comparable to earlier years or the target.
2. There was one confirmed habitable floor affected in the flooding event on the 13th July 2017. Investigations are completed and recommended remedial works have been carried out. Long term options for mitigating the flooding problems have been investigated and options have been assessed. The recommended option will be prioritised and listed in HCC's stormwater upgrade programme for future years.

STORMWATER FUNDING IMPACT STATEMENT

For year ended 30 June 2018

	LONG TERM PLAN 2017 \$000	LONG TERM PLAN 2018 \$000	ACTUAL 2018 \$000	ANNUAL PLAN 2018 \$000	ACTUAL 2017 \$000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charges, rates penalties	7,043	7,247	7,704	7,039	7,038
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	9	9	5	8	5
Fees and charges	5	5	10	12	4
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	116	118	287	114	382
Total operating funding (A)	7,173	7,379	8,006	7,173	7,429
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	3,385	3,449	3,754	3,692	3,792
Finance costs	390	415	301	319	280
Internal charges and overheads applied	292	297	296	296	313
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	4,067	4,161	4,351	4,307	4,385
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	3,106	3,218	3,655	2,866	3,044
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	51	52	11	50	47
Increase (decrease) in debt	(740)	130	(808)	294	91
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	(689)	182	(797)	344	138
APPLICATION OF CAPITAL FUNDING					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve level of service	1,491	2,598	896	2,052	2,776
- to replace existing assets	926	802	1,962	1,158	406
Increase (decrease) in reserves	-	-	-	-	-
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	2,417	3,400	2,858	3,210	3,182
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(3,106)	(3,218)	(3,655)	(2,866)	(3,044)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-	-	-

STORMWATER STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For year ended 30 June 2018

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000	ACTUAL 2017 \$000
REVENUE				
Rates Income	-	-	-	-
User Charges	10	12	(2)	4
Operating Subsidies & Grants	5	8	(3)	5
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	11	50	(39)	47
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	-	-	-	-
Vested Assets	287	114	173	382
Other Revenue	-	-	-	-
Total Revenue	313	184	129	438
EXPENDITURE				
Employee Costs	-	-	-	-
Operating Costs	3,754	3,692	(62)	3,792
Support Costs	296	296	-	313
Loss On Prop Disposals	-	-	-	-
Finance Cost	301	319	18	280
Depreciation	3,655	2,866	(789)	3,044
Total Expenditure	8,006	7,173	(833)	7,429
DEFICIT BEFORE TAX	(7,693)	(6,989)	(704)	(6,991)
RATES FUNDING REQUIREMENT				
Deficit Before Tax	(7,693)	(6,989)	(704)	(6,991)
Add Capital Contributions	(11)	(50)	39	(47)
Total Rates Funding Requirement	(7,704)	(7,039)	(665)	(7,038)
LOAN FUNDING REQUIREMENT				
Capital Expenditure - to replace existing assets	(1,962)	(1,158)	(804)	(406)
Capital Expenditure - to improve level of service	(896)	(2,052)	1,156	(2,776)
Less Capital Contributions	11	50	(39)	47
Less UHCC Capital Contributions	-	-	-	-
Less Proceeds From Asset Sales	-	-	-	-
Less Depreciation	3,655	2,866	789	3,044
Total Loan Funding Repayment	808	(294)	1,102	(91)
TOTAL FUNDING REQUIREMENT	(6,896)	(7,333)	437	(7,129)

OPERATING PROJECTS

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000
Waiwhetu Stream Flood Management Plan	18	45	27
Stormwater Consenting Process	29	50	21

SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

Vested Assets were higher than budget due to the number of developments being carried out across the City. Operating expenditure is slightly over budget mainly due to higher network costs and pipe condition assessments. In addition, unanticipated costs have been incurred to obtain a region wide 'global' resource consent for stormwater discharges and subsequent preparation of a region wide stormwater monitoring plan. Depreciation was over budget due to a more accurate method of calculating the costs compared to how the budget was prepared.

CAPITAL PROJECTS ACQUISITIONS AND RENEWALS

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000
Adelaide Street Stormwater Renewal Stage	1,141	-	(1,141)
Heketara Street/Pukatea St (Eastbourne)	278	51	(227)
Minor Works Stormwater	61	-	(61)
Scada Renewals Stormwater	24	28	4
Forward Design (SW)	27	-	(27)
Stormwater Network Modelling	200	165	(35)
Network Renewals	77	833	756
Pump Station Minor Works	75	81	6
Awamutu Stream	54	52	(2)
Beach Stormwater Outlets	226	65	(161)
Dowse Drive Stormwater Improvement	165	1,050	885
East Street/Petone	3	-	(3)
Hutt River Backflow Electrical	14	225	211
Hutt River Floodplain	89	100	11
Hutt River Stormwater Flapgates / Pump Stations	356	360	4
Melling Road Stormwater Construction	32	50	18
Rutherford Street Stormwater Construction	32	50	18
Stormwater consenting project	4	-	(4)
Water Resilience	-	100	100

SIGNIFICANT CAPITAL VARIATIONS FROM THE ANNUAL PLAN

Approximately \$2.9m was spent on renewals and upgrades of the network, compared to a budget of \$3.2m. During the year we were able to accelerate work on the beach stormwater outlet project, due to project savings within the wider programme, and four outlets have been constructed ahead of schedule. The Adelaide Street project is now scheduled for completion at the end of July. The stormwater network modelling project work is running ahead of schedule.



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 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	ACHIEVED 2017-18	SOURCE OF INFORMATION
Residents' satisfaction with:					Key Research
• rubbish collection ≥ 93% of those expressing an opinion	96%	94%	95% ¹	95% ¹	
• refuse disposal ≥ 91% of those expressing an opinion	82%	88%	85% ¹	93% ¹	
No resource consent-related infringement notices received from GWRC 100% compliance	100% compliance	100% compliance	100% compliance	100% compliance	Compliance Reports from GWRC

Notes:

1. Research provider and methodology changed in 2016. Resident satisfaction survey results in 2016-17 and 2017-18 not comparable to earlier years or the target.

SOLID WASTE FUNDING IMPACT STATEMENT

For year ended 30 June 2018

	LONG TERM PLAN 2017 \$000	LONG TERM PLAN 2018 \$000	ACTUAL 2018 \$000	ANNUAL PLAN 2018 \$000	ACTUAL 2017 \$000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charges, rates penalties	(6,773)	(6,809)	(6,361)	(6,627)	(7,012)
Targeted rates	1,360	1,386	1,347	1,337	1,337
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	13,114	13,363	13,714	13,680	14,093
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	5	5	15	5	76
Total operating funding (A)	7,706	7,945	8,715	8,395	8,494
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	6,525	6,649	6,911	6,837	6,801
Finance costs	278	331	511	254	506
Internal charges and overheads applied	315	320	408	408	338
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	7,118	7,300	7,830	7,499	7,645
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	588	645	885	896	849
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	765	3,526	2,776	3,773	1,107
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	765	3,526	2,776	3,773	1,107
APPLICATION OF CAPITAL FUNDING					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve level of service	1,353	4,171	3,661	4,669	1,956
- to replace existing assets	-	-	-	-	-
Increase (decrease) in reserves	-	-	-	-	-
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	1,353	4,171	3,661	4,669	1,956
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(588)	(645)	(885)	(896)	(849)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-	-	-

SOLID WASTE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For year ended 30 June 2018

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000	ACTUAL 2017 \$000
REVENUE				
Rates Income	-	-	-	-
User Charges	13,714	13,680	34	14,093
Operating Subsidies & Grants	-	-	-	-
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	-	-	-	-
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	-	-	-	-
Vested Assets	-	-	-	-
Other Revenue	15	5	10	76
Total Revenue	13,729	13,685	44	14,169
EXPENDITURE				
Employee Costs	17	-	(17)	-
Operating Costs	6,894	6,837	(57)	6,801
Support Costs	408	408	0	338
Loss On Prop Disposals	-	-	-	-
Finance Cost	511	254	(257)	506
Depreciation	885	896	11	849
Total Expenditure	8,714	8,395	(319)	8,494
DEFICIT BEFORE TAX	5,015	5,290	(275)	5,675
RATES FUNDING REQUIREMENT				
Deficit Before Tax	5,015	5,290	(275)	5,675
Add Capital Contributions	-	-	-	-
Total Rates Funding Requirement	5,015	5,290	(275)	5,675
LOAN FUNDING REQUIREMENT				
Capital Expenditure - to replace existing assets	-	-	-	-
Capital Expenditure - to improve level of service	(3,661)	(4,669)	1,008	(1,956)
Less Capital Contributions	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-
Less Proceeds From Asset Sales	-	-	-	-
Less Depreciation	885	896	(11)	849
Total Loan Funding Repayment	(2,776)	(3,773)	997	(1,107)
TOTAL FUNDING REQUIREMENT	2,239	1,517	722	4,568

SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

The only significant operating variance was the unfavourable variance in Finance costs which was due to an adjustment for the aftercare provision.

CAPITAL PROJECTS ACQUISITIONS AND RENEWALS

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000
Silverstream Landfill Building Improvements	10	-	(10)
Cleanfill Site Development	2	10	8
Silverstream Landfill Stage 2 Design & Construction	3,649	4,659	1,010

SIGNIFICANT CAPITAL VARIATIONS FROM THE ANNUAL PLAN

Landfill development works were unable to be completed by year end due to unfavourable weather conditions in late May and June. \$900k has been carried over to the 2018-19 year to complete these works in the next construction season.



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.





CASE STUDY: ENGAGING COMMUNITIES

For the 2018-2028 Long Term Plan, Council decided to do things a little differently. Council wanted to reach out to those typically under represented in civic decision making processes, particularly youth, ethnic minorities and those living with a disability, and to drive up online participation given the social and environmental benefits. This needed to be done without compromising the valued voices of the community who were already actively engaged and preferred traditional methods of consultation.

This commitment resulted in a change to not only the consultation approach but also the language, tone and imagery used throughout the documents. The tone used throughout the Consultation Document was deliberately informal and conversational to make it more accessible for the community. The title “Our City, Our Community, Our Future” was selected to promote the notion of communities coming together as one city for a brighter shared future. The imagery was reflective of the diversity within Lower Hutt and included pictures of people of all ages, ethnicities and those living with a disability. English and Te Reo were braided together throughout the Consultation Document and the engagement approach, reflecting the significant presence of Māori in our community.

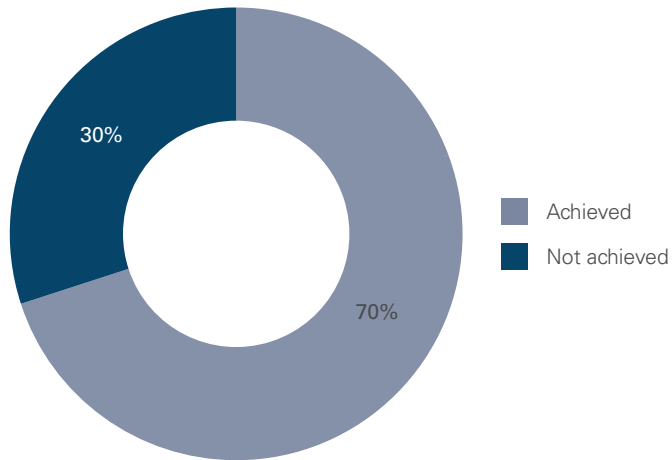
There was extensive advertising during the campaign, however by far the most popular and successful part of the campaign was a fun promotional video developed by our Youth Council and students from the Naenae Computer Clubhouse (a creative technology hub for 10-18 year olds) to engage youth. The video had young people from the clubhouse switch places with Councillors and the Mayor to highlight the message that we are all one community together and the importance of the Long Term Plan. The video received close to 13,000 views on Facebook making it the most popular video on our facebook page other than the cover video and resulted in 266 clicks through to the Long Term Plan website.

The Consultation Document was made available primarily on the Council website. Given the focus on online participation, hard copies of the Consultation Document were made available by request rather than being distributed to every household, with copies also available at all Council facilities and public information events. Special consideration was given to those who may not have internet or computer access, with a computer and wifi made available at Council facilities so submitters could have their say online. Front line staff, identifiable in Long Term Plan branded t-shirts, were briefed to assist public with their submissions.

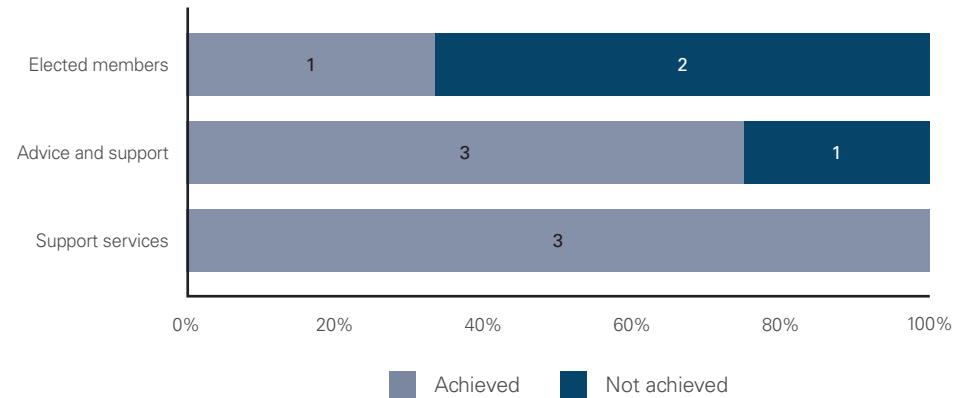
Overall the campaign was successful. Over half of submissions received were completed online compared to 18% last year. Among those who provided demographic information, submitters were younger and more ethnically diverse than previous years. Half of our submitters took up the opportunity to present to the Mayor and Councillors. We received positive feedback from the public and other stakeholders including our local Member of Parliament and SOLGM (Society of Local Government Managers).

ORGANISATION PERFORMANCE

ORGANISATION PERFORMANCE TARGETS SUMMARY



ORGANISATION: KEY PERFORMANCE TARGETS BY ACTIVITY AREA



* A change in research approach after performance targets were set has resulted in some measures not being achieved despite a high level of performance. For more information please see "Customer Research" on page 9.

ORGANISATION FINANCIAL SUMMARY

	(DEFICIT)/SURPLUS BEFORE TAX			RATE REQUIREMENT PER RESIDENT
	ACTUAL 2018 \$000	BUDGET 2018 \$000	ACTUAL 2017 \$000	ACTUAL 2018 \$
Elected Members	(1,697)	(1,719)	(1,764)	16.21
Advice & Support	(3,811)	(3,829)	(4,601)	36.40
Support Services*	391	3,387	8,919	(3.73)

Note: The (Deficit)/Surplus before tax shows the net cost of the Council's activities for the year in comparison to the 2017-18 Annual Plan and the 2016-17 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.

ORGANISATION FUNDING IMPACT STATEMENT

For year ended 30 June 2018

	LONG TERM PLAN 2017 \$000	LONG TERM PLAN 2018 \$000	ACTUAL 2018 \$000	ANNUAL PLAN 2018 \$000	ACTUAL 2017 \$000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charges, rates penalties	(3,903)	1,724	(13,973)	(12,640)	(5,985)
Targeted rates	-	-	-	-	5
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	1,075	1,095	913	954	813
Internal charges and overheads recovered	15,213	15,465	15,700	15,696	15,812
Local authorities fuel tax, fines, infringement fees, and other receipts	1,237	1,084	1,243	893	6,822
Total operating funding (A)	13,622	19,368	3,883	4,903	17,467
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	13,503	13,629	13,247	12,684	13,183
Finance costs	1,081	1,057	860	918	817
Internal charges and overheads applied	4,680	4,758	4,328	4,327	5,020
Other operating funding applications	-	-	2,941	-	46
Total applications of operating funding (B)	19,264	19,444	21,376	17,929	19,066
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	(5,642)	(76)	(17,493)	(13,026)	(1,599)
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	12,515	2,674	18,653	5,636	2,771
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	12,515	2,674	18,653	5,636	2,771
APPLICATION OF CAPITAL FUNDING					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve level of service	5,603	1,632	440	(5,093)	339
- to replace existing assets	1,270	966	720	(2,297)	833
Increase (decrease) in reserves	-	-	-	-	-
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	6,873	2,598	1,160	(7,390)	1,172
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	5,642	76	17,493	13,026	1,599
FUNDING BALANCE ((A-B)+(C-D))	-	-	-	-	-

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, 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 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	ACHIEVED 2017-18	SOURCE OF INFORMATION
Residents’ satisfaction with the Mayor’s and councillors’ performance ≥ 90% of those expressing an opinion	96%	96%	78% ¹	82% ¹	Key Research
Residents’ satisfaction with the way we spend their rates ≥ 83% of those expressing an opinion	86%	89%	71% ¹	75% ¹	Key Research
Residents’ satisfaction with our public consultation Improvement on previous year	90%	88%	71% ¹	72% ¹	Key Research

Notes:

1. Research provider and methodology changed in 2016. Resident satisfaction survey results in 2016-17 and 2017-18 not comparable to earlier years or the target.

ELECTED MEMBERS STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For year ended 30 June 2018

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000	ACTUAL 2017 \$000
REVENUE				
Rates Income	-	-	-	-
User Charges	2	-	2	5
Operating Subsidies & Grants	-	-	-	-
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	-	-	-	-
Interest Earned	-	-	-	-
Dividends	-	-	-	-
Gain On Prop Disposals	-	-	-	-
Vested Assets	-	-	-	-
Other Revenue	-	-	-	-
Total Revenue	2	-	2	5
EXPENDITURE				
Employee Costs	1	-	(1)	1
Operating Costs	1,128	1,150	22	1,139
Support Costs	570	569	(1)	629
Loss On Prop Disposals	-	-	-	-
Finance Cost	-	-	-	-
Depreciation	-	-	-	-
Total Expenditure	1,699	1,719	20	1,769
DEFICIT BEFORE TAX	(1,697)	(1,719)	22	(1,764)
RATES FUNDING REQUIREMENT				
Deficit Before Tax	(1,697)	(1,719)	22	(1,764)
Add Capital Contributions	-	-	-	-
Total Rates Funding Requirement	(1,697)	(1,719)	22	(1,764)
LOAN FUNDING REQUIREMENT				
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	-	-	-	-
Total Loan Funding Repayment	-	-	-	-
TOTAL FUNDING REQUIREMENT	(1,697)	(1,719)	22	(1,764)

SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

Operating costs are slightly under budget due to savings in specialist services, catering and training.

SIGNIFICANT CAPITAL VARIATIONS FROM THE ANNUAL PLAN

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 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	ACHIEVED 2017-18	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%	93%	96%	90%	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	91%	86%	98%	90%	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	84%	82%	92%	85%	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	85%	82%	84%	78%	Survey of Elected and Appointed Members

ADVICE AND SUPPORT STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For year ended 30 June 2018

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000	ACTUAL 2017 \$000
REVENUE				
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
Total Revenue	-	-	-	205
EXPENDITURE				
Employee Costs	-	-	-	17
Operating Costs	53	71	18	399
Support Costs	3,758	3,758	-	4,391
Loss On Prop Disposals	-	-	-	-
Finance Cost	-	-	-	-
Depreciation	-	-	-	-
Total Expenditure	3,811	3,829	18	4,807
DEFICIT BEFORE TAX	(3,811)	(3,829)	18	(4,602)
RATES FUNDING REQUIREMENT				
Deficit Before Tax	(3,811)	(3,829)	18	(4,602)
Add Capital Contributions	-	-	-	-
Total Rates Funding Requirement	(3,811)	(3,829)	18	(4,602)
LOAN FUNDING REQUIREMENT				
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	-	-	-	-
Total Loan Funding Repayment	-	-	-	-
TOTAL FUNDING REQUIREMENT	(3,811)	(3,829)	18	(4,602)

SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

There were no significant operating variances from the Annual Plan.

SIGNIFICANT CAPITAL VARIATIONS FROM THE ANNUAL PLAN

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 2014-15	ACHIEVED 2015-16	ACHIEVED 2016-17	ACHIEVED 2017-18	SOURCE OF INFORMATION
Staff turnover Less than 12%	13.66%	6.64%	10.90%	11.37%	Monthly Management Reports
Legal and policy requirements No significant instances of non-compliance	One significant instance of non-compliance	One significant instance of non-compliance	No significant instances of non-compliance	No significant instances of non-compliance	Monthly Management Reports
Work-related accidents No more than four resulting in time off work	Three	Nil	Nil	Four	Monthly Management Reports

SUPPORT SERVICES STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For year ended 30 June 2018

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000	ACTUAL 2017 \$000
REVENUE				
Rates Income	102,082	102,559	(477)	99,311
User Charges	911	954	(43)	808
Operating Subsidies & Grants	-	-	-	-
UHCC Operating Subsidy	-	-	-	-
Capital Subsidies	-	-	-	-
Development Contributions	-	-	-	-
Interest Earned	969	686	283	1,040
Dividends	6	-	6	6
Gain On Prop Disposals	-	-	-	-
Gain On Revaluation Of Financial Instruments	-	-	-	5,152
Vested Assets	-	-	-	-
Other Revenue	268	207	61	419
Total Revenue	104,236	104,406	(170)	106,736
EXPENDITURE				
Employee Costs	9,354	9,164	(190)	9,244
Operating Costs	2,711	2,299	(412)	2,383
Support Costs	(15,700)	(15,696)	4	(15,812)
Loss On Prop Disposals	66	-	(66)	46
Loss On Revaluation Of Financial Instruments	2,875	-	(2,875)	-
Finance Cost	860	918	58	817
Depreciation	1,597	1,775	178	1,828
Total Expenditure	1,763	(1,540)	(3,303)	(1,494)
DEFICIT BEFORE TAX	102,473	105,946	(3,473)	108,230
RATES FUNDING REQUIREMENT				
Surplus Before Tax	102,473	105,946	(3,473)	108,230
Rate Funded Debt Repayment	19,091	14,801	4,290	3,428
Add Capital Contributions	-	-	-	-
Total Rates Funding Requirement	121,563	120,747	816	111,658
LOAN FUNDING REQUIREMENT				
Capital Expenditure - to replace existing assets	(720)	(1,232)	512	(833)
Capital Expenditure - to improve level of service	(440)	(765)	325	(339)
Less Capital Contributions	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-
Less Proceeds From Asset Sales	-	-	-	-
Less Depreciation	1,597	1,775	(178)	1,828
Less Rate Funded Debt Repayment	(19,091)	(14,801)	(4,290)	(3,428)
Total Loan Funding Repayment	(18,654)	(15,023)	(3,631)	(2,772)
TOTAL FUNDING REQUIREMENT	102,910	105,724	(2,814)	108,886

OPERATING PROJECTS

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000
Social Development Projects	24	100	76
Research - Monitoring & Evaluation Of Outcome	86	50	(36)
Neighbourhood Matching Fund	-	50	50
Smokefee Signage	12	14	2

SIGNIFICANT OPERATING VARIATIONS FROM THE ANNUAL PLAN

Rates income was unfavourable due to lower than expected growth. The unfavourable variance in employee costs was mainly due to the organisation restructure during the year which identified the need for additional resources in some areas. The unfavourable variance in operating costs was due to higher costs in IT Infrastructure which were offset by lower IT capital spend plus unbudgeted net rental costs for Apex house. The Loss on Revaluation of Financial Instruments is a non cash unbudgeted item.



CAPITAL PROJECTS ACQUISITIONS AND RENEWALS

	ACTUAL 2018 \$000	BUDGET 2018 \$000	VARIANCE 2018 \$000
Civic Administration Building Maintenance	58	25	(33)
Network storage/Server Hardware and PC Replacement Programme	335	415	80
Pavilion Maintenance	27	30	3
System Maintenance	252	422	170
System Upgrades	45	300	255
Telecommunications	3	40	37
Live Stream Council Chambers	25	25	-
Mobile Devices	-	80	80
Other (IT) Projects	169	325	156
Internet Online Services	11	250	239
Pavilion Alteration for Lease Arrangements	198	-	(198)
The Pavilion Improvements	23	85	62
Water Fountain	14	-	(14)

SIGNIFICANT CAPITAL VARIATIONS FROM THE ANNUAL PLAN

The majority of Capital spend related to investment in the upgrade of Information Technology hardware and network infrastructure to ensure the Council has a resilient, sustainable environment for the future. With the focus on mobility and the ability to work anywhere purchases included laptops and tablets to replace aging desktop hardware, and the purchase and upgrade of software to enable mobility. We also continued to invest in our GIS technologies updating software and completing new aerial photography. All projects were completed within the overall budget. There were unbudgeted costs incurred in preparing the Pavilion for lease after the i-SITE was moved which will be offset by rental revenue from 2018-19.



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 PANELS

Council also works with three statutory community boards covering Eastbourne, Petone and Wainuiomata, and four Council-created community panels 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
- allocate and manage the local community fund to assist and support local community events and initiatives
- undertake any other responsibilities delegated by Council.

Council's four community panels consist of up to five community representatives along with 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.

The role of a community panel is to:

- represent and act as an advocate for the interests of their communities
- discuss, debate and provide feedback to Council on all important local issues, city wide matters of significance, Annual Plans and policy setting
- allocate and manage a Local Community Projects Fund
- allocate and manage the local Community Engagement Fund to assist and support local community events and initiatives.

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.

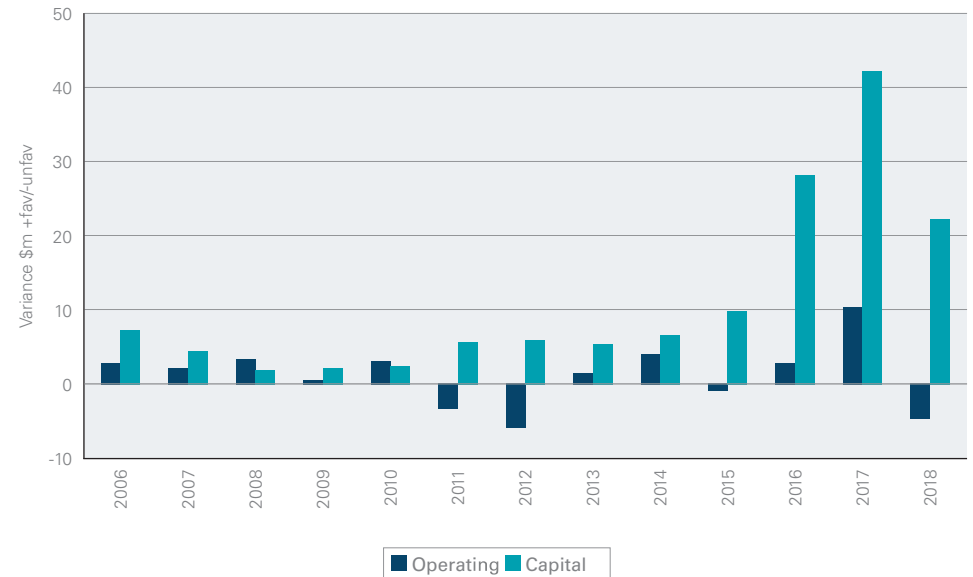
Council monitors the Chief Executive's performance through a series of performance measures and the Chief Executive is accountable to Council through a quarterly reporting process.

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

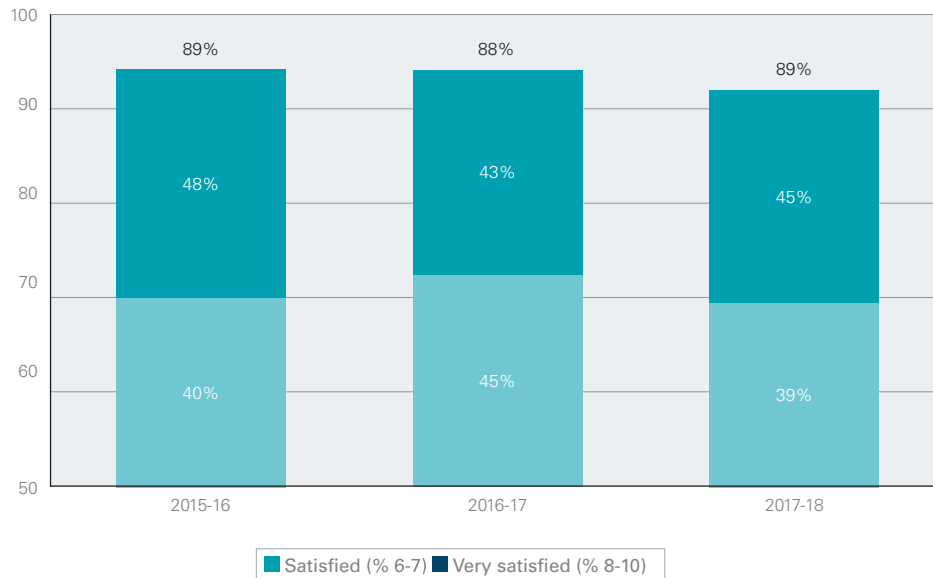
We've developed five key performance indicators for these areas, which are additional to the performance measures and targets for each of our 21 key activities.



BUDGET MANAGEMENT

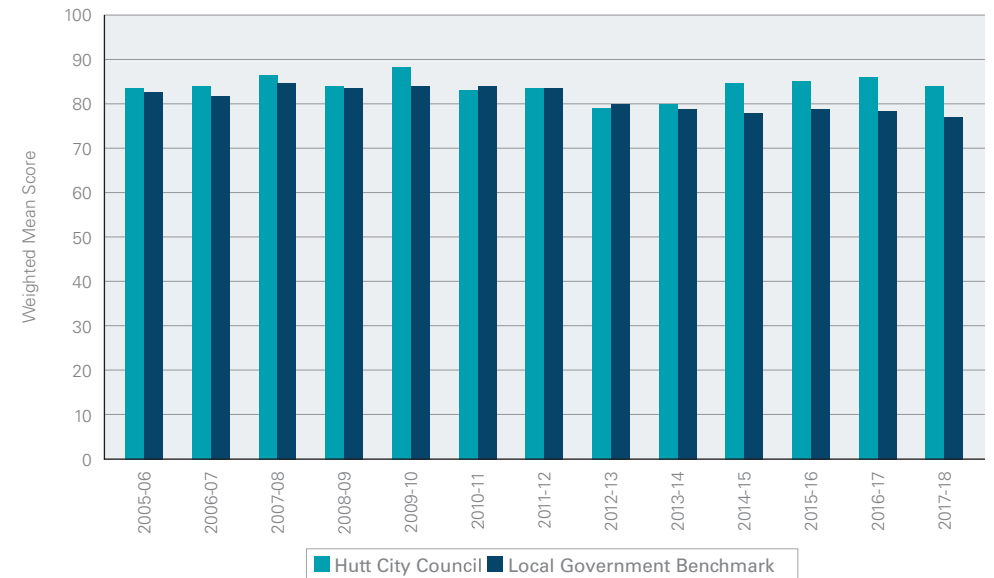
This key performance indicator compares results with budget targets. All activities are expected to operate within net capital and operating budgets.

For 2017-18, excluding the expected gains on asset revaluations, Council budgeted for an operating deficit of \$3.45 million, mainly due to \$9 million 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 greater than budget mainly due to reduced capital subsidies, higher employee costs, and higher depreciation costs, offset by increased user charges and vested assets. Capital expenditure was under budget mainly from delays in completing some Council projects. Most of these projects are due to be completed in 2018-19.



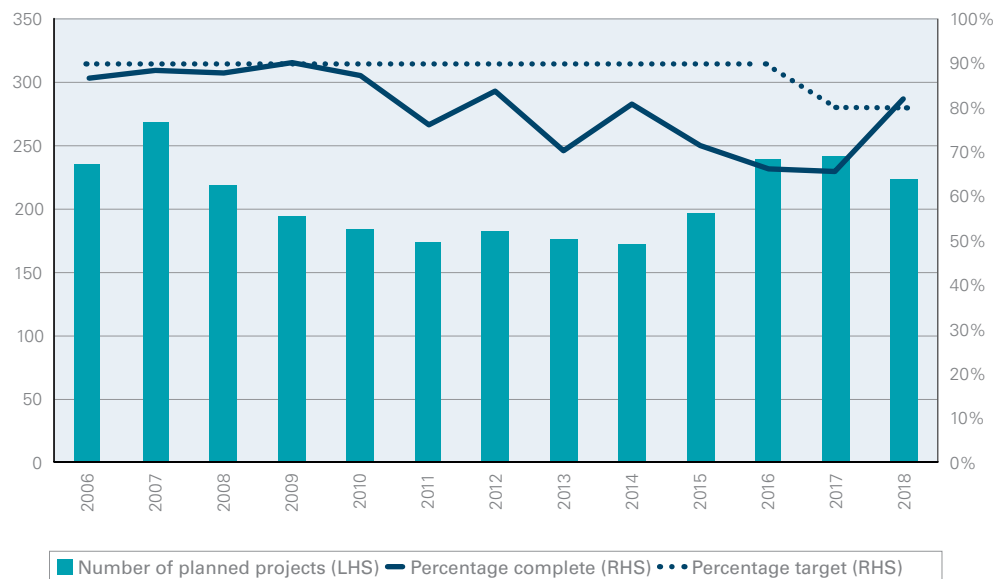
CUSTOMER SATISFACTION

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 over four in five (84%) indicating they are satisfied. While overall satisfaction has dropped slightly, the proportion of residents who are very satisfied has increased slightly.



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 as a percentage of the number of projects that were budgeted. The target for 2017-18 was 80%.

In 2017-18 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 2018-19. The most significant of these are: CFT - Fraser Park Sportsville (\$1.9 million), Making Places Projects (\$1.0 million), Strategic Property Purchases (\$5.6 million), Cycleway/Shared Paths (Beltway, Wainuiomata Hill, Eastern Bays) (\$8.4 million), Cross Valley Link Investigations & Design (\$0.9 million), Civic Precinct Parking and Laings Road Upgrade (\$0.5 million), and Silverstream Landfill Upgrade (\$0.9 million).

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	-	-
2018	-	-

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. We have achieved this target for the second consecutive year.

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 Lower Hutt community without compromising its commercial objectives and environmental responsibilities.

KEY PERFORMANCE TARGETS	2018 TARGET	2018 ACTUAL
Berth occupancy	85%	86%
Trailer park occupancy	95%	99%
Boat yard occupancy	85%	83%
Boat haul out (lifts per year)	550	547
Total revenue	\$2,148,767	\$2,279,739
Net surplus*	\$461,080	\$337,159
Return on Investment**	5.0%	5.8%
Manage and operate the marina within its 2016-17 budget	\$1,687,687	\$1,942,578
Maintain Asset Management Plan as detailed in the operational plan. Completion of maintenance programme	100%	95%
Address non-programmed maintenance within five working days.	100%	81%
Overall Customer Satisfaction	85%	94%
Commercial Pier & Fuel Wharf.	Complete the berths on the south side of H Pier.	The work began in June 2018 and was completed in July 2018. 4 x 14m, 4 x 18m, 1 x 24m and 1 x 26m berths were constructed
Final Stage of pedestrian walkway.	Complete the walkway around the main marina causeway.	Work was started on this project towards the end of 2017 and is substantially completed. However the bad weather in 2018 has meant the project will be completed in 2018/19
North berths on H Pier.	The project was held back as the catamaran berth project on the south side of H Pier took precedent. With the number of twelve metre berths free it was agreed that until the occupancy of this sized berth increased a hold would be put on 10m berths.	Berth development of the 10m berths was put on hold until but would be reviewed in the at the end of the 2018/2019 financial year
Develop a strategy that will encourage the public to use the marina	Upgrade landscaping and public amenities	Pohutakawa trees in planters were installed at the entrance to piers A to E.
	Provide facilities that encourage the general public to the marina	Compass Coffee set up a café on site in 2017 and this has been upgraded with the assistance of Seaview Marina Ltd. This has become a very popular venue for both licensees and the general public. Further enhancements are being considered
	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 an event on the marina to encourage the general public	The second Wellington Boat Show was successfully run at Seaview Marina attracting around 6000 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%

* Net surplus is after interest expense and depreciation

** ROI is calculated as net Surplus/ (Deficit) divided by the opening balance of equity at the start of the year

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 for development.

The Urban Plus Group comprises Urban Plus Limited, UPL Developments Limited (formerly Fairfield Waters Limited), and UPL Limited Partnership (formerly Fairfield Limited Partnership).

KEY PERFORMANCE TARGETS	2018 TARGET	2018 ACTUAL
Property Services		
1.1. Operational expenditure within budget (1).	Operating \$314,259	Achieved \$304,685
1.2. Capital expenditure within budget	Capital \$nil	Achieved Nil capital expenditure
1.3. Achieve not less than a 20% net profit 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 97% 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%	Achieved 83% 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 90% satisfied
Rental Housing		
1.8. Operational expenditure within budget. (1)	Operating \$915,952	Achieved \$746,220
1.9. Capital expenditure within budget	Capital \$717,001	Achieved \$55,892
1.10. Property portfolio gross earnings of greater than 5% before interest, tax, depreciation and amortization (EBITDA)	5%	Achieved 5.4%
1.11. Tenant satisfaction with the provision of the company’s rental housing greater than or equal to 90%. (2)	90%	Achieved 95%
1.12. Percentage of total housing units occupied by low-income elderly greater than or equal to 85%.	85%	Not Achieved 79.6% identified primary source of income NZ National Superannuation.
1.13. Rentals charged shall not be less than 90% of “market” rent.	90%	Not Achieved 80.3%
1.14. Between 6 and 10 new units added to the portfolio aiming to increase portfolio size to 220 units by June 2020	Between 6 and 10 new units by June 2020	Not Achieved No new units added to the portfolio in 2017-18 financial year.
Property Development		
1.15. Operational expenditure within budget (1).	Operating \$751,108	Not Achieved \$879,650
1.16. Capital expenditure within budget	Capital \$2,617,481	Achieved \$1,108,262
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 2017/18
Professional Property Advice		
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 2017/18.

(1) Operating expenditure before depreciation and tax expense

(2) This measure is from a survey of tenants who on a 5 point rating scale, with 3 being ‘neutral’, rated their satisfaction as neutral or better

UPL DEVELOPMENTS LIMITED (FORMERLY FAIRFIELD WATERS LIMITED)

2018 TARGET	2018 ACTUAL
Keep proper books of account and records for UPLDL and UPLLP in accordance with Accounting Standards	Achieved: Proper books of account and records for UPLDL and UPLLP have been kept in accordance with Accounting Standards. This is supported by unmodified audit opinions being issued for UPLDL and UPLLP for the year ended 30 June 2018.
Tender, negotiate and execute on behalf of UPLLP contracts for the Fairfield Waters and other UPLLP developments	Achieved: Fairfield Waters: Contracts negotiated and executed in 2016/17, continued to be managed during 2017/18. Parkview: House construction prices for the Parkview development were tendered and negotiated in 2017/18. House construction contracts are being executed on a lot by lot basis with one lot executed by 30 June 2018. The contract for civil works was tendered and negotiated in 2017/18 and executed in early 2018/19. Contracts for other suppliers are being negotiated and executed as and when required.
Facilitate the payment of contract progress claims for Board approved contracts and payments to other suppliers engaged to provide services or goods to the Fairfield Waters and other ULLP developments/	Achieved: Facilitated the payment of contract progress claims for Fairfield Waters and Parkview developments, as well as payments to other suppliers engaged to provide services or goods on these property development projects.
Organise UPLDL and UPLLP monthly board meetings (excluding December and January), including preparation of agendas and management reports, and recording of meeting minutes.	Achieved: UPLDL and UPLLP board meetings were arranged and held every month from July 2017 to June 2018 except for December 2017 and January 2018. For each board meeting, agendas and various management and financial reports were prepared. Board meeting minutes were recorded and subsequently confirmed as correct or corrected if necessary.

UPL LIMITED PARTNERSHIP (FORMERLY FAIRFIELD LIMITED PARTNERSHIP)

MEASURE	2018 TARGET	2018 ACTUAL
Capital expenditure within budget*	\$7,421,346	Achieved \$5,685,421
Operational expenditure within budget**	\$395,458	Achieved \$294,344
Return after tax and interest***	10.0%	Achieved 25.0%

* Capital expenditure includes interest expenses

** Operational expenditure excludes cost of commercial development sales

*** The return after tax and interest is calculated by taking the company tax rate (28%) off the profit and dividing by cost of development sales and direct costs attributable to the development

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 Lower Hutt.

Lower Hutt 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 Lower Hutt 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 business people, to lead the rejuvenation of key community facilities, including the development of the Taita Community and Sports Centre, Fraser Park Sportville, 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	2018 TARGET	2018 ACTUAL
Operational Management		
Operational expenditure is within budget.	100%	Not 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.	Draft Statement of Intent by 1 March 2018 Final Statement of Intent by 30 June 2018 Half yearly report by 1 March 2018 Annual Report by 30 September 2018	Achieved Not achieved Achieved Achieved
All CFT construction projects have best practice health and safety plans and monitoring in place.	100%	Achieved. CFT receives H&S reports from its main contractor every 10 working days
Facilities Design and Development		
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. (This is conditional because a final account from the Hawkins Orange Receiver and liquidator has not yet been received)
Project Delivery		
Walter Mildenhall Park development	Facility reaches practical completion 1/7/17	Not achieved. The facility achieved a Certificate of Practical Completion in November 2017
Fraser Park Sportville – Stage 2	Facility construction contract unconditional by 1/7/17 (practical completion 1/12/18)	Achieved. A contract with Armstrong Downes was signed on 25/5/17
Stokes Valley Community Hub	Deliver the facility for tenant fit-out by 31/12/17	Achieved. The building was handed over in November 2017
Facilities Management		
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	Not achieved. The lease for the Naenae Bowls Centre is not yet signed. All other building leases are signed.
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. 20 year maintenance plans are on file.
Fundraising		
Fraser Park Sportville	At least \$1,750,000 pledged before 1/12/18	Achieved. Total fund-raising reached \$3,228,000 by 30/6/18. During the 2017/18 year \$2,140,122 was raised.
Walter Mildenhall Park Development	At least \$150,000 pledged by 30/6/18	Achieved. Naming rights for the complex were sold to Ryman Health Care for \$150,000 in May 2018
CFT achieves 80% or better of the agreed fundraising targets set by Council for each of the agreed projects, within the financial year	At least \$2.544m pledged by 30 June 2018	Not achieved. Total fund-raising for all projects during the year reached \$2,290,122

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 Lower Hutt 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	2018 ACTUAL
Compliance with part four of the Drinking Water Standards	Achieved.
Maintain water supply grading from the Ministry of Health	Achieved. 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 ²	Target is 90% of all freshwater sites or an increasing trend - Not achieved 78% ¹
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
Availability of three waters network to customers per council	
Water reticulation – fewer than 4 unplanned supply cuts per 1000 connections	Achieved 2.61
Wastewater – fewer than 1.2 wastewater reticulation incidents per km of pipeline	Achieved 0.52
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 0.03 ²
Water resources preserved for future generations. Measure of awareness of water conservation work and change in behaviour ³ : <ul style="list-style-type: none"> I think I should be conserving more water than I'm currently doing I have the information I need to be able to conserve more water Conserving water where I live is necessary 	<ul style="list-style-type: none"> Target is a decreasing trend - Achieved – 58% Target is an increasing trend – No change 58% New question, no target set – 60%
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% - Not achieved 5.7% ⁴
Sustainable drinking water consumption. Average drinking water consumption/resident/day	Target is 345 L/p/d – Not achieved 378 L/p/d
Complete the regional asset management plan seismic resilience work programme	Work will be completed in Quarter 1 (2018/19). This involves completion of alternative water supply stations and acceptance of procured materials e.g. water storage and distribution bladders and tap stands. This project will achieve its outcome of providing emergency water supply to customers.

- This measure indicates that there may be faults and limitations in the wastewater network that are affecting water quality. Investigations are continuing in a number of catchments to identify public and private network issues. Findings are being used to inform the future works programmes. Improvement of water quality outcomes will depend in part on the implementation of such works.
- There was one confirmed habitable floor affected in the flooding event on the 13th July 2017. Investigations are completed and recommended remedial works have been carried out. Long term options for mitigating the flooding problems have been investigated and options have been assessed. The recommended option will be prioritised and listed in HCC's stormwater upgrade programme for future years.
- Results presented at a regional rather than local level
- Currently not achieved due to capacity limited at Te Marua Water Treatment Plant.

OUR COMMUNITY PARTNERSHIPS

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

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

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

SHARED SERVICES

The bulk of our current shared services are in joint operations with Upper Hutt, overseen by the Hutt Valley Services Committee, a joint committee of the two councils. These include Silverstream landfill, Akatarawa cemetery, the Hutt Valley Trunk Wastewater network including the Seaview Treatment Plant, emergency management, rural fire response, environmental inspections, noise control, dog control, trade waste, eco design advice and swimming pool audit services. In addition we work together to achieve administrative and operating efficiencies in the roading area, participate in the SMART library shared services collaboration, and are part of Wellington Water Limited, a Council Controlled Organisation providing water services to the region, owned by Hutt City Council, Upper Hutt City Council, Porirua City Council, Wellington City Council and Greater Wellington Regional Council. Other initiatives underway include joint District Plan changes, exploration of potential Human Resources shared service opportunities, and the GoShift programme aimed at standardizing and simplifying the building consents process. Council also works closely with Upper Hutt City Council on community and economic development initiatives.

PARTNERSHIPS WITH MĀORI

*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.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF HUTT CITY COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

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 17 October 2018. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 97 to 145:
 - present fairly, in all material respects:
 - the City Council and Group's financial position as at 30 June 2018;

- 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 101, 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 how we measure success of our services) on pages 12 to 82:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2018, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 12 to 82, 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 12 to 82, presents fairly, in all

material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's long term plan.

Report on the disclosure requirements

We report that the City Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 146 to 149, which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council and Group's audited information and, where applicable, the City Council's long term plan and annual plans.

Basis for opinion on the audited information

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

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

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

Responsibilities of the Council for the audited information

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

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

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

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

Responsibilities of the auditor for the audited information

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

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

For the budget information reported in the audited information, our procedures were limited to checking that

the budget information agreed to the City Council's annual plan and long term plan.

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the 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 3 to 11, 84 to 93 and 150 to 155, but does not include the audited information and the disclosure requirements.

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

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

Independence

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

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



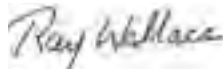
Andrew Clark
Audit New Zealand

*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
17 OCTOBER 2018



Tony Stallinger
CHIEF EXECUTIVE
17 OCTOBER 2018

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

For year ended 30 June 2018

	NOTES	COUNCIL			GROUP	
		ACTUAL 2018 \$000	BUDGET 2018 \$000	ACTUAL 2017 \$000	ACTUAL 2018 \$000	ACTUAL 2017 \$000
Revenue						
Rates	4.	102,082	102,559	99,311	102,091	99,089
Fees, charges and metered rates for water supply	5.	36,965	35,241	33,409	41,061	37,416
Development and financial contributions		1,030	561	450	1,030	450
Subsidies and grants	5.	13,258	17,418	10,523	13,258	10,523
Finance income	6.	969	686	1,040	408	335
Other revenue	5.	6,562	5,662	7,373	7,613	8,184
Gain on revaluation of financial instruments	7.	-	-	5,152	-	5,152
Gain on disposal	7.	18	-	692	10,088	2,183
Total revenue	3.	160,884	162,127	157,950	175,549	163,332
Expenses						
Employee costs	8.	34,532	33,491	32,338	35,866	33,546
Other expenses	9.	90,914	90,072	83,015	91,687	79,973
Finance costs	6.	7,039	7,193	6,145	7,039	6,145
Loss on disposal	7.	-	-	-	-	-
Loss on revaluation of financial instruments	7.	2,875	-	-	2,875	-
Depreciation and amortisation expenses	16 - 18.	36,727	34,824	35,478	38,326	36,610
Total expense		172,087	165,580	156,976	175,793	156,274
Share of associate's surplus/(deficit)	19.	-	-	-	(6)	(52)
Surplus/(deficit) before tax		(11,203)	(3,453)	974	(250)	7,006
Income tax expense/(benefit)	10.	-	-	-	(247)	-
Surplus/(deficit) after tax		(11,203)	(3,453)	974	(3)	7,006
Surplus/(deficit) attributed to Hutt City Council:		(11,203)	(3,453)	974	(3)	7,006
Other comprehensive revenue and expenses						
<i>Items that will not be reclassified to surplus/(deficit)</i>						
Gain/(losses) on property revaluations	26.	69,781	72,313	-	74,801	6,054
Impairment of property plant and equipment		-	-	-	-	-
Deferred tax on revaluation	10.	-	-	-	(310)	-
Total other comprehensive revenue and expenses		69,781	72,313	-	74,491	6,054
Total comprehensive revenue and expenses		58,578	68,860	974	74,488	13,060
Total comprehensive revenue and expenses attributed to Hutt City Council:		58,578	68,860	974	74,488	13,060

Explanations of the major variances against budget are provided in note 33.

The accompanying notes form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

For year ended 30 June 2018

	NOTES	COUNCIL			GROUP	
		ACTUAL 2018 \$000	BUDGET 2018 \$000	ACTUAL 2017 \$000	ACTUAL 2018 \$000	ACTUAL 2017 \$000
Balance at 1 July		1,253,892	1,247,404	1,252,918	1,292,387	1,279,327
Total comprehensive revenue and expenses for the year		58,578	68,860	974	74,488	13,060
Balance at 30 June	26.	1,312,470	1,316,264	1,253,892	1,366,875	1,292,387
Total comprehensive revenue and expenses attributed to Hutt City Council:		58,578	68,860	974	74,488	13,060
Total comprehensive revenue and expenses		58,578	68,860	974	74,488	13,060

Explanations of the major variances against budget are provided in note 33.

The accompanying notes form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

For year ended 30 June 2018

	NOTES	COUNCIL			GROUP	
		ACTUAL 2018 \$000	BUDGET 2018 \$000	ACTUAL 2017 \$000	ACTUAL 2018 \$000	ACTUAL 2017 \$000
Assets						
Current assets						
Cash and cash equivalents	11.	871	5,069	8,720	11,474	14,076
Debtors and other receivables	12.	14,854	13,502	12,397	14,263	12,371
Inventories	14.	1,595	-	2,289	4,260	6,176
Derivative financial instruments	13.	-	-	111	-	111
Prepayments		1,418	-	858	1,652	874
Accrued interest		192	-	192	192	205
Other assets	20.	24,000	4,876	18,400	20,000	7,700
Non-current assets held for sale	15.	920	507	920	920	920
Total current assets		43,850	23,954	43,887	52,761	42,433
Non-current assets						
Property, plant and equipment	16.	1,434,833	1,483,932	1,354,139	1,499,136	1,403,876
Intangible assets	17.	2,104	4,409	2,334	2,105	2,335
Assets under construction	16.	45,534	-	25,937	53,412	36,438
Derivative financial instruments	13.	-	-	-	-	-
Non-current receivable		858	-	858	858	858
Investment in associate	19.	200	200	200	325	331
Other financial assets	20.					
- Investment in CCO's and other similar entities		27,777	30,609	20,197	2,532	1,652
- Investment in other entities		494	494	494	494	494
Total other financial assets		28,271	31,103	20,691	3,026	2,146
Total non-current assets		1,511,800	1,519,644	1,404,159	1,558,862	1,445,984
Total assets		1,555,650	1,543,598	1,448,046	1,611,623	1,488,417

	NOTES	COUNCIL			GROUP	
		ACTUAL 2018 \$000	BUDGET 2018 \$000	ACTUAL 2017 \$000	ACTUAL 2018 \$000	ACTUAL 2017 \$000
Liabilities						
Current liabilities						
Borrowings	22.	29,039	17,940	20,780	29,039	20,780
Derivative financial instruments	13.	3	-	30	3	30
Creditors and other payables	21.	27,345	21,481	23,349	28,488	24,858
Employee entitlements	23.	2,242	1,911	2,067	2,318	2,151
Provisions - current	24.	174	-	171	174	171
Other liabilities	25.	5,012	5,285	4,964	5,298	5,247
Total current liabilities		63,815	46,617	51,361	65,320	53,237
Non-current liabilities						
Borrowings	22.	163,000	161,481	129,057	163,000	129,057
Employee entitlements	23.	616	778	638	616	638
Derivative financial instruments	13.	10,449	-	7,658	10,449	7,658
Provisions - non current	24.	5,300	18,458	5,440	5,300	5,440
Deferred tax liability	10.	-	-	-	63	-
Total non-current liabilities		179,365	180,717	142,793	179,428	142,793
Total liabilities		243,180	227,334	194,154	244,748	196,030
Net assets (assets minus liabilities)		1,312,470	1,316,264	1,253,892	1,366,875	1,292,387
Equity						
Accumulated funds	26.	686,316	702,060	712,833	721,427	736,784
Reserves	26.	626,154	614,204	541,059	645,448	555,603
Total Equity (attributable to Hutt City Council)		1,312,470	1,316,264	1,253,892	1,366,875	1,292,387

Explanations of the major variances against budget are provided in note 33.

The accompanying notes form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

For year ended 30 June 2018

	NOTES	COUNCIL			GROUP	
		ACTUAL 2018 \$000	BUDGET 2018 \$000	ACTUAL 2017 \$000	ACTUAL 2018 \$000	ACTUAL 2017 \$000
Cash flows from operating activities						
Cash was provided from:						
Receipts from rates and levies - Council		102,065	102,559	99,476	102,074	99,254
Receipts from rates and levies - GWRC*		28,126	27,788	26,749	28,126	26,749
Receipts from user charges and other income		53,763	58,040	51,476	59,489	56,527
Receipts from sales of commercial developments		697	-	653	285	285
Interest received		970	686	930	427	206
Net GST received from Inland Revenue **		-	-	-	-	-
		185,620	189,073	179,285	190,400	183,022
Cash was applied to:						
Payments to employees		(34,379)	(33,491)	(32,322)	(35,721)	(33,527)
Payments to suppliers		(89,735)	(90,072)	(83,246)	(91,097)	(79,699)
Purchase of inventory held for commercial development		-	-	-	1,466	(2,139)
Interest paid		(6,774)	(7,193)	(5,692)	(6,774)	(5,692)
Net GST paid to Inland Revenue **		(140)	-	(26)	(155)	(63)
Rates and levies passed to GWRC*		(27,912)	(27,788)	(26,284)	(27,912)	(26,284)
		(158,940)	(158,544)	(147,570)	(160,193)	(147,404)
Net cash flows from operating activities		26,681	30,529	31,714	30,208	35,617

	NOTES	COUNCIL			GROUP	
		ACTUAL 2018 \$000	BUDGET 2018 \$000	ACTUAL 2017 \$000	ACTUAL 2018 \$000	ACTUAL 2017 \$000
Cash flows from investing activities						
Cash was provided from:						
Receipts from sale of property, plant and equipment		2,441	9,600	1,128	12,698	4,201
Other investment receipts		-	-	-	-	-
		2,441	9,600	1,128	12,698	4,201
Cash was applied to:						
Purchase of property, plant and equipment		(66,211)	(76,859)	(49,254)	(74,745)	(55,205)
- less UHCC capital contribution		556	540	321	556	321
Purchase of assets under construction		-	-	-	-	-
Purchase of intangible assets		(339)	(1,997)	(191)	(339)	(191)
Other payments and investments		(13,179)	-	(7,988)	(13,182)	(7,988)
		(79,173)	(78,316)	(57,112)	(87,710)	(63,063)
Net cash flows from investing activities		(76,732)	(68,716)	(55,983)	(75,012)	(58,861)
Cash flows from financing activities						
Cash was provided from:						
Proceeds from borrowings		62,984	94,671	30,416	62,984	30,416
Cash was applied to:						
Repayment of borrowings		(20,782)	(56,484)	(2,496)	(20,782)	(2,496)
Net cash flows from financing activities		42,202	38,187	27,920	42,202	27,920
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		(7,849)	-	3,651	(2,602)	4,676
Cash, cash equivalents and bank overdrafts at the beginning of the year		8,720	5,069	5,069	14,076	9,400
Cash, cash equivalents and bank overdrafts at the end of the year	11.	871	5,069	8,720	11,474	14,076

* 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.

STATEMENT OF CASH FLOWS (CONTINUED)

For year ended 30 June 2018

	COUNCIL		GROUP	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Surplus after tax	(11,203)	974	(3)	7,006
Add/(less) non-cash items:				
Depreciation and amortisation	36,727	35,478	38,326	36,610
Share of associates (surplus)/deficit	-	-	6	52
Net bad debts/impairment expense	194	(198)	194	(220)
Gain/(Loss) on revaluation of financial instruments	2,875	(5,152)	2,875	(5,152)
Landfill and weather tight home provision	(137)	(786)	(137)	(786)
Vested Assets	(1,619)	(1,746)	(1,619)	(1,746)
Income tax expense	-	-	(247)	-
Add/(less) movements in working capital:				
(Increase)/decrease in accounts receivable and other assets	(2,519)	1,985	(1,110)	(483)
Increase/(decrease) in creditors	2,180	1,488	1,814	1,945
Increase in provisions and other liabilities	201	363	197	574
Add/(less) items classified as investing activities:				
Surplus on sale of property, plant and equipment and other movements	(18)	(692)	(10,088)	(2,183)
Net cash inflows from operating activities	26,681	31,714	30,208	35,617

The accompanying notes form an integral part of these Financial Statements.

FUNDING IMPACT STATEMENT

For year ended 30 June 2018 (Whole of Council)

	COUNCIL				
	ACTUAL 2018 \$000	LTP 2018 \$000	ANNUAL PLAN 2018 \$000	ACTUAL 2017 \$000	BUDGET 2017 \$000
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	70,263	68,602	70,818	67,777	67,477
Targeted rates	31,820	33,276	31,741	31,534	31,529
Subsidies and grants for operating purposes	6,517	6,763	6,631	6,738	6,942
Fees and charges	36,965	36,051	35,241	33,409	33,202
Local authorities fuel tax, fines, infringement fees, and other receipts	7,521	7,270	6,348	14,336	6,656
Total operating funding (A)	153,086	151,962	150,779	153,794	145,806
Applications of operating funding					
Payments to staff and suppliers	125,446	109,201	123,563	115,349	125,340
Finance costs	7,039	9,899	7,193	6,145	7,187
Other operating funding applications	2,964	-	-	249	-
Total applications of operating funding (B)	135,449	119,100	130,756	121,743	132,527
Surplus (deficit) of operating funding (A-B)	17,637	32,862	20,023	32,051	13,279
Sources of capital funding					
Subsidies and grants for capital expenditure	7,414	5,840	11,327	4,277	8,563
Development and financial contributions	1,030	653	561	448	561
Increase (decrease) in debt	39,987	(5,091)	37,345	11,891	68,708
Gross proceeds from sale of assets	103	1,710	9,600	1,217	1,075
Total sources of capital funding (C)	48,534	3,112	58,833	17,833	78,907
Application of capital funding					
Capital expenditure					
- to improve level of service	47,936	17,262	62,574	33,285	66,009
- to replace existing assets	18,235	18,712	16,282	16,599	26,177
Total applications of capital funding (D)	66,171	35,974	78,856	49,884	92,186
Surplus (deficit) of capital funding (C-D)	(17,637)	(32,862)	(20,023)	(32,051)	(13,279)
Funding balance ((A-B)+(C-D))	-	-	-	-	-

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 of Urban Plus limited and its 100% owned subsidiaries UPL Development Limited and UPL Limited Partnership. 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. Council does not operate to make a financial return. Accordingly, Council has designated itself and the Group as public benefit entities (PBE's) for financial reporting purposes.

The Financial Statements of Council and Group are for the year ended 30 June 2018. The financial statements were authorised for issue by Council on 17 October 2018.

BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the year.

Statement of compliance

The Financial Statements of the Council and Group have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), 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), other than the remuneration and the severance payment disclosed in Note 28 and 29 which are rounded to the nearest dollar.

Standards issued and not yet effective and not early adopted

Impairment of revalued assets

In April 2017, the XRB issued Impairment of Revalued Assets, which now clearly scopes revalued property, plant, and equipment into the impairment accounting standards. Previously, only property, plant, and equipment measured at cost were scoped into the impairment accounting standards. Under the amendment, a revalued asset can be impaired without having to revalue the entire class-of asset to which the asset belongs. This amendment is effective for the 30 June 2020 financial statements, with early adoption permitted.

Financial instruments

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. This replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for financial years beginning on or after 1 January 2021, with earlier application permitted. The main changes under the standard relevant to Council are:

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

Council has not yet assessed in detail the impact of the new standard. Based on an initial assessment, Council anticipates that the standard will not have a material effect on Council's financial statements.

Other changes in accounting policies

There have been no changes in accounting policies.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below.

Basis of consolidation

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

Foreign currency transactions

Foreign currency transactions (including those subject to forward foreign exchange contracts) are translated into NZ\$ (the functional currency) using the spot exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit in the Statement of Comprehensive Revenue and Expenses.

Goods and services tax (GST)

Items in the Financial Statements are stated exclusive of GST, except for receivables and payables, which are presented 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 approved by Council in its Annual Plan 2017-18. The budget figures have been prepared in accordance with NZ GAAP using accounting policies adopted by Council for the preparation of these Financial Statements.

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 Council outside the Long Term Plan process.

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 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 are 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 2018:

Classification of property

The Council and Group own a number of properties held to improve 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 OF ACTIVITIES

Accounting Policy

The cost of service for each significant activity of Council has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

There have been no changes to the cost allocation methodology during the year.

Breakdown of summary revenue and expenditure for group of activities

	COUNCIL			
	ACTUAL 2018 \$000	BUDGET 2018 \$000	ACTUAL 2017 \$000	BUDGET 2017 \$000
Revenue				
01 - Integrated Comm Services	7,144	7,317	5,737	6,875
02 - Parks & Reserves	2,860	1,734	2,925	2,859
03 - Community Facilities	-	-	-	-
04 - Regulatory Services	2,681	2,515	2,535	2,307
05 - Emergency Management	-	10	(12)	-
06 - Local Urban Environment	296	352	569	432
07 - Economic Development	179	150	207	150
08 - Environmental Consents	4,028	3,541	3,557	3,234
09 - Environmental Policy	4	-	194	-
10 - City Promotions	203	716	464	724
11 - Roading & Traffic	17,157	20,730	13,260	17,875
12 - Water Supply	3,327	2,710	2,852	2,585
13 - Wastewater	4,791	4,074	4,154	4,589
14 - Stormwater	312	184	436	178
15 - Solid Waste	13,730	13,685	14,169	12,970
16 - Elected Members	2	-	5	-
17 - Advice & Support	-	-	205	200
18 - Support Services	33,911	40,367	38,916	35,418
Total activity revenue	90,625	98,085	90,173	90,396
General rates	70,259	64,042	67,777	64,042
Total revenue	160,884	162,127	157,950	154,438

	COUNCIL			
	ACTUAL 2018 \$000	BUDGET 2018 \$000	ACTUAL 2017 \$000	BUDGET 2017 \$000
Expenditure				
01 - Integrated Comm Services	32,891	31,748	30,020	29,704
02 - Parks & Reserves	14,577	14,383	14,372	13,362
03 - Community Facilities	9,551	10,350	5,553	16,199
04 - Regulatory Services	4,533	4,531	4,409	4,191
05 - Emergency Management	915	715	764	843
06 - Local Urban Environment	4,392	4,495	3,817	5,431
07 - Economic Development	5,373	5,440	3,394	4,276
08 - Environmental Consents	5,735	5,803	5,039	5,311
09 - Environmental Policy	1,254	1,343	1,279	1,394
10 - City Promotions	764	981	1,039	1,216
11 - Roading & Traffic	30,446	29,607	29,490	30,283
12 - Water Supply	17,186	16,525	16,281	15,929
13 - Wastewater	20,540	20,089	20,560	20,373
14 - Stormwater	8,006	7,174	7,429	7,503
15 - Solid Waste	8,715	8,394	8,494	7,539
16 - Elected Members	1,699	1,720	1,769	1,973
17 - Advice & Support	3,811	3,830	4,807	4,800
18 - Support Services	1,699	(1,548)	(1,540)	(1,327)
Total activity expenditure	172,087	165,580	156,976	169,000
Total operating expenditure	172,087	165,580	156,976	169,000
Surplus/(deficit) before tax	(11,203)	(3,453)	974	(14,562)

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

The 2017 results have been reorganised based on the new activity structure.

3. REVENUE BY EXCHANGE AND NON-EXCHANGE TRANSACTIONS

	COUNCIL		GROUP	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Exchange revenue				
Fees, charges and targeted rates for water supply - Exchange	16,516	16,504	18,470	18,347
Other Revenue - Exchange	495	690	708	846
Gain on revaluation of financial instruments	-	5,152	-	5,152
Finance income - Exchange	969	1,040	408	335
Total exchange revenue	17,980	23,386	19,586	24,680
Non-exchange revenue				
Rates, excluding targeted water supply rates - Non exchange	102,082	99,311	102,091	99,089
Fees, charges and targeted rates for water supply - Non exchange	20,449	16,905	22,182	18,664
Subsidies and grants - Non exchange	13,258	10,523	13,258	10,523
Other revenue - Non exchange	6,067	6,683	7,313	7,742
Development and financial contributions - Non exchange	1,030	450	1,029	450
Gain on disposal - Non exchange	18	692	10,088	2,183
Total non-exchange revenue	142,904	134,564	155,961	138,652
Total revenue exchange and non-exchange	160,884	157,950	175,548	163,332

4. RATES REVENUE

Accounting Policy

Rates revenue is measured at fair value.

General rates, targeted rates (excluding water-by-meter) and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivable and subsequent recognition of interest revenue.

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. Refer to note 5.

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.

Breakdown of rates and further information

	COUNCIL		GROUP	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
General rates	70,259	67,777	70,268	67,555
Targeted rates attributable to activities:				
- water supply (excluding metered water supply rates)	13,892	13,379	13,892	13,379
- wastewater	16,446	16,680	16,446	16,680
- recycling	1,347	1,337	1,347	1,337
- Jackson street programme	134	133	134	133
- private drains	4	5	4	5
Total rates (excluding metered water supply rates)	102,082	99,311	102,091	99,089

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 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 2018 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

COUNCIL		
	2018 \$000	2017 \$000
Rates, excluding targeted water supply rates	102,082	99,311
	102,082	99,311

Rates remissions

Rates revenue is shown net of rates remissions, totalling \$295,000 (2017 \$292,000). Council's rate remission policy (set out in detail in the 2015-2025 LTP) allows 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 Council's rates remission policy.

Rates remissions

	COUNCIL		GROUP	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Total gross rates, excluding targeted water supply rates	102,377	99,603	102,386	99,381
Rates remissions:				
- Schools	195	205	195	205
- Kindergartens/playcentres	10	8	10	8
- Sports bodies	3	4	3	4
- Churches	30	30	30	30
- Hospitals	18	20	18	20
- Other	11	11	11	11
- Penalty remissions	28	14	28	14
Total rates remissions	295	292	295	292
Rates (net of remissions), excluding metered water supply rates	102,082	99,311	102,091	99,089

5. USER CHARGES AND SUBSIDIES RECEIVED

Accounting Policy

User charges and subsidies revenue are measured at fair value. Specific accounting policies for significant revenue items are explained below.

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.

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.

Building and resource consent revenue (regulatory revenue)

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

Entry fees

Entry fees are fees charged to users of the Council's local facilities such as pools and gymnasiums. Revenue for entry fees is recognised upon entry to such facilities.

Landfill fees (solid waste collection and disposal)

Fees for disposing of waste at the Council's landfills are recognised as waste is disposed by users.

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.

Other grants received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when the conditions of the grant are satisfied.

Dividends

Dividends are recognised when the right to receive the payment is established, which is generally when shareholders approve the dividend.

Development and financial contributions

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service 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.

Sales of goods

Revenue from the sale of goods is recognised when a product is sold to the customer.

Donated and bequeathed financial 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).

Breakdown of user charges and subsidies received

	COUNCIL		GROUP	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Fees, charges and metered rates for water supply				
Rent	1,362	1,340	5,459	5,355
Water by meter	2,815	2,420	2,814	2,412
Parking fees	1,790	1,381	1,790	1,381
Service and entry fees	4,255	3,392	4,255	3,392
Solid waste collection and disposal	13,701	14,083	13,701	14,083
Other user charges	1,339	1,121	1,339	1,121
Regulatory revenue	8,188	6,567	8,188	6,567
Penalties	3,515	3,105	3,515	3,105
Total fees, charges and metered rates for water supply	36,965	33,409	41,061	37,416
Subsidies and grants				
Operating subsidies	20	25	20	25
New Zealand Transport Agency	10,947	7,948	10,947	7,948
Upper Hutt City Council	2,239	2,498	2,239	2,498
Other government	52	52	52	52
Total subsidies and grants	13,258	10,523	13,258	10,523
Other revenue				
Dividends	6	6	6	6
Vested assets	1,619	1,746	1,619	1,746
Petrol tax	365	404	365	404
Sale of goods	495	690	708	846
Insurance proceeds	-	-	75	-
Miscellaneous revenue	4,077	4,527	4,840	5,182
Total other revenue	6,562	7,373	7,613	8,184

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

6. FINANCE INCOME AND FINANCE COSTS

Accounting Policy

Interest income is recognised using the effective interest method.

Borrowing/Finance 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.

Breakdown of finance income and finance costs

	COUNCIL		GROUP	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Finance income				
Interest revenue				
- call and term deposits	277	232	408	335
- related party deposits	692	808	-	-
Total finance income	969	1,040	408	335
Finance costs				
Interest expense				
- interest on bank borrowings	6,767	5,857	6,767	5,857
- discount unwind on provisions (note 24)	272	288	272	288
Total finance costs	7,039	6,145	7,039	6,145
Net finance costs	6,070	5,105	6,631	5,810

7. GAINS AND LOSSES

	COUNCIL		GROUP	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Non-financial instruments				
Property, plant and equipment gains/(losses) on disposal	18	692	10,088	2,183
Total non-financial instruments gains/(losses)	18	692	10,088	2,183
Financial instruments				
Gains/(Losses) on held for trading derivative financial instruments:				
- interest rate swaps	(2,875)	5,152	(2,875)	5,152
Total financial instruments gains/(losses)	(2,875)	5,152	(2,875)	5,152
Total gains/(losses)	(2,857)	5,844	7,213	7,335

8. EMPLOYEE COSTS

	COUNCIL		GROUP	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Salaries and wages	32,423	30,561	33,664	31,714
Recruitment costs	135	137	139	139
Training	542	579	551	585
ACC	62	97	69	100
Other employee costs	447	363	526	400
Retiring and long service leave	(23)	(139)	(21)	(137)
Defined contribution plan employer contributions	793	724	793	724
Increase/(decrease) in employee entitlements/liabilities	153	16	145	21
Total employee costs	34,532	32,338	35,866	33,546

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

9. OPERATING COSTS

	COUNCIL		GROUP	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Auditors' fees				
- for auditing the financial statements	179	177	263	257
- for auditing the 2019 Long Term Plan	94	-	94	-
Audit fees for the financial statements - other auditors	-	-	-	-
Audit related fees for assurance services	4	-	4	-
Impairment of receivables	206	(201)	210	(197)
Directors' fees	-	1	118	138
Entertainment	32	19	35	24
Grants	1,212	1,472	1,212	1,472
Insurance	2,100	1,894	2,407	2,123
Inventories	468	475	468	477
Legal services	371	374	396	393
Other specialist services	4,373	3,695	4,627	3,877
Impairment of property, plant and equipment	866	653	1,018	697
Total remuneration to councillors	845	818	845	818
Minimum lease payments under operating leases	1,488	1,454	1,534	1,499
Operational contracts	26,839	27,752	26,492	27,377
Maintenance	11,936	11,225	12,376	11,685
GWRC bulk water charges	8,117	7,394	8,117	7,396
Energy costs	3,168	3,262	3,265	3,298
Other expenses	28,616	22,551	28,206	18,639
Total operating costs	90,914	83,015	91,687	79,973

10. TAXATION

Accounting policy

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.

Breakdown of taxes and other information

	COUNCIL		GROUP	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Components of tax expense				
Deferred tax expense	-	-	(247)	-
Tax expense/(benefit)	-	-	(247)	-
Relationship between tax expense and accounting surplus				
Net surplus/(deficit) before tax	(11,203)	974	(250)	7,006
Tax at 28%	(3,137)	273	(70)	1,962
Plus/(less) tax effect of:				
Non-deductible expenditure	3,137	-	3,139	1
Non-taxable revenue	-	(273)	(2,390)	(1,755)
Prior year adjustment	-	-	-	-
Tax losses recognised	-	-	-	236
Tax losses not previously recognised	-	-	-	(331)
Deferred tax adjustment	-	-	(926)	(113)
Tax expense/(benefit)	-	-	(247)	-

DEFERRED TAX ASSET/(LIABILITY)	PROPERTY, PLANT AND EQUIPMENT	OTHER PROVISIONS	TAX LOSSES	DEFERRED TAX ASSET/ (LIABILITY)
Council				
Balance at 30 June 2016	-	-	-	-
Balance at 30 June 2017	-	-	-	-
Balance at 30 June 2018	-	-	-	-
Group				
Balance at 30 June 2016	(2,534)	21	2,513	-
Charged to surplus or deficit	(648)	4	644	-
Charged to equity	-	-	-	-
Balance at 30 June 2017	(3,182)	25	3,157	-
Charged to surplus or deficit	448	(4)	(197)	247
Charged to equity	(310)	-	-	(310)
Balance at 30 June 2018	(3,044)	21	2,960	(63)

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 \$1,032,637 (2017: \$2,086,924), with a tax effect of \$289,138 (2017: \$584,339). The losses are available for offset against future assessable income.

Council is expecting to transfer tax losses of \$1,170,000 to UPL by loss offset to eliminate the tax liability in UPL.

The Group has unrecognised tax losses available to carry forward of \$nil (2017: \$2,658,718), with a tax effect of \$nil (2017: \$774,441).

II. CASH AND CASH EQUIVALENTS

Accounting policy

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.

Breakdown of cash and cash equivalents and further information

	COUNCIL		GROUP	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Cash at bank and on hand	871	3,720	11,474	6,076
Term deposits with maturities less than three months	-	5,000	-	8,000
Cash and Cash Equivalents	871	8,720	11,474	14,076

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 \$85,000 (2017: \$84,000), 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	
		2018 \$000	2017 \$000	2018 \$000	2017 \$000
Cash at bank and on hand		871	3,720	11,474	6,076
Term deposits with original maturities less than three months		-	5,000	-	8,000
Bank overdraft	22.	-	-	-	-
Total		871	8,720	11,474	14,076

12. DEBTORS AND OTHER RECEIVABLES

Accounting policy

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

A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

Breakdown of debtors and other receivables and further information

	COUNCIL		GROUP	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Rates receivable	3,106	3,109	3,106	3,109
Other receivables:				
- Amounts due from related parties (note 30)	1,279	435	-	-
- GST receivable	1,894	1,754	1,976	1,821
- Other receivables	9,112	7,442	9,723	7,789
Total other receivables	12,285	9,631	11,699	9,610
Gross debtors and other receivables	15,391	12,740	14,805	12,719
Less provision for impairment	(537)	(343)	(542)	(348)
Total debtors and other receivables	14,854	12,397	14,263	12,371
Total receivables comprise of:				
Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements and charges that are partly subsidised by rates	12,904	11,289	13,593	11,697
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	1,950	1,108	670	674
	14,854	12,397	14,263	12,371

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.

Uncollectibility/Impairment

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 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 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 (2017: \$nil).

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

	2018			2017		
	GROSS \$000	IMPAIRMENT \$000	NET \$000	GROSS \$000	IMPAIRMENT \$000	NET \$000
Rates receivables						
Council						
Not past due	-	-	-	-	-	-
Past due 1-60 days	2,926	-	2,926	2,935	-	2,935
Past due 61-120 days	-	-	-	-	-	-
Past due >120 days	180	-	180	174	-	174
Total	3,106	-	3,106	3,109	-	3,109
Group						
Not past due	-	-	-	-	-	-
Past due 1-60 days	2,926	-	2,926	2,935	-	2,935
Past due 61-120 days	-	-	-	-	-	-
Past due >120 days	180	-	180	174	-	174
Total	3,106	-	3,106	3,109	-	3,109
Other receivables						
Council						
Not past due	10,775	-	10,775	8,542	-	8,542
Past due 1-30 days	501	-	501	352	-	352
Past due 31-60 days	230	-	230	197	-	197
Past due >60 days	779	-537	242	540	-343	197
Total	12,285	-537	11,748	9,631	-343	9,288
Group						
Not past due	10,183	-	10,183	8,470	-	8,470
Past due 1-30 days	504	-	504	352	-	352
Past due 31-60 days	230	-	230	197	-	197
Past due >60 days	782	-542	240	591	-348	243
Total	11,699	-542	11,157	9,610	-348	9,262
Total receivables - Council	15,391	-537	14,854	12,740	-343	12,397
Total receivables - Group	14,805	-542	14,263	12,719	-348	12,371

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 Council's pool of debtors. Expected losses have been determined based on an analysis of Council's losses in previous periods, and review of specific debtors as detailed below:

	COUNCIL		GROUP	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Individual impairment	65	90	70	95
Collective impairment	472	253	472	253
Total provision for impairment	537	343	542	348

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	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Not past due	-	-	-	-
Past due 1-30 days	-	-	-	-
Past due 31-60 days	-	-	-	-
Past due > 60 days	65	90	70	95
Total individual impairment	65	90	70	95

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

	COUNCIL		GROUP	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
At 1 July	343	543	348	568
Additional provisions made during the year	194	-	194	-
Provisions reversed during the year	-	(200)	-	(220)
Receivables written-off during the period	-	-	-	-
At 30 June	537	343	542	348

Council and group holds no collateral as security or other credit enhancements over receivables that are either past due or uncollectable.

13. DERIVATIVE FINANCIAL INSTRUMENTS

Accounting policy

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.

Breakdown of derivative financial instruments

	COUNCIL		GROUP	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Current asset portion				
Interest rate swaps - fair value hedges	-	-	-	-
Interest rate swaps - cash flow hedges	-	-	-	-
Interest rate swaps - held for trading	-	111	-	111
Total current asset portion	-	111	-	111
Non-current asset portion				
Interest rate swaps - fair value hedges	-	-	-	-
Interest rate swaps - cash flow hedges	-	-	-	-
Interest rate swaps - held for trading	-	-	-	-
Total non-current asset portion	-	-	-	-
Total derivative financial instrument assets	-	111	-	111
Current liability portion				
Interest rate swaps - fair value hedges	-	-	-	-
Interest rate swaps - held for trading - Liability	3	30	3	30
Forward foreign exchange contracts - held for trading	-	-	-	-
Total current liability portion	3	30	3	30
Non-current liability portion				
Interest rate swaps - held for trading	10,449	7,658	10,449	7,658
Total non-current liability portion	10,449	7,658	10,449	7,658
Total derivative financial instrument liabilities	10,452	7,688	10,452	7,688
Total derivative financial instruments	(10,452)	(7,577)	(10,452)	(7,577)

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 rate swaps were independently valued at 30 June 2018 by Richard Eaddy of Hedgebook Limited.

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for Council and Group were \$155 million (2017: \$117 million). At 30 June 2018, the fixed interest rates of cash flow hedge interest rate swaps vary from 2.08% to 5.89% (2017: 3.46% to 6.05%).

14. INVENTORIES

Accounting policy

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

Inventories held for distribution or consumption in the provision of services that are supplied on a commercial basis are measured at the lower of cost adjusted and net realisable value.

Cost is allocated using the first-in-first-out (FIFO) method, which assumes that inventories that were purchased first are distributed or used first.

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

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

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.

Breakdown of inventory and further information

	COUNCIL		GROUP	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Commercial inventories held for sale:				
Diesel	-	-	15	9
Emission trading units	13	36	13	36
Inventory	132	106	134	108
Commercial property developments	1,450	2,147	4,098	6,023
Total inventories	1,595	2,289	4,260	6,176

No inventories are pledged as security for liabilities (2017: \$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

Accounting policy

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.

Breakdown on non-current assets held for sale and further information

	COUNCIL		GROUP	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Non-current assets held for sale are:				
- land and buildings	920	920	920	920
- plant	-	-	-	-
Total non-current assets held for sale are:	920	920	920	920

16. PROPERTY PLANT AND EQUIPMENT

Accounting policy

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
Operational assets		
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
Infrastructure assets		
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.

Impairment of property, plant and equipment

Property, plant and equipment 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.

	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	COST/VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000
Council 2018																
Operational assets																
Land	39,584	-	39,584	226	-	-	-	4,575	-	-	-	-	-	44,385	-	44,385
Site improvements	25,138	(2,627)	22,512	1,503	-	-	-	(3,798)	-	3,475	-	-	(1,364)	22,843	(516)	22,328
Buildings	81,013	(7,603)	73,410	11,008	-	-	-	(4,404)	-	9,383	-	-	(3,696)	87,617	(1,916)	85,701
Landfill assets	34,225	(3,160)	31,065	3,913	-	-	-	-	-	-	-	-	(876)	38,138	(4,036)	34,102
Library books	6,469	(3,113)	3,356	872	-	(708)	-	-	708	-	-	-	(832)	6,633	(3,237)	3,396
Plant and equipment	16,140	(7,954)	8,185	2,842	-	(2,361)	-	-	-	2,111	-	-	(1,995)	16,621	(7,838)	8,782
Vehicles	669	(284)	385	35	-	(39)	-	-	11	-	-	-	(134)	665	(407)	258
Wharves	2,637	(2,160)	477	-	-	-	-	-	-	-	-	-	(57)	2,637	(2,217)	420
Breakwaters	5,101	(187)	4,914	-	-	-	-	-	-	225	-	-	(75)	5,101	(37)	5,064
	210,976	(27,088)	183,888	20,399	-	(3,108)	-	(3,627)	719	15,194	-	-	(9,029)	224,640	(20,204)	204,436
Collection Assets																
Paintings	6,132	-	6,132	-	-	-	-	(6,132)	-	-	-	-	-	-	-	-
Works on paper (NZ and international)	1,450	-	1,450	12	-	-	-	(1,462)	-	-	-	-	-	-	-	-
Public art collections	1,627	-	1,627	28	-	-	-	8	-	-	-	-	-	1,663	-	1,663
Other collection items	8,286	-	8,286	43	-	-	-	3,586	-	-	-	-	-	11,915	-	11,915
Petone Settlers	85	-	85	-	-	-	-	(2)	-	-	-	-	-	83	-	83
Total collections	17,580	-	17,580	83	-	-	-	(4,002)	-	-	-	-	-	13,661	-	13,661
Total operational assets	228,556	(27,088)	201,468	20,482	-	(3,108)	-	(7,629)	719	15,194	-	-	(9,029)	238,301	(20,204)	218,097
Infrastructural assets																
Waste water system	197,252	(15,598)	181,654	4,322	266	-	-	(1,178)	-	18,988	-	-	(6,691)	200,662	(3,301)	197,361
Waste water treatment plant	45,465	(5,892)	39,573	1,839	-	-	-	(4,856)	-	7,036	-	-	(2,223)	42,448	(1,079)	41,369
Less UHCC share in HVS assets	(41,379)	4,134	(37,245)	(556)	-	-	-	2,283	-	(5,025)	-	-	1,675	(39,652)	784	(38,868)
	201,338	(17,356)	183,982	5,605	266	-	-	(3,751)	-	20,999	-	-	(7,239)	203,458	(3,596)	199,862
Land	15,558	-	15,558	-	-	-	-	988	-	-	-	-	-	16,546	-	16,546
Land under roads	144,991	-	144,991	-	261	-	-	-	-	-	-	-	-	145,252	-	145,252
Storm water system	179,079	(7,500)	171,579	2,858	287	-	-	5,165	-	9,064	-	-	(3,655)	187,389	(2,091)	185,298
Water supply system	118,947	(8,881)	110,066	4,230	220	-	-	(4,568)	-	10,818	-	-	(3,891)	118,829	(1,954)	116,875
Roading network	447,018	(29,689)	417,329	12,514	585	-	-	(25,015)	-	36,063	-	-	(12,248)	435,102	(5,874)	429,228
Seawalls	5,185	(282)	4,903	-	-	-	-	-	-	339	-	-	(113)	5,185	(56)	5,129
Total infrastructural assets	1,112,116	(63,709)	1,048,408	25,207	1,619	-	-	(27,181)	-	77,283	-	-	(27,145)	1,111,761	(13,572)	1,098,190
Restricted assets																
Land	104,261	-	104,261	104	-	(18)	-	14,200	-	-	-	-	-	118,547	-	118,547
Total restricted assets	104,261	-	104,261	104	-	(18)	-	14,200	-	-	-	-	-	118,547	-	118,547
Total property, plant and equipment	1,444,933	(90,797)	1,354,139	45,793	1,619	(3,126)	-	(20,610)	719	92,477	-	-	(36,174)	1,468,609	(33,776)	1,434,833

	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	REVALUATION SURPLUS/ IMPAIR CHARGES TO REVALUATION RESERVES \$000	ACCUMULATED DEPRECIATION ON DISPOSALS \$000	ACCUMULATED DEPRECIATION ON REVALUATION \$000	CURRENT YEAR IMPAIRMENT CHARGES \$000	CATEGORY ADJUSTMENTS TO DEPRECIATION \$000	CURRENT YEAR DEPRECIATION \$000	COST/ VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000
Council 2017																
Operational assets																
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
Wharves	2,637	(2,103)	534	-	-	-	-	-	-	-	-	-	(57)	2,637	(2,160)	477
Breakwaters	5,101	(112)	4,989	-	-	-	-	-	-	-	-	-	(75)	5,101	(187)	4,914
	202,658	(23,743)	178,914	13,969	-	(5,651)	-	5,169	-	-	-	-	(8,514)	210,976	(27,088)	183,888
Collection Assets																
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
Total collections	17,555	-	17,555	25	-	-	-	-	-	-	-	-	-	17,580	-	17,580
Total operational assets	220,213	(23,743)	196,469	13,994	-	(5,651)	-	5,169	-	-	-	-	(8,514)	228,556	(27,088)	201,468
Infrastructural assets																
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)
	196,227	(10,255)	185,972	4,830	281	-	-	-	-	-	-	-	(7,101)	201,338	(17,356)	183,982
Land	15,558	-	15,558	-	-	-	-	-	-	-	-	-	-	15,558	-	15,558
Land under roads	144,706	-	144,706	-	285	-	-	-	-	-	-	-	-	144,991	-	144,991
Storm water system	175,525	(4,456)	171,069	3,182	372	-	-	-	-	-	-	-	(3,044)	179,079	(7,500)	171,579
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
Seawalls	5,185	(169)	5,016	-	-	-	-	-	-	-	-	-	(113)	5,185	(282)	4,903
Total Infrastructural assets	1,086,663	(37,459)	1,049,204	23,707	1,746	-	-	-	-	-	-	-	(26,251)	1,112,116	(63,709)	1,048,408
Restricted assets																
Land	104,216	-	104,216	45	-	-	-	-	-	-	-	-	-	104,261	-	104,261
Total Restricted assets	104,216	-	104,216	45	-	-	-	-	-	-	-	-	-	104,261	-	104,261
Total Property, plant and equipment	1,411,092	(61,202)	1,349,890	37,746	1,746	(5,651)	-	5,169	-	-	-	-	(34,765)	1,444,933	(90,797)	1,354,139

	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	REVALUATION SURPLUS/ IMPAIR CHARGES TO REVALUATION RESERVES \$000	ACCUMULATED DEPRECIATION ON DISPOSALS \$000	ACCUMULATED DEPRECIATION ON REVALUATION \$000	CURRENT YEAR IMPAIRMENT CHARGES \$000	CATEGORY ADJUSTMENTS TO DEPRECIATION \$000	CURRENT YEAR DEPRECIATION \$000	COST/ VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000
Group 2018																
Operational assets																
Land	39,584	-	39,584	226	-	-	-	4,575	-	-	-	-	-	44,385	-	44,385
Site improvements	25,138	(2,627)	22,512	1,503	-	-	-	(3,798)	-	3,475	-	-	(1,364)	22,843	(516)	22,328
Buildings	81,013	(7,603)	73,410	11,008	-	-	-	(4,404)	-	9,383	-	-	(3,696)	87,617	(1,916)	85,701
Landfill assets	34,225	(3,160)	31,065	3,913	-	-	-	-	-	-	-	-	(876)	38,138	(4,036)	34,102
Library books	6,469	(3,113)	3,356	872	-	(708)	-	-	708	-	-	-	(832)	6,633	(3,237)	3,396
Plant and equipment	16,140	(7,954)	8,185	2,842	-	(2,361)	-	-	-	2,111	-	-	(1,995)	16,621	(7,838)	8,782
Vehicles	669	(284)	385	35	-	(39)	-	-	11	-	-	-	(134)	665	(407)	258
Wharves	2,637	(2,160)	477	-	-	-	-	-	-	-	-	-	(57)	2,637	(2,217)	420
Breakwaters	5,101	(187)	4,914	-	-	-	-	-	-	225	-	-	(75)	5,101	(37)	5,064
Seaview Marina	4,135	(1,416)	2,719	89	-	-	2,315	2,835	-	359	-	(244)	(211)	9,374	(1,512)	7,862
Marina Service Centre	3,791	(702)	3,089	-	-	-	(2,315)	(1,476)	-	510	-	244	(52)	-	-	-
Piers and berths	3,886	(1,430)	2,456	64	-	-	-	-	-	-	-	-	(140)	3,950	(1,570)	2,380
Urbanplus land	11,335	-	11,335	-	-	(125)	-	185	-	-	-	-	-	11,395	-	11,395
Urbanplus buildings	13,097	-	13,097	73	-	(65)	-	818	-	288	-	-	(598)	13,923	(310)	13,613
Urbanplus other assets	24	(17)	7	-	-	-	-	-	-	-	-	-	(1)	24	(18)	6
Urbanplus Group CCO's assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hutt City Community Facilities Buildings	14,410	(433)	13,977	11,245	-	-	-	761	-	616	-	-	(480)	26,416	(297)	26,119
Hutt City Community Facilities Site Improvements	3,216	(237)	2,979	-	-	-	-	(323)	-	290	-	-	(106)	2,893	(53)	2,840
Hutt City Community Facilities Trust equipment	87	(9)	78	15	-	-	-	-	-	-	-	-	(8)	102	(17)	85
	264,957	(31,332)	233,625	31,885	-	(3,298)	-	(827)	719	17,257	-	-	(10,625)	292,717	(23,981)	268,736
Collection Assets																
Paintings	6,132	-	6,132	-	-	-	-	(6,132)	-	-	-	-	-	-	-	-
Works on Paper (NZ) & International	1,450	-	1,450	12	-	-	-	(1,462)	-	-	-	-	-	-	-	-
Public art collection	1,627	-	1,627	28	-	-	-	8	-	-	-	-	-	1,663	-	1,663
Other Collection Items	8,286	-	8,286	43	-	-	-	3,586	-	-	-	-	-	11,915	-	11,915
Petone Settlers	85	-	85	-	-	-	-	(2)	-	-	-	-	-	83	-	83
Total collections	17,580	-	17,580	83	-	-	-	(4,002)	-	-	-	-	-	13,661	-	13,661
Total operational assets	282,537	(31,332)	251,205	31,968	-	(3,298)	-	(4,829)	719	17,257	-	-	(10,625)	306,378	(23,981)	282,397
Infrastructural assets																
Waste water system	197,252	(15,598)	181,654	4,322	266	-	-	(1,178)	-	18,988	-	-	(6,691)	200,662	(3,301)	197,361
Waste water treatment plant	45,465	(5,892)	39,573	1,839	-	-	-	(4,856)	-	7,036	-	-	(2,223)	42,448	(1,079)	41,369
Less UHCC share in HVS assets	(41,379)	4,134	(37,245)	(556)	-	-	-	2,283	-	(5,025)	-	-	1,675	(39,652)	784	(38,868)
	201,338	(17,356)	183,982	5,605	266	-	-	(3,751)	-	20,999	-	-	(7,239)	203,458	(3,596)	199,862

	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	REVALUATION SURPLUS/ IMPAIR CHARGES TO REVALUATION RESERVES \$000	ACCUMULATED DEPRECIATION ON DISPOSALS \$000	ACCUMULATED DEPRECIATION ON REVALUATION \$000	CURRENT YEAR IMPAIRMENT CHARGES \$000	CATEGORY ADJUSTMENTS TO DEPRECIATION \$000	CURRENT YEAR DEPRECIATION \$000	COST/ VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000
Group 2018																
Land	15,558	-	15,558	-	-	-	-	988	-	-	-	-	-	16,546	-	16,546
Land under roads	144,991	-	144,991	-	261	-	-	-	-	-	-	-	-	145,252	-	145,252
Storm water system	179,079	(7,500)	171,579	2,858	287	-	-	5,165	-	9,064	-	-	(3,655)	187,389	(2,091)	185,298
Water supply system	118,947	(8,881)	110,066	4,230	220	-	-	(4,568)	-	10,818	-	-	(3,891)	118,829	(1,954)	116,875
Roading network	447,018	(29,689)	417,329	12,514	585	-	-	(25,015)	-	36,063	-	-	(12,248)	435,102	(5,874)	429,228
Seawalls	5,185	(282)	4,903	-	-	-	-	-	-	339	-	-	(113)	5,185	(56)	5,129
Total Infrastructural assets	1,112,116	(63,709)	1,048,408	25,207	1,619	-	-	(27,181)	-	77,283	-	-	(27,145)	1,111,761	(13,572)	1,098,190
Restricted assets																
Land	104,261	-	104,261	104	-	(18)	-	14,200	-	-	-	-	-	118,547	-	118,547
Total Restricted assets	104,261	-	104,261	104	-	(18)	-	14,200	-	-	-	-	-	118,547	-	118,547
Total Property, plant and equipment	1,498,914	(95,041)	1,403,876	57,279	1,619	(3,316)	-	(17,810)	719	94,540	-	-	(37,770)	1,536,686	(37,553)	1,499,136

	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	REVALUATION SURPLUS/ IMPAIR CHARGES TO REVALUATION RESERVES \$000	ACCUMULATED DEPRECIATION ON DISPOSALS \$000	ACCUMULATED DEPRECIATION ON REVALUATION \$000	CURRENT YEAR IMPAIRMENT CHARGES \$000	CATEGORY ADJUSTMENTS TO DEPRECIATION \$000	CURRENT YEAR DEPRECIATION \$000	COST/VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000
Group 2017																
Operational assets																
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
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)	-	2,581	878	-	-	-	(351)	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
	253,480	(27,793)	225,686	14,409	-	(8,170)	-	5,238	6,106	-	-	-	(9,645)	264,957	(31,332)	233,625
Collection Assets																
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
Total collections	17,555	-	17,555	25	-	-	-	-	-	-	-	-	-	17,580	-	17,580
Total operational assets	271,035	(27,793)	243,241	14,434	-	(8,170)	-	5,238	6,106	-	-	-	(9,645)	282,537	(31,332)	251,205
Infrastructural assets																
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)
	196,227	(10,255)	185,972	4,830	281	-	-	-	-	-	-	-	(7,101)	201,338	(17,356)	183,982

	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	REVALUATION SURPLUS/IMPAIR CHARGES TO REVALUATION RESERVES \$000	ACCUMULATED DEPRECIATION ON DISPOSALS \$000	ACCUMULATED DEPRECIATION ON REVALUATION \$000	CURRENT YEAR IMPAIRMENT CHARGES \$000	CATEGORY ADJUSTMENTS TO DEPRECIATION \$000	CURRENT YEAR DEPRECIATION \$000	COST/VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000
Group 2017																
Land	15,558	-	15,558	-	-	-	-	-	-	-	-	-	-	15,558	-	15,558
Land under roads	144,706	-	144,706	-	285	-	-	-	-	-	-	-	-	144,991	-	144,991
Storm water system	175,525	(4,456)	171,069	3,182	372	-	-	-	-	-	-	-	(3,044)	179,079	(7,500)	171,579
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
Seawalls	5,185	(169)	5,016	-	-	-	-	-	-	-	-	-	(113)	5,185	(282)	4,903
Total Infrastructural assets	1,086,663	(37,459)	1,049,204	23,707	1,746	-	-	-	-	-	-	-	(26,251)	1,112,116	(63,709)	1,048,408
Restricted assets																
Land	104,216	-	104,216	45	-	-	-	-	-	-	-	-	-	104,261	-	104,261
Total Restricted assets	104,216	-	104,216	45	-	-	-	-	-	-	-	-	-	104,261	-	104,261
Total Property, plant and equipment	1,461,914	(65,252)	1,396,661	38,186	1,746	(8,170)	-	5,238	6,106	-	-	-	(35,896)	1,498,914	(95,041)	1,403,876

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 and 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 and 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 Peter Erceg and Alex Robson (MPINZ), of Aon Risk Solutions, and the valuation is effective as at 31 December 2017.

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 Limited, 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 Wellington Water Limited 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 Peter Erceg and Roger Khoo (MPINZ), of Aon Risk Solutions, and the valuation is effective as at 31 December 2017.

Councils' most recent estimate of the replacement cost of infrastructural asset is at 31 December 2017:

	\$000
Waste water	506,060
Waste water treatment plant	101,970
Storm water	387,729
Water supply	267,423
Roading (excluding land under roads)	902,803
	2,165,985

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 2017 by Hamish Coney (MPINZ), Art+Object, cultural and forensic specialists contracted as independent valuers.

Assets held by Subsidiaries

Seaview Marina Limited assets consist of 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 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 and earthquake strengthening costs were applied. The most recent independent valuation was performed by an independent valuer Peter Erceg and Alex Robson (MPINZ) of Aon Risk Solutions and the valuation is effective as at 31 December 2017.

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 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 and earthquake strengthening costs were applied. The most recent independent valuation was performed by an independent valuer Peter Erceg and Alex Robson (MPINZ) of Aon Risk Solutions and the valuation is effective as at 31 December 2017.

Hutt City Community Facilities Trust assets consist of 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 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 and earthquake strengthening costs were applied. The most recent independent valuation was performed by an independent valuer Peter Erceg and Alex Robson (MPINZ) of Aon Risk Solutions and the valuation is effective as at 31 December 2017.

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	327,867,158	Natural Catastrophe: \$600 million any one loss or series of losses arising out of any one event and in annual aggregate for all four Councils. All other losses: \$600 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	1,173,163,400	Natural Catastrophe: \$600 million each and every loss or series of losses arising out of any one event for all four Councils and limited to a \$350 million sublimit for HCC.
Residential Property	Material Damage	6,443,918	Natural Catastrophe: 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. All other losses: Replacement value per unit to a maximum of \$6,443,918 for 28 units.
Motor Vehicle	Comprehensive Motor Vehicle	2,568,420	Market value at time of loss. Maximum limit any one vehicle \$400,000, unless agreed by insurer prior to loss. Third party liability - limit any one accident \$20 million.
Fine Arts	Material Damage	23,162,285	Permanent Collection: \$23,162,285 any one loss. Exhibitions and Temporary Loans, incoming and outgoing: 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	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Water systems	-	-	-	-
Roading network	2,061	-	2,061	-
Landfills	421	673	421	673
Land and site improvements	3,156	234	3,156	234
Buildings	35,227	23,578	42,882	34,713
Other	4,669	1,435	4,892	818
Total Assets under construction	45,534	25,937	53,412	36,438

17. INTANGIBLE ASSETS

Software acquisition and development

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

Costs 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:

	Years	Percentages
Computer software	2 - 5	20 - 50
Resource Consents	5 - 35	2.86 - 19

Impairment of 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.

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.

	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	REVALUATION SURPLUS/ IMPAIR CHARGES TO REVALUATION RESERVES \$000	ACCUMULATED DEPRECIATION ON DISPOSALS \$000	ACCUMULATED DEPRECIATION ON REVALUATION \$000	CURRENT YEAR IMPAIRMENT CHARGES \$000	CATEGORY ADJUSTMENTS TO DEPRECIATION \$000	CURRENT YEAR DEPRECIATION \$000	COST/VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000
Council 2018																
Software	5,839	(4,583)	1,256	339	-	(1,400)	-	-	1,384	-	-	-	(471)	4,778	(3,670)	1,108
Resource consents	2,131	(1,053)	1,078	-	-	(150)	-	-	150	-	-	-	(82)	1,981	(985)	996
	7,970	(5,636)	2,334	339	-	(1,550)	-	-	1,534	-	-	-	(553)	6,759	(4,655)	2,104
Council 2017																
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
	9,176	(6,275)	2,901	191	-	(1,397)	-	-	1,352	-	-	-	(713)	7,970	(5,636)	2,334
Group 2018																
Software	5,893	(4,636)	1,257	339	-	(1,401)	-	-	1,388	-	-	-	(471)	4,831	(3,719)	1,112
Resource consents	2,131	(1,053)	1,078	-	-	(150)	-	-	150	-	-	-	(85)	1,981	(988)	993
	8,024	(5,689)	2,335	339	-	(1,551)	-	-	1,538	-	-	-	(556)	6,812	(4,707)	2,105
Group 2017																
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
	9,230	(6,328)	2,902	191	-	(1,397)	-	-	1,352	-	-	-	(713)	8,024	(5,689)	2,335

18. DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY

	COUNCIL	
	ACTUAL 2018 \$000	ACTUAL 2017 \$000
Directly attributable depreciation and amortisation expense by activity (group of activity)		
Integrated Comm Services	1,828	1,747
Parks & Reserves	767	671
Community Facilities	1,643	1,266
City Environment	2,190	2,170
City Development	182	225
Group people	6,610	6,079
City Resilience		
Water Supply	12,403	12,494
Wastewater	3,891	3,661
Stormwater	7,565	7,372
Solid Waste	3,655	3,044
City Governance	885	849
Environmental consents	40	40
Regulatory Services	55	51
Roads & Accessways	3	18
Group environment	98	109
Local urban environment	6	14
Economic development	-	17
Group economy	6	31
Elected members	-	-
City promotions	14	11
Advice and support services	-	-
City leadership	1,600	1,828
Group organisation	1,614	1,839
Total directly attributable depreciation and amortisation expense by group of activity	36,727	35,478
Depreciation and amortisation not directly attributable by group of activity	-	-
Total depreciation and amortisation expense	36,727	35,478

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% (2017: 21%).

	SHARES ON ISSUE	HUTT CITY COUNCIL	WELLINGTON CITY COUNCIL	UPPER HUTT COUNCIL	PORIRUA CITY COUNCIL	GREATER WELLINGTON REGIONAL COUNCIL
2018						
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%
2017						
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 Council's investment in the Company.

	COUNCIL		GROUP	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Wellington Water Limited				
Balance at beginning of the year	200	200	331	383
New Shares issued	-	-	-	-
B Shares sold	-	-	-	-
Share of operating surplus / (deficit)	-	-	(6)	(52)
Balance at end of year	200	200	325	331

	TOTAL WELLINGTON WATER LTD		GROUP SHARE	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Revenue	154,226	57,112	32,387	11,994
Expenditure	154,255	57,467	32,394	12,068
Surplus (Deficit) before taxation	(29)	(355)	(7)	(75)
Taxation (Expense)/ benefit	3	109	1	23
Surplus (Deficit) after taxation	(26)	(246)	(6)	(52)
Assets	21,580	12,033	4,532	2,527
Liabilities	19,892	10,319	4,177	2,167
Equity	1,688	1,714	354	360

20. OTHER FINANCIAL ASSETS

	COUNCIL		GROUP	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Current portion				
Loans to related parties (note 30)	4,000	10,700	-	-
Short term deposits with original maturities greater than three months	20,000	7,700	20,000	7,700
Total other assets - current portion	24,000	18,400	20,000	7,700
Non-current portion				
Investment in CCO's and other similar entities				
Shares in subsidiaries	14,545	14,545	-	-
Loans to related parties (note 30)	10,700	4,000	-	-
Unlisted shares in LGFA	100	100	100	100
Borrower notes from LGFA	2,432	1,552	2,432	1,552
Total Investment in CCO's and other similar entities	27,777	20,197	2,532	1,652
Investment in other entities				
NZ Local Government Insurance Company	455	455	455	455
Smartlinx 3 Limited	39	39	39	39
Community and development loans	-	-	-	-
Total investment in other entities	494	494	494	494
Total other assets - non-current portion	28,271	20,691	3,026	2,146
Total other assets	52,271	39,091	3,026	2,146

Urban Plus 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 (2017: \$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	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
At 1 July	(426)	(426)	(426)	(426)
Additional provisions made during the year	-	-	-	-
Provisions reversed during the year	-	-	-	-
At 30 June	(426)	(426)	(426)	(426)

Community and development loans

The face value of community and development loans is \$0 (2017: \$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	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
At 1 July	-	(3)	-	(3)
Provisions reversed during the year	-	3	-	3
At 30 June	-	-	-	-

21. CREDITORS AND OTHER PAYABLES

Accounting policy

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

Breakdown of creditors and other payables

	COUNCIL		GROUP	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Trade and other payables	10,431	7,350	10,473	7,382
Deposits and bonds	123	102	125	104
Accrued expenses	12,656	12,120	13,449	13,361
Rates in advance	1,039	1,059	1,039	1,059
Amounts due to customers for contract work	3,096	2,718	3,402	2,952
Total creditors and other payables	27,345	23,349	28,488	24,858

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

Accounting policy

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.

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

	NOTES	COUNCIL		GROUP	
		2018 \$000	2017 \$000	2018 \$000	2017 \$000
Current portion					
Bank overdraft	11.	-	-	-	-
Secured loans - Current		29,039	20,780	29,039	20,780
Total current portion		29,039	20,780	29,039	20,780
Non-current portion					
Secured loans - Non-current		163,000	129,057	163,000	129,057
Total non-current portion		163,000	129,057	163,000	129,057
Total borrowing		192,039	149,837	192,039	149,837

Maturity profile:

MATURITY PROFILE	INTEREST COST		COUNCIL		GROUP	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Years of Maturity						
Under 1 year	1,023	812	29,039	20,780	29,039	20,780
1 to 2 years	106	940	3,000	24,057	3,000	24,057
2 to 3 years	1,233	117	35,000	3,000	35,000	3,000
3 to 4 years	1,057	1,251	30,000	32,000	30,000	32,000
4 to 5 years	881	586	25,000	15,000	25,000	15,000
Over 5 years	2,467	2,151	70,000	55,000	70,000	55,000
Total borrowing	6,767	5,857	192,039	149,837	192,039	149,837

Secured loans

Council's debt of \$192 million (2017: \$150 million) is issued at a range of maturities in accordance with the borrowing policy, at interest rates ranging from 2.04% to 5.00% (2017: 2.14% 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 \$35 million (2017: \$15 million) wholesale advance facility signed on 28 September 2012 and subsequent amendments 12 June 2015 and 30 May 2018. As at 30 June a total of \$nil (2017: \$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

Accounting policy

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

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 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.

Critical accounting estimates and assumptions

Estimating retirement and long service leave obligations

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

Expected future payments are discounted using forward discount rates derived from the 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 1.78% for 2019 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% (2017: 2.5%) was used.

Breakdown of employee entitlements and other information

	COUNCIL		GROUP	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Current portion				
Accrued Salaries and Wages	53	46	53	46
Time in lieu	52	44	52	44
Annual leave	2,084	1,928	2,160	2,012
Long Service Leave	53	49	53	49
Sick Leave	-	-	-	-
Total current portion	2,242	2,067	2,318	2,151
Non-current portion				
Long Service Leave	24	28	24	28
Retirement gratuities	592	610	592	610
Total non-current portion	616	638	616	638
Total employee entitlements	2,858	2,705	2,934	2,789

Long Service Leave and Retirement Gratuities are independently valued by Jonathan Eriksen (FNZSA) of Eriksen & Associates Limited and are effective as at 30 June 2018.

24. PROVISIONS

Accounting policy

Council and Group recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in “finance costs”.

Landfill post closure costs

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

A site restoration and aftercare provision has been recognised as a liability in the Statement of Financial Position. Provision is made for the present value of closure and post closure costs when the obligation for post closure arises. The calculated cost is based on estimates of closure costs and future site trade waste charges and monitoring costs. The estimated length of time needed for post closure care for Silverstream is 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 Council; and
- All claims that have been lodged with Weathertight Homes Resolution Service but are not yet actively managed by Council.

Critical accounting estimates and assumptions

Estimating the landfill aftercare costs

The Council has engaged on independent actuary to value the Council’s landfill aftercare provision. The cash outflows for landfill post-closure costs are expected to occur in 37 to 41 years (or between 2055 and 2059). The long term nature of the liability means that there are inherent uncertainties in estimating costs what will be incurred. The future cash outflows for the provision have been estimated taking into account existing technology and known changes to legal requirements.

Breakdown of provisions and other information

	COUNCIL		GROUP	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Provision for landfill aftercare	5,300	5,440	5,300	5,440
Weather tight home	174	171	174	171
Total provisions	5,474	5,611	5,474	5,611

Movements in provision:

	LANDFILL AFTERCARE	
	2018 \$000	2017 \$000
Balance at beginning of the year	5,440	5,729
Discount unwinding	272	288
Amounts charged to provision during the period	(412)	(577)
Balance at end of the year (non-current liability)	5,300	5,440

WEATHER TIGHT HOME		
	2018 \$000	2017 \$000
Balance at beginning of the year	171	668
Claims settled during the year	-	(325)
Amounts charged to provision during the period	3	(172)
Balance at end of the year (current liability)	174	171

Landfill aftercare costs

Council has resource consents to operate the Silverstream Landfill. Wainuiomata Landfill was closed during 2013. Council has responsibility under the resource consents 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 50,000 cubic metres (2017: 100,000 cubic metres) with work underway to provide an additional 1,070,000 cubic meters. Airspace usage is currently approximately 126,000 cubic meters (2017: 126,000 cubic metres) per annum including cover material and an allowance for settlement. The life of stage two, which has been operating for nine years, is projected to be approximately 37-41 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%. (2017: 5.0%) and an inflation rate of 2.0% (2017: 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 2018.

Weather tight home provision

Council is subject to claims in respect to weather tight building defects that were advised to Council 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 Council may vary significantly from the amount of the provision currently recognised, particularly in relation to unreported claims.

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 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, 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. Council's share has increased over time and future increases are allowed for in the provision.

25. OTHER LIABILITIES

	COUNCIL		GROUP	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Other liabilities - current portion				
Accrued interest expenses	944	951	944	951
Third party funds	182	219	182	219
Miscellaneous current liabilities	789	779	789	775
Income earned in advance	2,796	2,852	3,082	3,139
Development contributions	301	163	301	163
Total other liabilities - current portion	5,012	4,964	5,298	5,247
Other liabilities - non-current portion				
Total other liabilities - non-current portion	-	-	-	-
Total other liabilities	5,012	4,964	5,298	5,247

26. EQUITY

Accounting policy

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 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.

Breakdown of equity and further information

	NOTES	COUNCIL		GROUP	
		2018 \$000	2017 \$000	2018 \$000	2017 \$000
Accumulated funds					
Balance at beginning of the year		712,834	711,403	736,781	729,319
Deferred tax on revaluations		-	-	-	-
Interest allocated to reserves		(110)	(149)	(110)	(149)
Other adjustments		(16,887)	-	(16,887)	-
Other transfers to reserves		(7,455)	-	(7,493)	-
Transfers from reserves		9,138	606	9,138	606
Net surplus/(deficit) after tax		(11,203)	974	(3)	7,006
Accumulated funds - balance at end of the year		686,317	712,834	721,427	736,781
Council created reserves					
Balance at beginning of the year		20,516	20,974	21,763	22,221
Transfers to accumulated funds		(9,138)	(606)	(9,138)	(606)
Transfers from accumulated funds		7,455	-	7,494	-
Interest earned		109	148	109	148
Council created reserves - balance at end of the year		18,942	20,516	20,228	21,763
Restricted reserves*					
Balance at beginning of the year		84	83	90	89
Interest earned		1	1	2	1
Restricted reserves - balance at end of the year	11.	85	84	92	90
Asset revaluation reserve					
Balance at beginning of the year		520,459	520,459	533,750	527,696
Changes in asset value		69,781	-	74,801	6,054
Other adjustments		16,887	-	16,887	-
Deferred tax on revaluation		-	-	(310)	-
Asset revaluation reserve - balance at end of the year		607,127	520,459	625,128	533,750

	NOTES	COUNCIL		GROUP	
		2018 \$000	2017 \$000	2018 \$000	2017 \$000
Asset revaluation reserves consist of:					
Operational Assets					
Library books		-	706	-	706
Buildings		52,092	15,768	59,705	21,209
Land		27,027	11,326	37,231	19,177
Collections		16,164	10,855	16,164	10,855
Infrastructure Assets					
Land		6,963	71,736	7,148	71,736
Wastewater		101,825	78,792	101,825	78,792
Stormwater		82,793	85,455	82,793	85,455
Water		43,916	42,161	43,916	42,161
Road		223,969	150,850	223,968	150,850
Restricted Assets					
Land		52,378	52,810	52,378	52,810
Restricted Assets		607,127	520,459	625,128	533,751
Accumulated funds - balance at end of the year		626,154	541,058	645,448	555,603
Restricted Assets		1,312,470	1,253,892	1,366,875	1,292,385

* 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. FINANCIAL INSTRUMENTS

27A. FINANCIAL INSTRUMENTS CATEGORIES

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

	NOTES	COUNCIL		GROUP	
		2018 \$000	2017 \$000	2018 \$000	2017 \$000
Financial assets					
Fair value through surplus or deficit - held for trading					
Derivative financial instrument assets	13.	-	111	-	111
Total fair value through surplus or deficit - held for trading		-	111	-	111
Loans and receivables					
Cash and cash equivalents	11.	871	8,720	11,474	14,076
Debtors and other receivables	12.	14,854	12,397	14,263	12,371
Other financial assets:					
Community and development loans	20.	-	-	-	-
Loans to Related Parties	20.	14,700	14,700	-	-
Total loans and receivables		30,425	35,817	25,737	26,447
Held to maturity					
Other financial assets:					
- NZ Local Government Insurance Company	20.	455	455	455	455
- NZ Local Government Funding Agency	20.	2,532	1,652	2,532	1,652
- Local authority stock		-	-	-	-
Total held to maturity		2,987	2,107	2,987	2,107
Fair value through equity					
Other financial assets:					
- local authority stock		-	-	-	-
- unlisted shares	20.	39	39	39	39
- listed shares		-	-	-	-
Total fair value through equity		39	39	39	39
Total financial assets		33,451	38,074	28,763	28,704
Financial liabilities					
Fair value through surplus or deficit - held for trading					
Derivative financial instrument liabilities	13.	10,452	7,688	10,452	7,688
Total fair value through surplus or deficit - held for trading		10,452	7,688	10,452	7,688

	NOTES	COUNCIL		GROUP	
		2018 \$000	2017 \$000	2018 \$000	2017 \$000
Financial liabilities at amortised cost					
Trade creditors and other payables	21.	27,345	23,349	28,488	24,858
Borrowings:					
- bank overdraft	22.	-	-	-	-
- secured loans	22.	192,039	149,837	192,039	149,837
Total financial liabilities at amortised cost		219,384	173,186	220,527	174,695
Total financial liabilities		229,836	180,874	230,979	182,383

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. 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.

27B. FINANCIAL INSTRUMENTS CATEGORIES

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.

	2018				2017			
	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		
Council								
Financial assets								
Derivatives	-	-	-	-	-	111	-	111
Shares	-	-	3,026	3,026	-	-	2,146	2,146
Financial liabilities								
Derivatives	-	10,452	-	10,452	-	7,688	-	7,688
Group								
Financial assets								
Derivatives	-	-	-	-	-	111	-	111
Shares	-	-	3,026	3,026	-	-	2,146	2,146
Financial liabilities								
Derivatives	-	10,452	-	10,452	-	7,688	-	7,688

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:

	2018 \$000	2017 \$000
Balance at 1 July	2,145	1,858
Purchases	880	288
Balance at 30 June	3,026	2,146

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value.

27C. FINANCIAL INSTRUMENTS RISKS

Council's and Group activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. Council and Group has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from its treasury activities. Council has established Council-approved Liability Management and Investment policies. These policies do not allow any transaction 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. 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 Council's investment portfolio in accordance with the limits set out in 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 Council does not have any foreign currency risk (2017: \$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 Council to fair value interest rate risk. 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 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 Council to cash flow interest rate risk. Generally, 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 Council borrowed at fixed rates directly. Under the interest rate swaps, 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 Council, causing Council to incur a loss. Due to the timing of its cash flows and outflows, Council at times invests surplus cash into bank and term deposits which gives rise to credit risk. 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. 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	
		2018 \$000	2017 \$000	2018 \$000	2017 \$000
Cash, cash equivalents and term deposits	11.	871	8,720	11,474	14,076
Debtors and other receivables	12.	14,854	12,397	14,263	12,371
Other assets	20.	494	494	494	494
Community and development loans	20.	-	-	-	-
Short term deposits with original maturities greater than three months	20.	20,000	7,700	20,000	7,700
Loans to related parties	20.	14,700	14,700	-	-
Financial guarantees	32.	64	105	64	105
Derivative financial instrument assets (interest rate swaps and options)	13.	-	111	-	111
Total credit risk		50,983	44,227	46,295	34,857

Council is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in note 32.

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	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Counterparties with credit ratings				
Cash at bank and term deposits				
AA	20,871	16,420	31,474	21,776
Total cash at bank and term deposits	20,871	16,420	31,474	21,776
Derivative financial instrument assets				
AA+	-	-	-	-
AA	-	111	-	111
Total derivative financial instrument assets	-	111	-	111
Counterparties without credit ratings				
Community and related party loans				
Existing counterparty with no defaults in the past	14,700	14,700	-	-
Existing counterparty with defaults in the past	-	-	-	-
Total community, development and related party loans	14,700	14,700	-	-

Debtors and other receivables mainly arise from 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. 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 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 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. Council aims to maintain flexibility in funding by keeping committed credit lines available. 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 \$35 million (2017: \$15 million).

Contractual maturity analysis of financial liabilities

The table below analyses 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	CONTRACTUAL CASH FLOWS \$000	LESS THAN 1 YEAR \$000	BETWEEN 1-3 YEARS \$000	BETWEEN 3-5 YEARS \$000	GREATER THAN 5 YEARS \$000
Council 2018						
Trade creditors and other payables	10,431	10,431	10,431	-	-	-
Secured loans	192,039	198,806	30,062	39,339	56,938	72,467
Financial guarantees	64	64	64	-	-	-
Total	202,534	209,301	40,557	39,339	56,938	72,467
Group 2018						
Trade creditors and other payables	10,473	10,473	10,473	-	-	-
Secured loans	192,039	198,806	30,062	39,339	56,938	72,467
Financial guarantees	64	64	64	-	-	-
Total	202,576	209,343	40,599	39,339	56,938	72,467
Council 2017						
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	-	-	-
Total	157,292	163,149	29,047	28,114	48,837	57,151
Group 2017						
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	-	-	-
Total	157,324	163,181	29,079	28,114	48,837	57,151

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 32.

Contractual maturity analysis of financial assets

The table below analyses 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
Council 2018						
Cash and cash equivalents	871	871	871	-	-	-
Debtors and other receivables	14,854	14,854	14,854	-	-	-
Other financial assets:						
- loans to related parties	14,700	14,700	4,000	10,700	-	-
Total	30,425	30,425	19,725	10,700	-	-
Group 2018						
Cash and cash equivalents	11,474	11,474	11,474	-	-	-
Debtors and other receivables	14,263	14,263	14,263	-	-	-
Total	25,737	25,737	25,737	-	-	-
Council 2017						
Cash and cash equivalents	8,720	8,720	8,720	-	-	-
Debtors and other receivables	12,397	13,502	13,502	-	-	-
Other financial assets:						
- loans to related parties	14,700	14,700	10,700	4,000	-	-
Total	35,817	36,922	32,922	4,000	-	-
Group 2017						
Cash and cash equivalents	14,076	14,076	14,076	-	-	-
Debtors and other receivables	12,371	12,371	12,371	-	-	-
Total	26,447	26,447	26,447	-	-	-

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 Council's financial instrument exposure at balance date.

	2018 \$000				2017 \$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
Council								
Financial assets								
Derivatives held for trading	(7,857)	-	7,126	-	(7,857)	-	7,126	-
Financial liabilities								
Borrowing:								
- short term loans	143	-	(143)	-	61	-	(61)	-
- term loans	1,630	-	(1,630)	-	1,291	-	(1,291)	-
Total sensitivity to interest rate risk	(6,084)	-	5,353	-	(6,505)	-	5,774	-
Group								
Financial assets								
Derivatives held for trading	(7,857)	-	7,126	-	(7,857)	-	7,126	-
Financial liabilities								
Borrowing:								
- short term loans	143	-	(143)	-	61	-	(61)	-
- term loans	1,630	-	(1,630)	-	1,291	-	(1,291)	-
Total sensitivity to interest rate risk	(6,084)	-	5,353	-	(6,505)	-	5,774	-

Explanation of sensitivity analysis

Derivative net financial assets and derivatives held for trading include interest rate swaps with a fair value liability totalling \$10,452,000 (2017 liability: \$7,577,000). A movement in interest rates of plus 1% has an effect of \$8,920,689 (2017: \$7,126,000) 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 (2017: \$0.0 million). A movement in interest rates of plus or minus 1% has an effect on interest expense of \$0 (2017: \$0).

Term loans

Council has term floating rate debt with a principal amount totalling \$177 million (2017: \$135 million). A movement in interest rates of plus or minus 1% has an effect on interest expense of \$1,770,000 (2017: \$1,350,000). A movement in market interest rates on fixed rate debt \$15 million (2017: \$15 million) does not have any impact because secured loans are accounted for at amortised value using the effective interest method.

28. REMUNERATION

The Chief Executive received the following remuneration:

	2018			2017		
	SALARY	POST EMPLOYMENT BENEFITS	TOTAL REMUNERATION	SALARY	POST EMPLOYMENT BENEFITS	TOTAL REMUNERATION
Chief Executive	367,202	8,050	375,252	360,035	10,801	370,836

Elected Representatives received the following remuneration:

MAYOR AND COUNCILLORS	COUNCIL		GROUP TOTAL		COUNCIL		GROUP TOTAL		
	2018				2017				
	REMUNERATION	DIRECTOR FEES	TOTAL REMUNERATION	REMUNERATION	DIRECTOR FEES	TOTAL REMUNERATION	REMUNERATION	DIRECTOR FEES	TOTAL REMUNERATION
WR Wallace	145,447	-	145,447	138,869	-	138,869			
J Andrew Appointed Mar 2018	-	2,000	2,000	-	-	-			
G Barratt Appointed Oct 2016	60,841	-	60,841	40,975	-	40,975			
C Barry	53,542	-	53,542	51,679	-	51,679			
D Bassett	79,902	15,337	95,240	75,212	15,010	90,222			
B Branch Resigned Oct 2016	-	-	-	14,907	-	14,907			
L Bridson	61,521	-	61,521	55,883	-	55,883			
J Briggs Appointed Oct 2016	52,557	-	52,557	36,772	-	36,772			
D Butler *	-	2,000	2,000	-	2,000	2,000			
M Claridge Appointed Mar 2018	-	2,000	2,000	-	-	-			
M Cousins	61,020	2,000	63,020	58,119	-	58,119			
S Edwards Appointed Oct 2016	53,966	-	53,966	36,772	-	36,772			
A Finlayson Resigned Oct 2016	-	-	-	16,025	11,258	27,283			

MAYOR AND COUNCILLORS	COUNCIL		GROUP TOTAL		COUNCIL		GROUP TOTAL		
	2018				2017				
	REMUNERATION	DIRECTOR FEES	TOTAL REMUNERATION	REMUNERATION	DIRECTOR FEES	TOTAL REMUNERATION	REMUNERATION	DIRECTOR FEES	TOTAL REMUNERATION
M Flowers *	-	2,000	2,000	-	2,000	2,000			
P Gibbons Appointed Mar 2018	-	2,000	2,000	-	-	-			
A Leslie * Resigned Jun 2017	-	-	-	-	2,000	2,000			
T Lewis	53,174	-	53,174	51,679	-	51,679			
M Lulich	56,499	-	56,499	53,781	-	53,781			
H MacKenzie Appointed Apr 2017	-	15,337	15,337	-	3,753	3,753			
G McDonald	56,899	-	56,899	53,781	-	53,781			
C Milne	60,841	12,815	73,656	55,883	25,522	81,405			
K Patterson *	-	6,982	6,982	-	2,000	2,000			
M Shierlaw Resigned Oct 2016	-	-	-	17,143	-	17,143			
A Skene * Resigned Jun 2017	-	-	-	-	38,298	38,298			
P Steele Appointed Apr 2017	-	12,781	12,781	-	3,125	3,125			
A Stewart * Resigned Mar 2017	-	-	-	-	20,633	20,633			
L Sutton Appointed Oct 2016	52,557	-	52,557	36,772	-	36,772			
B Walshe *	-	41,429	41,429	-	41,415	41,415			
M Willard Resigned Oct 2016	-	-	-	14,907	-	14,907			
Total	848,766	116,681	965,447	809,157	167,014	939,400			
Total Number of Representatives	13	11	22	13	11	22			

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 2018

MEETING	COUNCIL	POLICY AND REGULATORY DEVELOPMENT	CITY DEVELOPMENT	FINANCE AND AUDIT	COMMUNITY PLAN	HUTT VALLEY SERVICES	WORKSHOPS
Number of meetings held	11	6	5	6	4	4	36
WR Wallace	11	4	3	5	4	1	30
G Barratt	11	-	-	6	3	-	34
C Barry	10	5	4	4	4	-	28
D Bassett	11	5	4	5	4	2	28
L Bridson	11	6	-	-	3	4	32
J Briggs	9	4	-	3	4	-	27
M Cousins	11	6	5	6	3	-	29
S Edwards	11	6	5	6	4	-	34
T Lewis	11	6	5	-	4	-	35
M Lulich	11	6	5	6	4	-	33
G McDonald	10	-	5	-	4	4	27
C Milne	9	5	2	6	3	-	25
L Sutton	10	6	5	6	4	1	32
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 2017

MEETING	COUNCIL	POLICY AND REGULATORY DEVELOPMENT	CITY DEVELOPMENT	FINANCE AND AUDIT	COMMUNITY PLAN	COMMUNITY PLAN	HUTT VALLEY SERVICES
Number of meetings held	16	4	4	4	4	4	27
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	-	-	-	-

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

Employee staffing levels and remuneration

	COUNCIL		GROUP	
	2018	2017	2018	2017
Full-time equivalent salaried employees	290.76	364.01	302.01	375.96
Full-time equivalent waged and temporary employees	97.20	90.62	98.20	91.62
Total full time equivalent	387.96	454.63	400.21	467.58
Total number of staff	548.00	526.00	562.00	540.00

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	
	2018	2017	2018	2017
\$180,000 - \$379,999	4	5	5	6
\$140,000 - \$179,999	10	7	11	7
\$120,000 - \$139,999	5	8	6	10
\$100,000 - \$119,999	29	22	31	23
\$80,000 - \$99,999	53	47	54	49
\$60,000 - \$79,999	114	108	116	110
Less than \$59,999	333	329	339	335
Total	548	526	562	540

29. 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	
	2018	2017	2018	2017
Severance payments	-	20,000	-	20,000
Number of employees	-	1	-	1

30. RELATED PARTY TRANSACTIONS

Council is the ultimate parent of the group and controls the following entities, being Urbanplus Limited (and their group), Seaview Marina 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 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	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Key management personnel costs				
Salary and other short term benefits	1,454	1,264	1,800	1,714
Post-employment benefits	37	38	44	45
Total key management personnel costs	1,491	1,302	1,844	1,759
Total full time equivalent	5	5	8	8

31. CAPITAL COMMITMENTS AND OPERATING LEASES

Capital commitments

Commitments for capital expenditure contracted, but not provided for:

	COUNCIL		GROUP	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Property, plant and equipment				
- Water systems	-	5,039	-	5,039
- Roading network	7,451	7,407	7,451	7,407
- Buildings	-	14,266	4,633	32,914
Other	1,193	742	1,193	742
Intangible assets	-	-	-	-
Total capital commitments	8,644	27,454	13,277	46,102

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

Operating leases as lessee

Council leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments payable under non-cancellable leases are as follows:

	COUNCIL		GROUP	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Not later than one year	545	575	581	707
Later than one year and not later than five years	779	892	802	1,033
Later than five years	-	-	7	-
Total non-cancellable operating leases	1,324	1,467	1,390	1,740

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2017: \$nil).

Leases can be renewed at Council's option, with rents set by reference to current market rates for items of equivalent age and condition. Council does not have the option to purchase the asset at the end of the lease term.

There are no restrictions placed on Council by any of the leasing arrangements.

Operating leases as lessor

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	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Not later than one year	-	-	637	215
Later than one year and not later than five years	-	-	1,933	631
Later than five years	-	-	819	117
Total operating leases as lessor	-	-	3,389	963

No contingent rents have been recognised in the statement of comprehensive revenue and expenses during the period.

32. CONTINGENCIES

Contingent liabilities

	COUNCIL		GROUP	
	2018 \$000	2017 \$000	2018 \$000	2017 \$000
Financial guarantees	64	105	64	105
Waste water	1,376	2,003	1,376	2,003
Other legal proceedings	-	-	-	-
Total contingent liabilities	1,440	2,108	1,440	2,108

Financial Guarantees

The value of financial guarantees disclosed as contingent liabilities reflects 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. Council has recognised \$nil (2017: \$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 2 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% (2017: 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

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, Council could be responsible for any deficit of the scheme. Similarly, if a number of employers cease to participate in the scheme, 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) (2017: \$nil).

Local Government Funding Agency

Council is a guarantor of the New Zealand local Government Funding Agency limited (LGFA). 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+.

Council is one of 30 local authority shareholders (with the NZ Government being the other major shareholder) and 15 local authority guarantors of 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, Council is a guarantor of all of LGFA's borrowings. At 30 June 2018, LGFA had borrowings totalling \$8.27 billion (2017: \$7.95 billion).

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. Council considers the risk of 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 claim. The judgement in January 2018 accepted that the 10 year long stop applies (this is likely to be appealed) but the claim was not struck out. The MOE's claim against CHH is for 833 school buildings, 11 of which are located within Lower Hutt. There is insufficient information to conclude on potential liability and claim quantum, if any.

Contingent assets

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 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.

33. MAJOR BUDGET VARIATIONS

Explanations for major variations from Council's budgeted figures in the 2017/2018 Annual Plan are as follows:

The statement of comprehensive revenue and expenses discloses the financial performance of Council and Group for the financial year ended 30 June 2018. The statement shows the operating revenue and expenditure as well as other transactions that have impacted on the Council's and Group's wealth. The following are the significant variances:

- Subsidies and grants \$4.1mil below budget. This is due to lower funding from NZ Transport Authority for capital cycleway projects.
- Employee costs is \$1.0mil above budget. This is due to additional costs associated with the organisation restructure and additional consents staff.

- Loss on revaluation of financial instruments is \$2.8mil above budget. The variance is a result of moving interest rates. Loss on revaluation are not budgeted for
- The above have contributed to net deficit after tax result of \$7.7mil above budget.
- Gain/(Loss) on property revaluation is \$2.5mil below budget. These figures represent the 3 yearly revaluation undertaken for Council and the Group's major assets.
- The above has contributed to total comprehensive revenue and expenses of \$10.2mil below budget.

The statement of financial position (that is, what council own and owe) is as at 30 June 2018. The following are significant variances in the statement of financial position:

- Cash and cash equivalents is \$4.2mil below budget. This is partly due to surplus cash being held on term deposits in excess of 90 days. Also refer to cash flow explanations.
- Other assets is \$19.1mil above budget. This is due to cash being held on term deposits greater than 90 days.
- Property, plant and equipment is \$49.0mil below budget - due to delay in completion of various projects including the Civic Event Centre and Riddiford Gardens.
- Assets under construction is \$45.5mil above budget. This is due to the timing of completing various projects and the transfer to fixed assets. At balance date the major project include the Civic Events Centre and Riddiford Garden redevelopment.
- Current and non-current borrowing is \$14.0mil above budget. This is due to prefunding loan maturing early in the 2018-19 year at favourable interest rates. Funds held on term deposit matching the repayment date of the loans.
- Creditors and other payables are \$5.8mil above budget. This is due to timing of payments to suppliers for operational and capital expenditure.
- Non-current provisions are \$13.2mil below budget resulting from lower increase level in landfill aftercare provision.
- The accumulation of the above results in Net Assets and Equity being \$3.8mil below budget.

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

- Net cash flow from operating activities was \$3.8 million less than budget, mainly due to project delays resulting in less subsidies than planned.
- Net cash flow from investing activities was \$8.1 million higher than budget, mainly due to Council's 2018-19 debt pre-funding (unbudgeted) being placed on term deposit.
- Net cash flow from finance activities was \$4.0 million higher than budget, mainly due to Council's 2018-19 debt pre-funding (unbudgeted).

Explanations for further budget variations are shown at the end of the financial performance statement for each activity.



34. CAPITAL MANAGEMENT

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 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 Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally 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 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 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.

35. 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. 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 Council may put the funds towards. The remaining Council created reserves are discretionary reserves which 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 Council's treasury management.

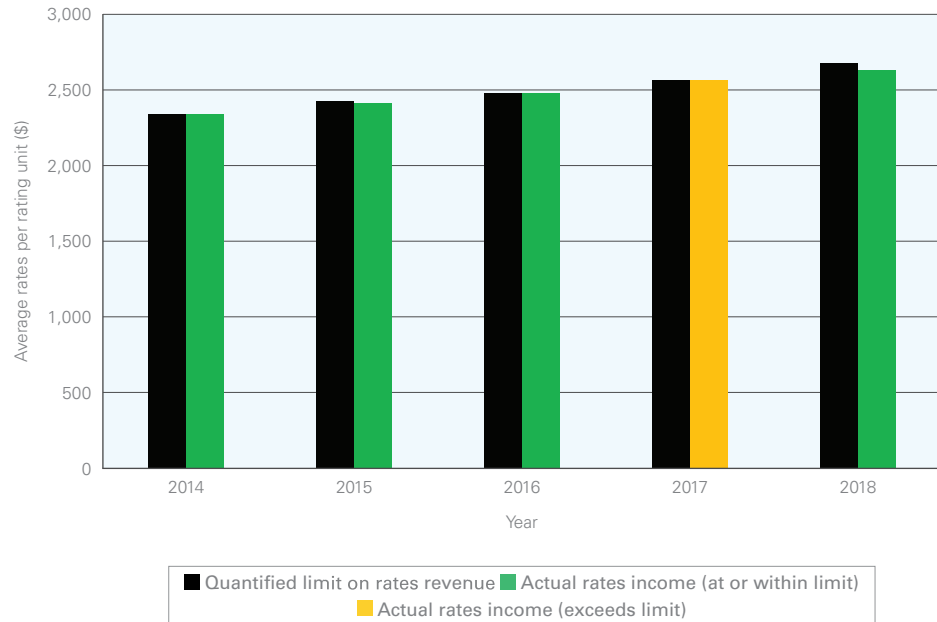
Below is a list of current reserves outlining the purpose for holding each reserve and the Council activity to which each reserve relates, together with summary financial balances for the 2017/2018 year:

	OPENING BALANCE JULY 2017 \$000	DEPOSITS \$000	EXPENDITURE \$000	CLOSING BALANCE JUNE 2018 \$000
Council Created Reserves – Purpose of the Fund				
Reserve Purchase & Development (Parks and Reserves Activity) 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.	4,911	1,024	-	5,935
Election Fund (Managing Services Activity) To annually provide for the cost of Council elections and by-elections.	150	-	-	150
Landfills Reserve (Solid Waste Activity) To set funds aside for the longer term replacement of the landfill. This figure has been capped at \$12million.	12,000	-	-	12,000
Waste Minimisation Reserve 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.	2,990	8	(2,490)	508
Wingate Landfill Reserve (Parks and Reserves Activity) 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.	171	3	-	174

	OPENING BALANCE JULY 2017 \$000	DEPOSITS \$000	EXPENDITURE \$000	CLOSING BALANCE JUNE 2018 \$000
Wingate Park (Parks and Reserves Activity) 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.	166	3	-	169
Ex Hillary Commission Funds (Aquatics and Recreation) To provide funding for sporting activities. Approval needs to be given by Sport New Zealand.	127	1	(122)	6
Totals	20,515	1,039	(2,612)	18,942

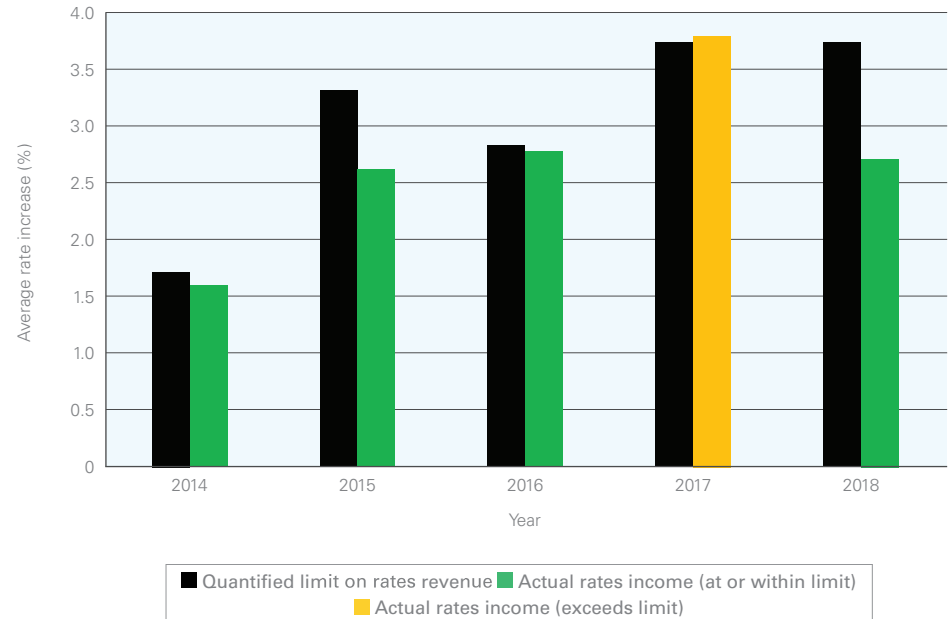
	OPENING BALANCE JULY 2017 \$000	DEPOSITS \$000	EXPENDITURE \$000	CLOSING BALANCE JUNE 2018 \$000
Restricted Reserves – Purpose of the Fund				
Taita Cemetery - JV Bently (Parks and Reserves Activity) The Council is contracted to maintain Plot 32/33 block 7, St James section in perpetuity. The plots contain Issac Young, Eliza Young and AG Talbut.	3	-	-	3
Lavelle Tree Bequest (Parks and Reserves Activity) To provide for the planting of trees in and around Hutt City on major thoroughfares.	31	1	-	32
JWT Adams Bequest (Museums Activity) 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
ML Talbut Bequest (Parks and Reserves Activity) To provide for the planting and maintenance of reserves.	13	1	-	14
Eastbourne Arts Trust (Museums Activity) 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
Totals	83	2	-	85

PRUDENCE REPORTING



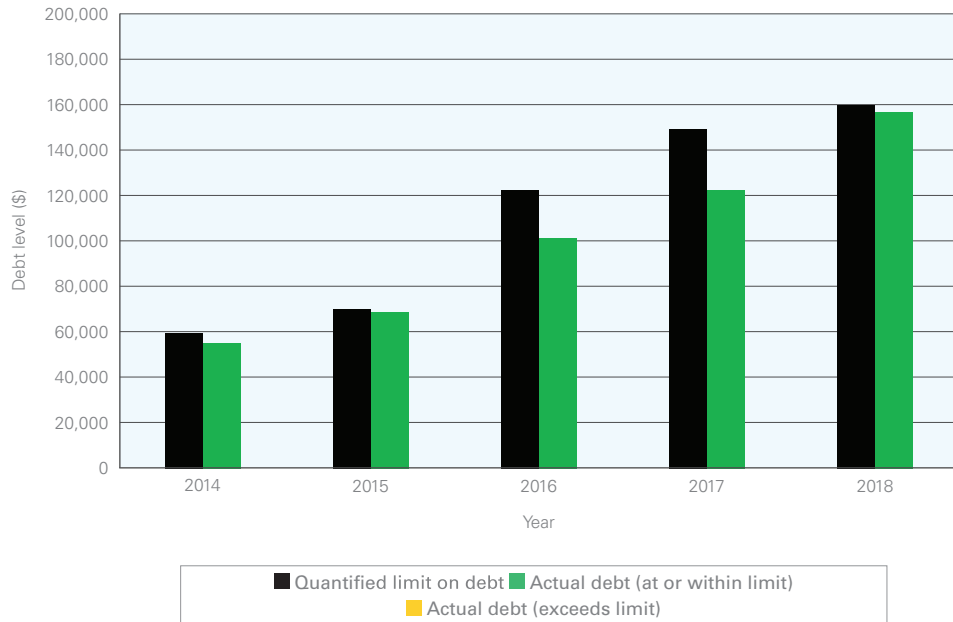
RATES (INCOME) AFFORDABILITY BENCHMARK

The above graph compares Council's actual rates income with a quantified limit on rates contained in the financial strategy included in 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).



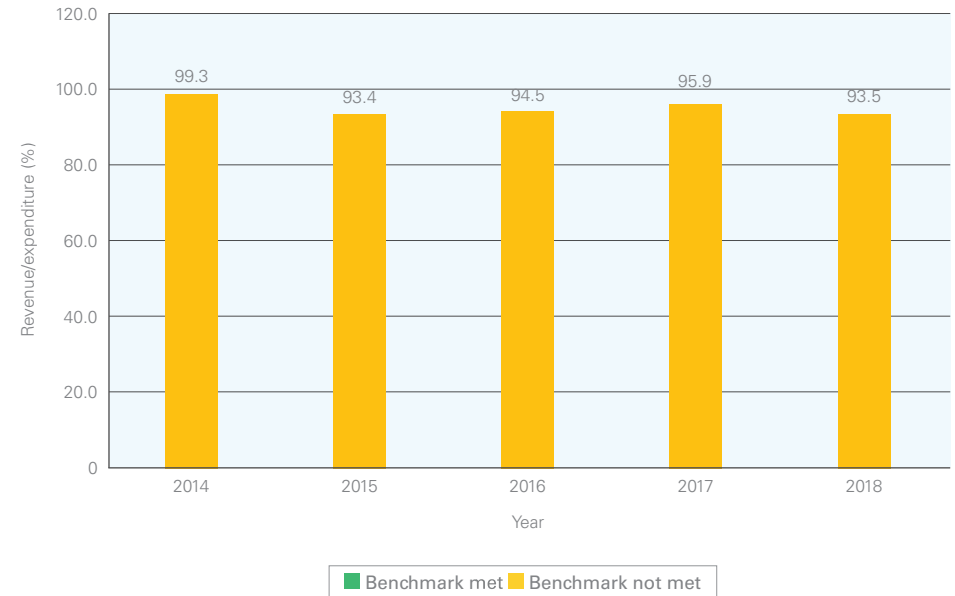
RATES (INCREASE) AFFORDABILITY BENCHMARK

The above graph compares Council's actual rates increase with a quantified limit on rates increases included in the financial strategy included in 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).



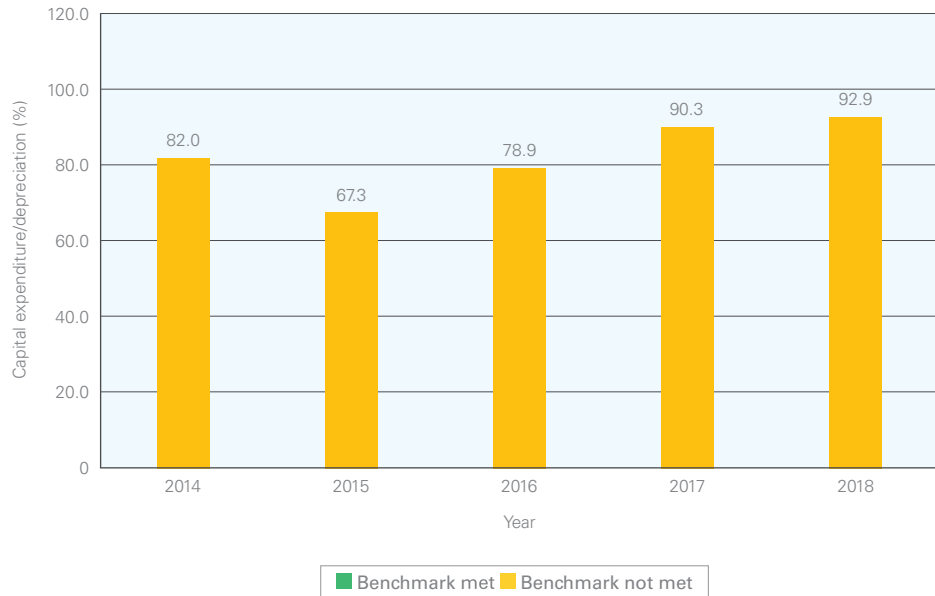
DEBT AFFORDABILITY BENCHMARK

The above graph compares Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in 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).



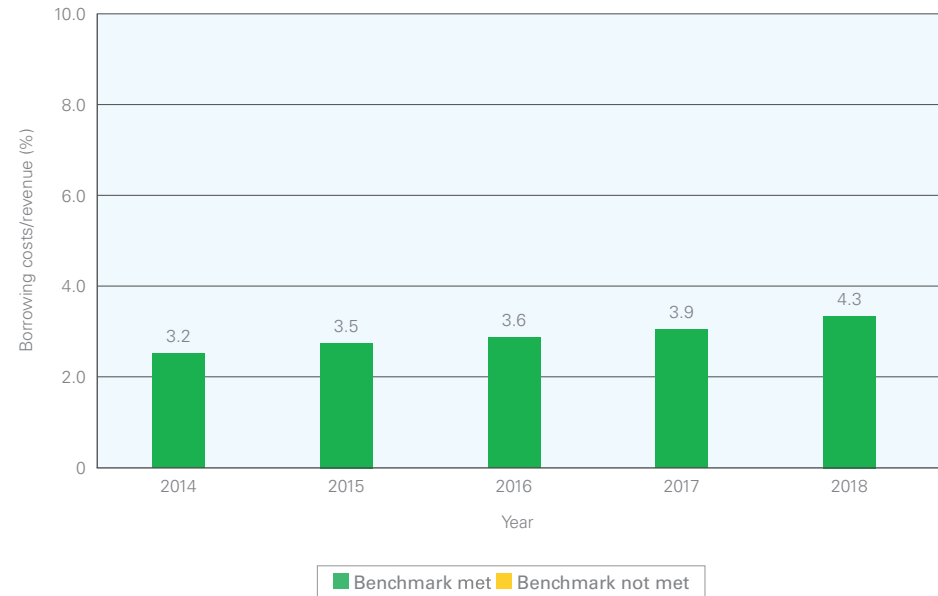
BALANCED BUDGET BENCHMARK

The above graph displays 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). Council meets this benchmark if its revenue equals or is greater than its operating expenses.



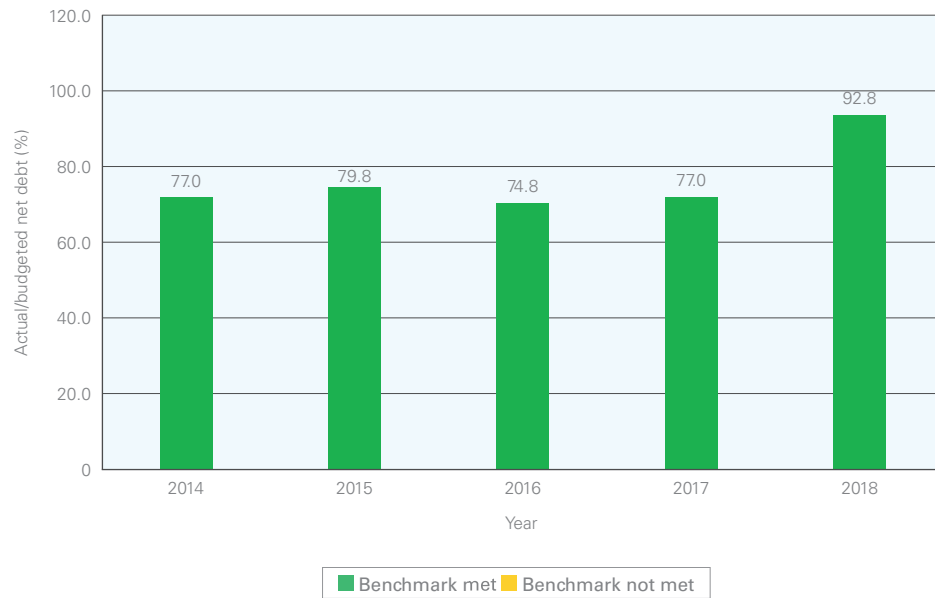
ESSENTIAL SERVICES BENCHMARK

The above graph displays Council's capital expenditure on network services as a proportion of depreciation on network services. Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



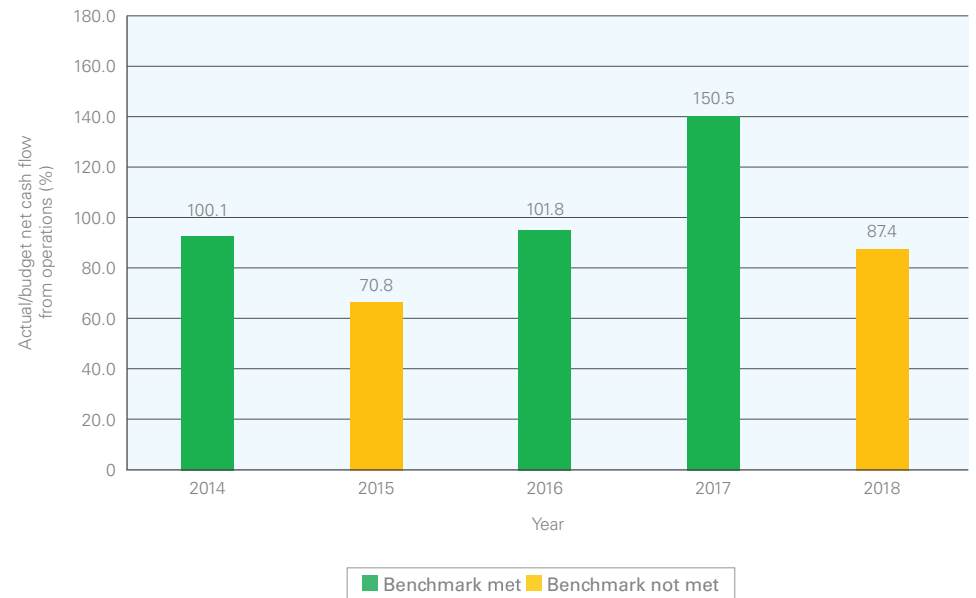
DEBT SERVICING BENCHMARK

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 Lower Hutt's population will grow as fast as the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equals or is less than 10% of its revenue.



DEBT CONTROL BENCHMARK

The above graph displays 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). Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



OPERATIONAL CONTROL BENCHMARK

The following graph displays Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. Council meets the operational control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.

APPENDICES

OUR PROFILE

Lower Hutt is located at the southern end of the North Island of New Zealand. It is the second largest city in the Wellington region and borders onto the capital city, Wellington. The city has an area of approximately 38,000 hectares and over 40 kilometres of coastline. Lower Hutt has a vitality and uniqueness that is enhanced by its beautiful natural setting – a combination of hills, valleys, rivers and the sea. This setting offers residents the best of both worlds – the facilities and services provided by a major urban centre, as well as a central location for residents to enjoy a variety of outdoor pursuits.

SUMMARY

Land area	37,998 hectares
Population¹	
Northern Ward	16,100
Eastern Ward	17,550
Western Ward	16,600
Central Ward	17,100
Wainuiomata Ward	18,450
Harbour Ward	18,900
Total population	104,700
Number of households	
Northern Ward	5,241
Eastern Ward	4,809
Western Ward	5,376
Central Ward	7,989
Wainuiomata Ward	5,982
Harbour Ward	6,597
Total households	35,988
Age²	
0 to 14	20.4%
15 to 39	33.0%
40 to 64	32.7%
65 and over	13.9%
Ethnicity²	
European	71.8%
Māori	18.5%
Pacific Peoples	12.0%
Asian	10.0%

¹ Sourced from subnational population data estimates from Statistics NZ to 30 June 2017.

² Sourced from Statistics NZ Census Data 2013. Counts from ward analysis do not add up to the total number due to rounding. Statistics New Zealand uses random rounding to base 3 for their census outputs - <http://archive.stats.govt.nz/Census/2013-census/methodology/confidentiality-how-applied.aspx#rule4>

HUTT CITY ASSETS

Total Councils assets as at 30 June 2018	\$1,555,650,000
Area of parks and reserves	3,760 hectares
Number of swimming pools	6
Number of libraries	8
Length of roads	484 km
Length of footpaths	248 km
Number of street lights	13,740
Length of wastewater pipes	671 km
Length of stormwater pipes	526 km
Length of water pipes	681 km
Rating system	Capital
Rateable units	39,352
Average rates per residential ratepayer	\$2,411
Capital value of rating units	\$21,441,248,500
Total land value of rating units (30 June 2018)	\$10,833,642,450
Capital value of the city (30 June 2018)	\$22,489,654,050

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 Lower Hutt, such as roads, drains, parks and buildings.

ASSET MANAGEMENT PLAN

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

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 OUTCOME

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

COMMUNITY PANELS

Community Panels replace previous community committee structure. Role of the panels are to represent and act as an advocate for the interests of their communities. Hutt City Council has four community panels in the Central, Eastern, Northern and Western ward communities.

COUNCIL-CONTROLLED ORGANISATIONS (CCOS)

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

COUNCIL-CONTROLLED TRADING ORGANISATIONS (CCTOS)

CCOs that operate a trading undertaking for the purpose of making a profit.

EMPLOYEE COSTS

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

FINANCIAL YEAR

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

FORECAST FINANCIAL STATEMENT

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

LAND VALUE

Value of land, excluding any improvements.

LOCAL GOVERNMENT ACT 2002

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

LONG TERM PLAN

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

Not applicable.

OPERATING EXPENDITURE

Expenditure for the normal services of Council.

OPERATING PROJECTS

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

PERFORMANCE MEASURE

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



RATES

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

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 ATIWA

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

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

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

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 2017-18 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, management reports 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.





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Email: contact@huttcity.govt.nz

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Twitter: twitter.com/HuttCityCouncil

WAR MEMORIAL LIBRARY

Address: Cnr Queens Drive & Woburn Road, Lower Hutt

Telephone: 04 570 6633

EASTBOURNE COMMUNITY LIBRARY

Address: Rimu Street, Eastbourne

Telephone: 04 562 8042

MOERA COMMUNITY LIBRARY

Address: Cnr Randwick Road & Randwick Crescent, Moera

Telephone: 04 568 4720

NAENAE COMMUNITY LIBRARY

Address: Hillary Court, Naenae

Telephone: 04 567 2859

PETONE COMMUNITY LIBRARY

Address: Britannia Street, Petone

Telephone: 04 568 6253

STOKES VALLEY COMMUNITY LIBRARY

Address: Scott Court, Stokes Valley

Telephone: 04 562 9050

WALTER NASH CENTRE LIBRARY

Address: Taine Street, Taita

Telephone: 04 567 2767

WAINUIOMATA LIBRARY

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HUTT CITY
TE AWA KAIRANGI