

## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF HUTT CITY COUNCIL AND GROUP'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

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

- the financial statements of the City Council and group that comprise:
  - the statement of comprehensive income as at 30 June 2015 on page 90;
  - the statement of financial position, statement of changes in equity and statement of cash flows for the year ending 30 June 2015 on pages 91 to 93;
  - the funding impact statement of the City Council on page 94;
  - the statements about budgeted and actual capital expenditure in relation to each group of activities of the City Council on pages 12 to 81; and
  - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 95 to 141;
- the statement of service provision (referred to as performance summaries) of each group of activities carried out by the City Council on pages 17 to 59;
- the funding impact statements in relation to each group of activities of

the City Council on pages 12 to 81; and

- the disclosures of the City Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 144 to 146.

In addition, the Auditor General has appointed me to report on whether the City Council and group's annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, where applicable, by including :

- information about:
  - internal borrowing on pages 126 to 127;
  - council controlled organisations on pages 81 to 85;
  - reserve funds on pages 141 to 142;
  - each group of activities carried out by the City Council on pages 12 to 81;
  - remuneration paid to the elected members and certain employees of the City Council on pages 136 to 137;
  - employee staffing levels and remuneration on page 137;
  - severance payments on page 137;
  - rating base units on page 146; and
  - insurance of assets on page 122.
- a report on the activities undertaken by the City Council and group to establish and maintain processes to provide opportunities for Māori to

contribute to the Council's decision making processes on page 86; and

- a statement of compliance signed by the mayor of the Council, and by the City Council's chief executive on page 89.

### Opinion

#### *Audited information*

In our opinion:

- the financial statements of the City Council and group on pages 90 to 94:
  - present fairly, in all material respects:
- the City Council and group's financial position as at 30 June 2015;
- the results of its operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand.
- the funding impact statement of the City Council on page 94, present 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 statements about budgeted and actual capital expenditure in relation to each group of activities of the City Council on pages 12 to 81, present

fairly, in all material respects, by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the City Council's long term plan or annual plan.

- the performance summaries of the City Council on pages 12 to 81:
  - presents fairly, in all material respects, the City Council's levels of service for the year ended 30 June 2015, including:
- the levels of service as measured against the intended levels of service adopted in the long term plan;
- the reasons for any significant variances between the actual service and the expected service; and
  - complies with generally accepted accounting practice in New Zealand.
- the funding impact statements in relation to each group of activities of the City Council on pages 12 to 81, present fairly, in all material respects, by each group of activities, 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.
- the disclosures on pages 141 to 146 represent a complete list of required disclosures and accurately reflects the information drawn from City Council's audited information.

**Compliance with the other requirements of schedule 10**

The City Council and group's annual report complies with the Other Requirements of schedule 10 that are applicable to the annual report.

Our audit was completed on 2 November 2015. This is the date at which our opinion is expressed.

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

**Basis of opinion**

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

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

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the City Council and group's preparation of the information we audited in order to design procedures that are appropriate

in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City Council and group's internal control.

An audit also involves evaluating:

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

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

When reporting on whether the annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements. As a result we do not express an audit opinion on the City Council's compliance with the requirements of schedule 10.

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

**Responsibilities of the Council**

The Council is responsible for preparing:

- financial statements and performance summaries that:
  - comply with generally accepted accounting practice in New Zealand;
  - present fairly the City Council and group's financial position, financial performance and cash flows;
  - present fairly its service performance, including achievements compared to forecast;
  - a funding impact statement that presents fairly 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;
- funding impact statements in relation to each group of activities that presents fairly by each group of activities, 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;
- statements about budgeted and actual capital expenditure in relation to each group of activities that presents fairly by each group of activities the capital

- expenditure spent as compared to the amounts budgeted and set out in the City Council's long term plan or annual plan;
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and
  - the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council's responsibilities arise under the Local Government Act 2002.

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

### Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the information we are required to audit, and whether the Council has complied with the Other Requirements of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001.

### Independence

When carrying out this audit, which includes our report on the Other Requirements, we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the External Reporting Board.

In addition to this audit, which includes our report on the Other Requirements,

we have carried out an audit of the Long Term Plan 2015-25, and an assurance engagement providing an auditor's report to the City Council's bond trustees, which are compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the City Council or any of its subsidiaries.



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

## STATEMENT OF COMPLIANCE

### STATEMENT OF COMPLIANCE AND RESPONSIBILITY

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



**Ray Wallace**  
**MAYOR**  
**2 NOVEMBER 2015**



**Tony Stallinger**  
**CHIEF EXECUTIVE**  
**2 NOVEMBER 2015**

# FINANCIAL STATEMENTS

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2015

	NOTES	COUNCIL			GROUP	
		ACTUAL 2015 \$000	BUDGET 2015 \$000	ACTUAL 2014 \$000	ACTUAL 2015 \$000	ACTUAL 2014 \$000
<b>Revenue</b>						
Rates	4.	92,871	93,024	90,056	92,611	89,841
Fees, charges and metered rates for water supply	5.	32,667	30,752	31,054	36,103	34,549
Development and financial contributions		556	615	263	555	265
Subsidies and grants	5.	9,865	10,380	10,013	9,865	10,013
Finance income	6.	1,167	630	677	480	221
Other revenue	5.	6,235	5,074	6,190	8,592	6,589
Gain on disposal	7.	104	-	424	828	1,021
<b>Total revenue</b>	<b>3.</b>	<b>143,465</b>	<b>140,475</b>	<b>138,677</b>	<b>149,034</b>	<b>142,499</b>
<b>Expenses</b>						
Employee costs	8.	28,837	28,642	27,517	29,906	28,438
Other expenses	9.	86,033	83,019	75,710	74,749	77,097
Finance costs	6.	5,474	5,152	4,642	5,474	4,642
Depreciation and amortisation expenses	16. - 18.	31,446	31,119	30,050	32,455	31,116
<b>Total expense</b>		<b>151,790</b>	<b>147,932</b>	<b>137,919</b>	<b>142,584</b>	<b>141,293</b>
<b>Share of associate's surplus/(deficit)</b>	<b>19.</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>154</b>	<b>9</b>
<b>Surplus/(deficit) before tax</b>		<b>(8,325)</b>	<b>(7,457)</b>	<b>758</b>	<b>6,604</b>	<b>1,215</b>
Income tax expense/(benefit)	10.	-	-	-	166	(213)
<b>Surplus/(deficit) after tax</b>		<b>(8,325)</b>	<b>(7,457)</b>	<b>758</b>	<b>6,438</b>	<b>1,428</b>
Surplus/(deficit) attributed to Hutt City Council:		(8,325)	(7,457)	758	6,438	1,428
<b>Other comprehensive revenue and expenses</b>						
Items that will be reclassified to surplus/(deficit)						
Gain/(Loss) on revaluation of financial instruments	7.	(2,702)	-	943	(2,702)	943
Items that will not be reclassified to surplus/(deficit)						
Gain/(losses) on property revaluations		37,371	61,239	(6,478)	38,538	(4,589)
Impairment of property, plant and equipment		-	-	-	-	-
Adjustment for deferred tax on transition to PBE accounting standards	10.	-	-	-	-	(1,334)
Deferred tax on revaluation	10.	-	-	-	66	(241)
<b>Total other comprehensive revenue and expenses</b>		<b>34,669</b>	<b>61,239</b>	<b>(5,535)</b>	<b>35,902</b>	<b>(5,221)</b>
<b>Total comprehensive revenue and expenses</b>		<b>26,344</b>	<b>53,782</b>	<b>(4,777)</b>	<b>42,340</b>	<b>(3,794)</b>
<b>Total comprehensive revenue and expenses attributed to hutt city council:</b>		<b>26,344</b>	<b>53,782</b>	<b>(4,777)</b>	<b>42,340</b>	<b>(3,794)</b>

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

## STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	NOTES	COUNCIL			GROUP	
		ACTUAL 2015 \$000	BUDGET 2015 \$000	ACTUAL 2014 \$000	ACTUAL 2015 \$000	ACTUAL 2014 \$000
<b>Balance at 1 July</b>		<b>1,242,364</b>	<b>1,247,832</b>	<b>1,247,141</b>	<b>1,245,878</b>	<b>1,249,672</b>
Total comprehensive revenue and expenses for the year		26,344	53,782	(4,777)	42,340	(3,794)
<b>Balance at 30 June</b>	<b>26.</b>	<b>1,268,708</b>	<b>1,301,614</b>	<b>1,242,364</b>	<b>1,288,218</b>	<b>1,245,878</b>
Total comprehensive revenue and expenses attributed to Hutt City Council:		26,344	53,782	(4,777)	42,340	(3,794)
<b>Total comprehensive revenue and expenses</b>		<b>26,344</b>	<b>53,782</b>	<b>(4,777)</b>	<b>42,340</b>	<b>(3,794)</b>

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

## STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2015

	NOTES	COUNCIL			GROUP	
		ACTUAL 2015 \$000	BUDGET 2015 \$000	ACTUAL 2014 \$000	ACTUAL 2015 \$000	ACTUAL 2014 \$000
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	11.	9,833	12,785	14,503	14,464	17,820
Debtors and other receivables	12.	11,878	12,488	10,795	11,530	10,731
Inventories	14.	213	-	196	691	1,993
Derivative financial instruments (A)	13.	-	800	284	-	284
Prepayments		516	-	8	544	116
Accrued interest		41	-	12	41	12
Other assets	20.	3,386	11,512	5,120	-	-
Non-current assets held for sale	15.	-	2,816	2,752	-	2,752
<b>Total current assets</b>		<b>25,867</b>	<b>40,401</b>	<b>33,670</b>	<b>27,270</b>	<b>33,708</b>
<b>Non-current assets</b>						
Property, plant and equipment	16.	1,328,193	1,371,982	1,294,592	1,361,606	1,321,226
Intangible assets	17.	2,712	5,164	1,694	2,714	1,696
Assets under construction	16.	15,547	6,479	5,885	32,318	6,840
Derivative financial instruments (A)	13.	137	-	-	137	-
Investment in associate	19.	200	224	200	299	145
Other financial assets	20.					
- Investment in CCO's and other similar entities		30,129	17,555	21,641	884	516
- Investment in other entities		494	494	494	494	494
<b>Total other financial assets</b>		<b>30,623</b>	<b>18,049</b>	<b>22,135</b>	<b>1,378</b>	<b>1,010</b>
<b>Total non-current assets</b>		<b>1,377,412</b>	<b>1,401,898</b>	<b>1,324,506</b>	<b>1,398,452</b>	<b>1,330,917</b>
<b>Total assets</b>		<b>1,403,279</b>	<b>1,442,299</b>	<b>1,358,176</b>	<b>1,425,722</b>	<b>1,364,625</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Borrowings	22.	10,080	50,372	25,222	10,080	25,222
Derivative financial instruments	13.	11	4,300	2,320	11	2,320
Creditors and other payables	21.	18,333	24,208	18,725	19,659	18,971
Employee entitlements	23.	2,797	2,351	2,448	2,867	2,529
Provisions - current	24.	894	-	1,230	894	1,230
Other liabilities	25.	3,753	3,623	3,054	3,828	4,316
<b>Total current liabilities</b>		<b>35,868</b>	<b>84,854</b>	<b>52,999</b>	<b>37,339</b>	<b>54,588</b>
<b>Non-current liabilities</b>						
Borrowings	22.	86,917	50,010	56,000	86,917	56,000
Employee entitlements	23.	795	783	821	795	805
Derivative financial instruments	13.	4,864	-	-	4,864	-
Provisions - non current	24.	6,127	5,038	5,992	6,127	5,992
Deferred tax liability	10.	-	-	-	1,462	1,362
Other liabilities	25.	-	-	-	-	-
<b>Total non-current liabilities</b>		<b>98,703</b>	<b>55,831</b>	<b>62,813</b>	<b>100,165</b>	<b>64,159</b>

	NOTES	COUNCIL			GROUP	
		ACTUAL 2015 \$000	BUDGET 2015 \$000	ACTUAL 2014 \$000	ACTUAL 2015 \$000	ACTUAL 2014 \$000
<b>Total liabilities</b>		<b>134,571</b>	<b>140,685</b>	<b>115,812</b>	<b>137,504</b>	<b>118,747</b>
<b>Net assets (assets minus liabilities)</b>		<b>1,268,708</b>	<b>1,301,614</b>	<b>1,242,364</b>	<b>1,288,218</b>	<b>1,245,878</b>
<b>Equity</b>						
Accumulated funds	11.	9,833	12,785	14,503	14,464	17,820
Reserves	12.	11,878	12,488	10,795	11,530	10,731
<b>Net assets (assets minus liabilities)</b>		<b>1,268,708</b>	<b>1,301,614</b>	<b>1,242,364</b>	<b>1,288,218</b>	<b>1,245,878</b>

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

## STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

	NOTES	COUNCIL			GROUP	
		ACTUAL 2015 \$000	BUDGET 2015 \$000	ACTUAL 2014 \$000	ACTUAL 2015 \$000	ACTUAL 2014 \$000
<b>Cash flows from operating activities</b>						
<b>Cash was provided from:</b>						
Receipts from rates and levies - Council		93,226	93,024	90,332	92,966	90,117
Receipts from rates and levies - GWRC*		22,157	19,070	17,633	22,157	17,633
Receipts from user charges and other income		46,851	46,199	47,314	52,225	52,938
Receipts from sales of commercial developments		-	-	-	2,035	777
Interest received		1,143	630	663	456	207
Dividends		-	-	-	-	-
Net GST received from Inland Revenue**		467	-	-	-	-
		<b>163,844</b>	<b>158,923</b>	<b>155,942</b>	<b>169,839</b>	<b>161,672</b>
<b>Cash was applied to:</b>						
Payments to employees		(28,514)	(28,218)	(27,382)	(29,578)	(28,299)
Payments to suppliers		(88,035)	(77,636)	(77,396)	(75,578)	(78,782)
Purchase of inventory held for commercial development		-	-	-	(908)	(2,354)
Interest paid		(4,900)	(5,152)	(3,987)	(4,900)	(3,987)
Net GST paid to Inland Revenue**		-	-	(384)	(19)	(420)
Rates and levies passed to GWRC*		(21,960)	(19,070)	(17,501)	(21,960)	(17,501)
		<b>(143,409)</b>	<b>(130,076)</b>	<b>(126,650)</b>	<b>(132,943)</b>	<b>(131,343)</b>
<b>Net cash flows from operating activities</b>	<b>27.</b>	<b>20,435</b>	<b>28,847</b>	<b>29,292</b>	<b>36,896</b>	<b>30,329</b>
<b>Cash flows from investing activities</b>						
<b>Cash was provided from:</b>						
Receipts from sale of property, plant and equipment		3,544	4,300	1,255	4,320	4,094
Other investment receipts		-	-	224	-	24
		<b>3,544</b>	<b>4,300</b>	<b>1,479</b>	<b>4,320</b>	<b>4,118</b>
<b>Cash was applied to:</b>						
Purchase of property, plant and equipment		(38,869)	(44,405)	(22,268)	(61,178)	(22,538)
- less UHCC capital contribution		707	613	406	707	406
Purchase of assets under construction		1,032	(2,000)	(4,861)	1,032	(5,470)
Purchase of intangible assets		(540)	(1,986)	(554)	(540)	(544)
Other payments and investments		(6,754)	-	(256)	(368)	(256)
		<b>(44,424)</b>	<b>(47,778)</b>	<b>(27,533)</b>	<b>(60,347)</b>	<b>(28,402)</b>

	NOTES	COUNCIL			GROUP	
		ACTUAL 2015 \$000	BUDGET 2015 \$000	ACTUAL 2014 \$000	ACTUAL 2015 \$000	ACTUAL 2014 \$000
<b>Net cash flows from investing activities</b>		<b>(40,880)</b>	<b>(43,478)</b>	<b>(26,054)</b>	<b>(56,027)</b>	<b>(24,284)</b>
<b>Cash flows from financing activities</b>						
<b>Cash was provided from:</b>						
Proceeds from borrowings		40,700	140,178	42,829	40,700	42,829
<b>Cash was applied to:</b>						
Repayment of borrowings		(24,925)	(119,740)	(42,873)	(24,925)	(42,873)
<b>Net cash flows from financing activities</b>		<b>15,775</b>	<b>20,438</b>	<b>(44)</b>	<b>15,775</b>	<b>(44)</b>
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		(4,670)	5,807	3,194	(3,356)	6,000
Cash, cash equivalents and bank overdrafts at the beginning of the year		14,503	6,978	11,309	17,820	11,820
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	<b>11.</b>	<b>9,833</b>	<b>12,785</b>	<b>14,503</b>	<b>14,464</b>	<b>17,820</b>

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

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

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



## FUNDING IMPACT STATEMENT

For the year ended 30 June 2015 (Whole of Council)

	COUNCIL			GROUP	
	ACTUAL 2015 \$000	BUDGET 2015 \$000	LTP 2015 \$000	ACTUAL 2015 \$000	ACTUAL 2014 \$000
<b>Sources of operating funding</b>					
General rates, uniform annual general charges, rates penalties	67,224	66,333	67,159	64,884	63,264
Targeted rates (other than a targeted rate for water supply)	17,846	18,063	17,322	17,908	18,184
Subsidies and grants for operating purposes	6,510	6,338	6,437	6,204	5,851
Fees, charges and targeted rates for water supply	44,910	43,212	44,672	43,069	40,361
Interest and dividends from investments	-	-	-	677	-
Local authorities fuel tax, fines, infringement fees, and other receipts	5,986	5,082	4,115	4,766	5,524
<b>Total operating funding (A)</b>	<b>142,476</b>	<b>139,028</b>	<b>139,705</b>	<b>137,508</b>	<b>133,184</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	114,862	111,661	99,210	103,226	103,288
Finance costs	5,472	5,152	3,715	4,641	4,430
Other operating funding applications	3,313	3,210	3,418	3,302	3,210
<b>Total applications of operating funding (B)</b>	<b>123,647</b>	<b>120,023</b>	<b>106,343</b>	<b>111,169</b>	<b>110,928</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>18,890</b>	<b>19,005</b>	<b>33,362</b>	<b>26,339</b>	<b>22,256</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	4,433	4,655	4,997	4,210	5,367
Development and financial contributions	556	615	743	265	615
Increase (decrease) in debt	11,304	19,816	(6,712)	(5,009)	(770)
Gross proceeds from sale of assets	3,544	4,300	1,992	1,110	2,500
Lump sum contributions	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>19,837</b>	<b>29,386</b>	<b>1,020</b>	<b>576</b>	<b>7,712</b>
<b>Application of capital funding</b>					
<b>Capital expenditure</b>					
- to meet additional demand	-	-	-	-	-
- to improve level of service	22,013	32,419	16,967	8,968	11,964
- to replace existing assets	16,653	15,972	17,415	17,947	18,004
Increase (decrease) in reserves	-	-	-	-	-
Increase (decrease) of investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>38,666</b>	<b>48,391</b>	<b>34,382</b>	<b>26,915</b>	<b>29,968</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(18,829)</b>	<b>(19,005)</b>	<b>(33,362)</b>	<b>(26,339)</b>	<b>(22,256)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# NOTES TO THE FINANCIAL STATEMENTS

## I. SIGNIFICANT 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 and Urbanplus Limited Group (both 100% owned) and its controlled trust Hutt City Community Facilities Trust. The Urbanplus Limited Group consists of Urbanplus Limited and its 100% owned subsidiaries Property Partnership Limited, Hutt Property Investments Limited and Gold Property Investments Limited. The Council's 25% equity share of its associate Wellington Water Limited (formerly Capacity Infrastructure Services) is equity accounted. The Council's subsidiaries/ CCO's are incorporated and domiciled in New Zealand.

The Council and Group provide local infrastructure, local public services and perform regulatory functions to the

community. The Council does not operate to make a financial return. Accordingly, the Council has designated itself and the Group as public benefit entities (PBE's) for financial reporting purposes.

The Financial Statements of the Council and Group are for the year ended 30 June 2015. The Financial Statements were authorised for issue by Council on 2 November 2015.

### BASIS OF PREPARATION

#### Statement of compliance

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

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

These Financial Statements are the first Financial Statements presented in accordance with the new PBE accounting standards. There were no material adjustments arising on transition to the new PBE accounting standards.

#### Measurement base

The Financial Statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets and financial instruments (including

derivative instruments), which have been measured at fair value.

Management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. The Financial Statements have therefore been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

#### Presentation currency and rounding

The Financial Statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of Council and Group is New Zealand dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the Statement of Comprehensive Revenue and Expenses.

#### Effect of first-time adoption of PBE standards on accounting policies and disclosures

This is the first set of Financial Statements of the Council and Group presented in accordance with PBE standards. The Council and Group have previously reported in accordance with NZ IFRS (PBE).

The accounting policies adopted in these Financial Statements are consistent with those of the previous financial year,

except for instances when the accounting or reporting requirement of a PBE standard are different to requirements under NZ IFRS (PBE) as outlined below.

The changes to accounting policies and disclosures caused by first time application of PBE accounting standards are as follows:

#### *PBE IPSAS 1: Presentation of Financial Statements*

There are minor differences between PBE IPSAS 1 and the equivalent NZ IFRS (PBE) standard. These differences have an effect on disclosure only. The main changes in disclosure resulting for the application of PBE IPSAS are the following:

Receivables from exchange and non-exchange transactions: In the Financial Statements of the previous financial year, receivables were presented as a single total in the Statement of Financial Position. However, PBE IPSAS 1 requires receivables from non-exchange transactions and receivables from exchange transactions to be presented separately in the Statements of Financial Position. This requirement affected the presentation of both current and comparative receivables figures.

#### *PBE IPSAS 23: Revenue from Non-Exchange Transactions*

PBE IPSAS 23 prescribes the financial reporting requirement for revenue arising from non-exchange transactions. There is no equivalent financial reporting standard under NZ IFRS. The application of this standard affects the Group's accounting

for grant revenue. In the previous financial year, grants received in relation to the provision of a service were recognised as revenue on a percentage of completion basis. However, PBE IPSAS 23 requires revenue from non-exchange transactions such as grants to be recognised as revenue as soon as the inflow of resources can be recognised as an asset in the Financial Statements, unless the inflow of resources meets the definition of and recognition criteria for a liability. Non-exchange revenue from grants can only be deferred and recognised as a liability if there is a condition attached to the grant that requires an entity to use the grant as specified by the grantor or return of the cash (or other resources transferred under the grant) if the entity does not perform as specified.

#### **Standards issued, not yet effective and not early adopted**

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. Council and Group have applied these standards in preparing the 30 June 2015 Financial Statements.

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBE's with reporting periods beginning on or after 1 April 2015. Council and Group will apply these updated standards in preparing its 30 June 2016 Financial Statements. Council and Group expect there will be minimal or no change in applying these updated accounting standards.



#### **Comparatives**

To ensure consistency with the current year, certain comparative information has been reclassified where appropriate.

This has occurred:

- where classifications have changed between periods; and
- where the Council and Group has made additional disclosure in the current year, and where a greater degree of disaggregation of prior year amounts and balances is therefore required.

#### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of consolidation**

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

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

The Council consolidates in the Group Financial Statements all entities where the Council has the capacity to control their financial and operating policies so as to obtain benefits from the activities of the subsidiary/CCO. The power exists where the Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by the Council or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary/CCO.

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

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

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

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

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

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

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

### **Investments in associate**

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

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

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

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

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

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

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

### **LGFA**

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

Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2015, NZLGFA had borrowings totalling \$4.96 billion (2014: \$3.99 billion) as disclosed in note 33. Financial reporting standards require Council to recognise the guarantee liability at fair value. However, the Council, along

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

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

### **Revenue**

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

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

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

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

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

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

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

Revenue from the rendering of services (such as marina fees) is recognised by reference to the stage of completion of the service. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

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

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

#### ***Interest***

Interest income is recognised using the effective interest method.

#### ***Dividends***

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

#### ***Rental revenue***

Rental revenue arising from operating leases or rental agreements on properties is accounted for on a straight-line basis

over the lease or rental term and is included in revenue in the Statement of Comprehensive Revenue and Expenses.

**Revenue from non-exchange transactions:**

*General and targeted rates revenue*

General rates, targeted rates (excluding water-by-meter) and uniform annual general charges are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. The Group recognises revenue from rates when the Council has struck the rate and provided the rates assessment. Rates revenue is measured at the amount assessed, which is the fair value of the cash received or receivable.

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

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

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

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

*Government grants and funding*

Council receives government grants from the New Zealand Transport Agency (NZTA), which subsidises part

of the costs of maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

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

*Infringement fees and fines*

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

*Direct charges – subsidised*

*(1) Rendering of services - subsidised*

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

Revenue from such subsidised services is recognised at the amount of the invoice or bill, which is the fair value of the cash received or receivable for the service.

Revenue is recognised by reference to the stage of completion of the service to the extent that the Council or Group has an obligation to refund the cash received from the service (or to the extent that the customer has the right to withhold payment from Council or Group for the service) if the service is not completed.

*(2) Sale of goods – subsidised*

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

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

*Development and financial contributions*

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

*Vested assets*

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue when control over the asset is obtained. The fair value of vested or donated assets is usually determined by

reference to the cost of constructing the asset. For assets received from property development, the fair value is based on construction price information provided by the property developer.

*Donated and bequeathed finance assets*

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

**Construction contracts**

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

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

An expected loss on construction contract is recognised immediately as an expense in the surplus or deficit.

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



Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised surpluses less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregated costs incurred plus surplus less losses, the net amounts are presented as a liability.

### **Borrowing costs**

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

### **Grant expenditure**

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

Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of Council's decision. The Council's grants awarded have no substantive conditions attached.

### **Income tax**

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustment to

income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

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

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

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

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

Current tax and deferred tax is recognised against the surplus or deficit for the period,

except when it relates to a business combination, or to transactions recognised in other comprehensive revenue and expenses or directly in equity.

### **Leases**

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

### **Group as a lessee**

#### *Finance leases*

The Group does not enter into Finance Lease arrangements.

#### *Operating leases*

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

### **Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term. Rent received from an operating lease is recognised as income on a straight-line basis over the lease

terms and disclosed within revenue from exchange transactions in the Statement of Comprehensive Revenue and Expenses.

**Cash and cash equivalents**

Cash and cash equivalents (current assets) in the Statement of Financial Position comprise of cash at bank, cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

**Debtors and other receivables**

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

**Derivative financial instruments**

The Group uses derivative financial instruments such as foreign currency contracts and interest rate swaps to manage exposure to foreign exchange and 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 the Statement of Comprehensive Revenue and Expenses.

Derivatives are carried as current assets when their fair value is positive and as current liabilities when their fair value is negative.

**Other financial instruments**

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

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

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

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

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

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

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term trading. Derivatives (e.g. interest rate swaps and options) are also categorised as held for trading.

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

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

***Loans and receivables***

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

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

After initial recognition they are measured at amortised cost, using the effective interest method, less impairment.



Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Loans to community organisations made by Council at nil, or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant expense. The loans are subsequently measured at amortised cost using the effective interest method.

#### ***Held to maturity investments***

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

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

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

Financial assets at fair value through other comprehensive revenue and expenses are those that are designated into the category at initial recognition or are not classified in any of the other categories

above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of the balance date. The Council and Group includes in this category:

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

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

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

#### **Impairment of financial assets**

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

#### ***Loans, receivables and term deposits***

Impairment is established when there is evidence that Council and Group will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, receivership, or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value

of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written off against the provision account. Overdue receivables that have been renegotiated are reclassified as current (that is not past due). Impairment in term deposits and community loans are recognised directly against the instrument's carrying amount.

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

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

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

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

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

#### ***Derecognition***

Financial assets (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

#### **Inventory**

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

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

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

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

When land held for the development and future resale is transferred from property, plant and equipment to inventory, the fair value of the land at the date of transfer is its deemed cost.

Costs directly attributed to the developed land are capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant and equipment.

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

### **Non-current assets held for sale**

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

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

Property, plant and equipment consist of:

#### *Operational assets*

These include land, buildings, landfill post-closure, improvements, library books, plant and equipment, collection items and motor vehicles.

#### *Restricted assets*

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

#### *Infrastructure assets*

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

Land (operational and restricted, except land under roads) and art collections are measured at fair value. Buildings and infrastructure assets are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

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

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

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

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

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

The fair value of land and buildings is their market value as determined by a registered valuer. The fair value of the roading, water assets, stormwater assets and wastewater assets is measured using the depreciated replacement cost.

#### *Additions*

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

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

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

recognised at its fair value as at the date of acquisition.

#### *Disposals*

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

#### *Subsequent costs*

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and Group and the cost of the item can be measured reliably.

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

#### *Depreciation*

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



	YEARS	PERCENTAGES
<b>Operational assets</b>		
<b>Buildings:</b>		
- Structure	2 - 59	2.17 - 50
- Roof	2 - 50	2 - 50
- Services	2 - 50	2 - 50
- Internal fit-out	2 - 39	2.56 - 50
- Site improvements	2 - 35	2.86 - 50
Landfill site improvements	3 - 147	0.68 - 33.33
Library books	1 - 10	10 - 100
<b>Plant and equipment:</b>		
- Office furniture	3 - 20	5 - 33.33
- Plant	1 - 40	2.5 - 100
- Computer equipment	3 - 10	10 - 33.33
- Playground equipment	5 - 30	3.33 - 20
- Recycling depots	10	10
Vehicles	5 - 20	5 - 20
Wharves	10 - 40	2.5 - 10
Breakwaters	68	1.47
Parking meters	10 - 25	4 - 10
<b>Infrastructure assets</b>		
<b>Storm, supply and wastewater utility assets:</b>		
- Stormwater assets	16 - 224	0.45 - 6.25
- Water supply assets	4 - 54	1.85 - 25
- Wastewater assets (included treatment plant)	3 - 69	1.45 - 33.33
<b>Roading network:</b>		
- Berms	91	1.10
- Bridges	79	1.26
- Minor structures	29	3.37
- Car parking	2	50
- Culvert and subways	49	2.04
- Debris fences	4	25
- Footpath walkway	18 - 20	5 - 5.55
- Kerbs and channel	31	3.22
- Pedestrian crossings	24	4.16
- Retaining walls	65	1.54
- Roding carriageway	12 - 64	1.54 - 8.37
- Seawalls	46	2.17
- Speed humps	-5	20
- Street light support	26	3.85
- Street lights	19	5.26
- Sumps and leads	33	3.03
- Traffic barriers	10	10
- Traffic islands	26	3.85
- Traffic signals and signs	5 - 20	7.70 - 18.07
- Vehicle crossings	31	3.22

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

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

The Hutt Valley and Wainuiomata bulk wastewater system is managed by Council. Upper Hutt City Council pays an annual levy to the Hutt City Council based on an apportionment formula equating to between 26% and 33% of the funding requirements. While Upper Hutt City Council does not have legal ownership of the bulk wastewater system, it is entitled to a share of the proceeds from any sale of the assets.

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

### Intangible assets

#### *Software acquisition and development*

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

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

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

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

**Resource consents**

Costs associated with registering a resource consent in the wastewater activity are recognised as an intangible asset.

**Amortisation**

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

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

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

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

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

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

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

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

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

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

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

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

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

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

**Payables**

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

**Borrowings**

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

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

**Employee entitlements**

**Short-term benefits**

Employee benefits that Council and Group expect to be settled within 12 months after the end of the period in which the employee renders the related service are measured on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

Council and Group recognise a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that Council

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

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

### **Long-term benefits**

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retiring leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- the present value of the estimated future cash flows.

### **Presentation of employee entitlements**

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

## **Superannuation schemes**

### **Defined contribution schemes**

Obligations for contributions to KiwiSaver and defined contribution superannuation schemes are recognised as an expense in the surplus and deficit as incurred.

### **Defined benefit schemes**

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

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus or deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme. Further information on this scheme is disclosed in note 8.

### **Provisions**

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

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

### **Landfill post closure costs**

As operator of the Silverstream landfill site, Council has an obligation to ensure

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

A site restoration and aftercare provision has been recognised as a liability in the Statement of Financial Position. Provision is made for the present value of closure and post closure costs when the obligation for post closure arises. The calculated cost is based on estimates of closure costs and future site trade waste charges and monitoring costs. The estimated length of time needed for post closure care for Silverstream is 29 years and Wainuiomata is 27 years.

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

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

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

### **Weathertightness provision**

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

The provision related to claims made under the Weathertight Homes Resolution Services Act 2006, as well as civil proceedings directly against the Council.

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

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

## **Equity**

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

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

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

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

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

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

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

**Goods and services tax (GST)**

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

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

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

Commitments and contingencies are disclosed exclusive of GST.

**Budget figures**

The budget figures presented in these Financial Statements are those included in the 2014-2015 Annual Plan and Long Term Plan 2012-2022.

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

The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by Council for the preparation of these Financial Statements.

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

**Operating statements included in the Statement of Service Performance**

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

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

**Critical accounting estimates, judgements and assumptions**

In preparing these Financial Statements, Council and Group management has made estimates, judgements and assumptions concerning the future that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

*Infrastructural assets*

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

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets that are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;

- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Income. To minimise this risk Council’s infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council’s asset management planning activities, which gives Council further assurance over its useful life estimates.

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

*Provisions*

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 24. Provisions are measured at the managements best estimate of the expenditures required

to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

**Provision for landfill aftercare costs:** In determining the fair value of the provision, assumptions and estimates 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 2015:

### ***Classification of property***

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



## 2. SUMMARY REVENUE AND EXPENDITURE FOR GROUP ACTIVITIES

	COUNCIL			
	ACTUAL 2015 \$000	BUDGET 2015 \$000	ACTUAL 2014 \$000	BUDGET 2014 \$000
<b>Revenue</b>				
Libraries	522	641	392	641
Museums	703	819	599	775
Aquatics and Recreation	5,106	4,597	4,161	4,559
Parks and Reserves	2,120	2,050	2,792	1,807
City Safety and Community Funding	35	30	270	212
Community Facilities Development	-	-	-	-
Roading and Traffic	12,933	12,540	12,911	13,066
Water Supply	14,521	14,805	14,125	14,599
Wastewater	20,333	20,550	20,302	20,923
Stormwater	268	275	348	276
Solid Waste	13,890	12,565	12,916	10,653
Environmental Management	4,950	4,625	4,688	4,039
Emergency Management	-	5	2	12
Local Urban Environment	381	310	316	310
Economic Development	518	718	618	583
Elected Members	8	-	9	-
Advice and Support	-	-	187	170
Managing Services	19,126	18,414	18,539	18,405
<b>Total activity revenue</b>	<b>95,414</b>	<b>92,944</b>	<b>93,175</b>	<b>91,030</b>
Less internal revenue	(16,512)	(16,512)	(16,512)	(16,512)
General rates	64,563	64,043	62,014	60,811
<b>Total revenue</b>	<b>143,465</b>	<b>140,475</b>	<b>138,677</b>	<b>135,329</b>

	COUNCIL			
	ACTUAL 2015 \$000	BUDGET 2015 \$000	ACTUAL 2014 \$000	BUDGET 2014 \$000
<b>Expenditure</b>				
Libraries	9,440	9,690	8,670	8,616
Museums	4,234	4,464	3,668	3,888
Aquatics and Recreation	10,641	10,417	10,326	10,379
Parks and Reserves	12,843	13,177	14,231	12,456
City Safety and Community Funding	2,534	2,417	3,351	3,524
Community Facilities Development	12,536	7,514	285	3,525
Roading and Traffic	28,209	27,518	26,223	26,361
Water Supply	14,479	14,770	14,121	14,476
Wastewater	20,026	20,200	20,058	20,495
Stormwater	7,224	7,322	7,154	7,236
Solid Waste	8,062	7,050	8,124	5,849
Environmental Management	10,180	10,702	11,426	10,109
Emergency Management	762	804	733	808
Local Urban Environment	1,829	1,470	1,299	1,365
Economic Development	3,292	5,425	3,522	4,413
Elected Members	1,913	1,924	1,911	2,029
Advice and Support	4,556	4,540	4,551	4,536
Managing Services	15,542	15,040	14,778	15,088
<b>Total activity expenditure</b>	<b>168,302</b>	<b>164,444</b>	<b>154,431</b>	<b>155,153</b>
Less internal expenditure	(16,512)	(16,512)	(16,512)	(16,512)
<b>Total operating expenditure</b>	<b>151,790</b>	<b>147,932</b>	<b>137,919</b>	<b>138,641</b>

Each significant activity is stated gross 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 the Council in the Statement of Comprehensive Income, these transactions are eliminated as shown above.



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

	COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
<b>Exchange revenue</b>				
Fees, charges and targeted rates for water supply	15,885	14,781	17,613	16,502
Other Revenue	813	857	1,003	1,032
Finance income	1,167	677	480	221
<b>Total exchange revenue</b>	<b>17,865</b>	<b>16,315</b>	<b>19,096</b>	<b>17,755</b>
<b>Non-exchange revenue</b>				
Rates, excluding targeted water supply rates	92,871	90,056	92,611	89,841
Fees, charges and targeted rates for water supply	16,782	16,273	18,490	18,047
Subsidies and grants	9,865	10,013	9,865	10,013
Other revenue	5,422	5,333	7,589	5,557
Development and financial contributions	556	263	555	265
Gain on disposal	104	424	828	1,021
<b>Total non-exchange revenue</b>	<b>125,600</b>	<b>122,362</b>	<b>129,938</b>	<b>124,744</b>
<b>Total revenue exchange and non-exchange</b>	<b>143,465</b>	<b>138,677</b>	<b>149,034</b>	<b>142,499</b>

### 4. RATES REVENUE

	COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
<b>General rates</b>	<b>62,354</b>	<b>59,679</b>	<b>62,094</b>	<b>59,464</b>
<b>Targeted rates attributable to activities:</b>				
- water supply (excluding metered water supply rates)	12,451	12,225	12,451	12,225
- wastewater	16,700	16,868	16,700	16,868
- recycling	1,218	1,171	1,218	1,171
- Jackson Street Programme	134	113	134	113
- private drains	14	-	14	-
<b>Total rates (excluding metered water supply rates)</b>	<b>92,871</b>	<b>90,056</b>	<b>92,611</b>	<b>89,841</b>

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 Council for the year ended 30 June 2015 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	COUNCIL	
	2015 \$000	2014 \$000
Rates, excluding targeted water supply rates	92,871	90,056
Lump sum contributions	-	-
	<b>92,871</b>	<b>90,056</b>

### Rates remissions

Rates revenue is shown net of rates remissions, totalling \$297,000 (2014:\$299,000). The Council's rates remission policy (refer to [huttcity.govt.nz](http://huttcity.govt.nz) for detail) allows the Council to remit rates on condition of a ratepayer's extreme financial hardship, land used for sport, a hospital, and land protected for historical or cultural purposes, provided the property is used for community benefit and not for surplus. Rates remissions can also be considered for economic development reasons or where privately owned land is protected for conservation purposes.

### Non-rateable land

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

## Rates remissions

	COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
<b>Total gross rates, excluding targeted water supply rates</b>	<b>93,168</b>	<b>90,355</b>	<b>92,908</b>	<b>90,140</b>
<b>Rates remissions:</b>				
- Schools	202	202	202	202
- Kindergartens/playcentres	9	8	9	8
- Sports bodies	4	4	4	4
- Churches	37	36	37	36
- Hospitals	21	19	21	19
- Economic Development	-	-	-	-
- Other	12	12	12	12
- Flooding	-	-	-	-
- Penalty remissions	12	18	12	18
<b>Total rates remissions</b>	<b>297</b>	<b>299</b>	<b>297</b>	<b>299</b>
<b>Rates (net of remissions), excluding metered water supply rates</b>	<b>92,871</b>	<b>90,056</b>	<b>92,611</b>	<b>89,841</b>

## 5. USER CHARGES AND SUBSIDIES RECEIVED

	COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
<b>Fees, charges and metered rates for water supply</b>				
Rent	1,352	1,551	4,828	4,989
Water by meter	2,007	1,880	1,992	1,937
Parking fees	1,645	1,600	1,645	1,600
Service and entry fees	3,921	3,461	3,921	3,461
Solid waste collection and disposal	13,878	12,901	13,878	12,901
Other user charges	1,299	1,197	1,299	1,197
Regulatory revenue	4,914	4,973	4,889	4,973
Penalties	3,651	3,491	3,651	3,491
<b>Total fees, charges and metered rates for water supply</b>	<b>32,667</b>	<b>31,054</b>	<b>36,103</b>	<b>34,549</b>
<b>Subsidies and grants</b>				
Operating subsidies	33	42	33	42
New Zealand Transport Agency	7,354	7,525	7,354	7,525
Upper Hutt City Council	2,432	2,397	2,432	2,397
Other government	46	49	46	49
Capital subsidies	-	-	-	-
<b>Total subsidies and grants</b>	<b>9,865</b>	<b>10,013</b>	<b>9,865</b>	<b>10,013</b>
<b>Other revenue</b>				
Dividends	16	6	16	6
Vested assets	1,117	1,437	1,117	1,437
Petrol tax	400	400	400	400
Sale of goods	810	857	998	1,027
Insurance proceeds	-	-	15	127
Miscellaneous revenue	3,892	3,490	6,046	3,592
<b>Total other revenue</b>	<b>6,235</b>	<b>6,190</b>	<b>8,592</b>	<b>6,589</b>

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



## 6. FINANCE INCOME AND FINANCE COSTS

	COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
<b>Finance income</b>				
<b>Interest revenue</b>				
- call and term deposits	403	181	481	221
- related party deposits	764	496	(1)	-
<b>Total finance income</b>	<b>1,167</b>	<b>677</b>	<b>480</b>	<b>221</b>
<b>Finance costs</b>				
<b>Interest expense</b>				
- interest on bank borrowings	4,927	4,337	4,927	4,337
- related party borrowings	-	-	-	-
- discount unwind on provisions (note 24)	547	305	547	305
Fair value gains on hedging instruments				
- fair value hedging instruments	-	-	-	-
- fair value adjustment to bank borrowings	-	-	-	-
<b>Total finance costs</b>	<b>5,474</b>	<b>4,642</b>	<b>5,474</b>	<b>4,642</b>
<b>Net finance costs</b>	<b>4,307</b>	<b>3,965</b>	<b>4,994</b>	<b>4,421</b>

## 7. GAINS AND LOSSES

	COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
<b>Non-financial instruments</b>				
Property, plant and equipment gains/(losses) on disposal	104	424	828	1,021
<b>Total non-financial instruments gains/(losses)</b>	<b>104</b>	<b>424</b>	<b>828</b>	<b>1,021</b>
<b>Financial instruments</b>				
Fair value through equity investments gains on disposal	-	-	-	-
Gains/(Losses) on held for trading derivative financial instruments:				
- interest rate swaps	(2,702)	943	(2,702)	943
Ineffectiveness on fair value hedges	-	-	-	-
<b>Total financial instruments gains/(losses)</b>	<b>(2,702)</b>	<b>943</b>	<b>(2,702)</b>	<b>943</b>
<b>Total gains/(losses)</b>	<b>(2,598)</b>	<b>1,367</b>	<b>(1,874)</b>	<b>1,964</b>

## 8. EMPLOYEE COSTS

	COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Salaries and wages	27,062	25,626	28,086	26,497
Redundancy	5	112	5	112
Recruitment costs	98	88	108	101
Training	486	486	504	498
ACC	9	252	14	262
Other employee costs	230	246	236	255
Retiring and long service leave	(3)	18	(2)	20
Defined contribution plan employer contributions	627	554	627	554
Increase/(decrease) in employee entitlements/liabilities	323	135	328	139
<b>Total employee costs</b>	<b>28,837</b>	<b>27,517</b>	<b>29,906</b>	<b>28,438</b>

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

## 9. OPERATING COSTS

	COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Auditors' fees				
- for auditing the financial statements	163	158	224	197
- additional costs for auditing the 2013 financial statements	-	17	-	18
- for auditing the 2012 Long Term Plan Amendment	-	16	-	16
- for auditing the 2016 Long Term Plan	88	-	88	-
Impairment of receivables	152	137	154	144
Directors' fees	-	-	122	128
Entertainment	34	34	34	37
Grants	1,493	1,329	1,493	1,329
Insurance	1,950	2,640	2,173	2,852
Inventories	452	493	455	497
Legal services	410	392	429	403
Other specialist services	3,362	2,735	3,673	3,084
Total remuneration to councillors	757	720	757	720
Minimum lease payments under operating leases	934	869	969	907
Operational contracts	26,077	24,958	25,735	24,628
Maintenance	9,787	9,536	10,100	9,923
GWRC bulk water charges	6,580	6,459	6,580	6,459
Energy costs	3,368	3,377	3,397	3,404
Other expenses	30,426	21,840	18,366	22,351
<b>Total operating costs</b>	<b>86,033</b>	<b>75,710</b>	<b>74,749</b>	<b>77,097</b>

## 10. TAXATION

	COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
<b>Components of tax expense</b>				
Current tax expense	-	-	-	-
Adjustments to current tax in prior years	-	-	-	-
Deferred tax expense	-	-	201	(185)
<b>Tax expense/(benefit)</b>	-	-	<b>201</b>	<b>(185)</b>
<b>Relationship between tax expense and accounting surplus</b>				
<b>Net surplus/(deficit) before tax</b>	<b>(8,325)</b>	<b>758</b>	<b>6,604</b>	<b>1,215</b>
Tax at 28%	(2,331)	212	1,849	340
Plus/(less) tax effect of:				
Non-deductible expenditure	2,331	-	2,333	72
Non-taxable revenue	-	(212)	(4,238)	(422)
Prior year adjustment	-	-	-	1
Group loss offset	-	-	-	-
Unrecognised temporary differences	-	-	-	-
Unrecognised tax losses	-	-	-	40
Tax losses recognised	-	-	-	-
Tax rate change	-	-	-	-
Tax losses not previously recognised	-	-	21	(59)
Deferred tax adjustment	-	-	201	(185)
<b>Tax expense/(benefit)</b>	-	-	<b>166</b>	<b>(213)</b>
<b>Deferred tax asset/(liability)</b>	<b>Property, plant and equipment</b>	<b>Other provisions</b>	<b>Tax losses</b>	<b>Deferred tax asset/ (liability)</b>
<b>Council</b>				
<b>Balance at 30 June 2013</b>	-	-	-	-
Charged to surplus or deficit	-	-	-	-
Charged to equity	-	-	-	-
<b>Balance at 30 June 2014</b>	-	-	-	-
Charged to surplus or deficit	-	-	-	-
Charged to equity	-	-	-	-
Change in tax rate	-	-	-	-
<b>Balance at 30 June 2015</b>	-	-	-	-
<b>Group</b>				
<b>Balance at 30 June 2013</b>	<b>(2,808)</b>	<b>25</b>	<b>1,449</b>	<b>(1,334)</b>
Charged to surplus or deficit	184	3	26	213
Charged to equity	(241)	-	-	(241)
<b>Balance at 30 June 2014</b>	<b>(2,865)</b>	<b>28</b>	<b>1,475</b>	<b>(1,362)</b>
Charged to surplus or deficit	(47)	1	(120)	(166)
Charged to equity	66	-	-	66
Change in tax rate	-	-	-	-
<b>Balance at 30 June 2015</b>	<b>(2,846)</b>	<b>29</b>	<b>1,355</b>	<b>(1,462)</b>

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

Council has unrecognised tax losses available to carry forward of \$1,557,464 (2014: \$2,331,133), with a tax effect of \$436,090 (2014: \$652,717). The losses are available for offset against future assessable income.

The Group has unrecognised tax losses available to carry forward of \$10,335,778 (2014: \$11,409,124) with a tax effect of \$2,894,018 (2014: \$3,194,555). The losses are available for offset against future accessible income.

## 11. CASH AND CASH EQUIVALENTS

	COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Cash at bank and on hand	9,833	14,503	14,464	17,820
Term deposits with maturities less than three months	-	-	-	-
<b>Cash and cash equivalents</b>	<b>9,833</b>	<b>14,503</b>	<b>14,464</b>	<b>17,820</b>

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

The total value of cash and cash equivalents within restricted reserves that can only be used for specified purposes (as outlined in the relevant trust deeds) is \$81,000 (2014: \$78,000), as shown in note 26.

## 12. DEBTORS AND OTHER RECEIVABLES

	COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Rates receivable	3,430	3,784	3,430	3,784
<b>Other receivables:</b>				
- Amounts due from related parties (note 31)	968	487	-	-
- GST receivable	1,356	1,823	1,900	1,881
- Other receivables	6,641	5,077	6,750	5,474
<b>Total other receivables</b>	<b>8,965</b>	<b>7,387</b>	<b>8,650</b>	<b>7,355</b>
<b>Gross debtors and other receivables</b>	<b>12,395</b>	<b>11,171</b>	<b>12,080</b>	<b>11,139</b>
<b>Less provision for impairment</b>	<b>(517)</b>	<b>(376)</b>	<b>(550)</b>	<b>(408)</b>
<b>Total debtors and other receivables</b>	<b>11,878</b>	<b>10,795</b>	<b>11,530</b>	<b>10,731</b>
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	10,429	9,811	11,050	10,233
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	1,449	985	481	497
	<b>11,878</b>	<b>10,795</b>	<b>11,530</b>	<b>10,731</b>

### Fair value

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

### Impairment

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

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

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

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

	2015			2014		
	GROSS \$000	IMPAIRMENT \$000	NET \$000	GROSS \$000	IMPAIRMENT \$000	NET \$000
<b>Rates receivables</b>						
<b>Council</b>						
Not past due	-	-	-	-	-	-
Past due 1-60 days	3,285	-	3,285	3,552	-	3,552
Past due 61-120 days	-	-	-	-	-	-
Past due >120 days	145	-	145	232	(13)	219
<b>Total</b>	<b>3,430</b>	<b>-</b>	<b>3,430</b>	<b>3,784</b>	<b>(13)</b>	<b>3,771</b>
<b>Group</b>						
Not past due	-	-	-	-	-	-
Past due 1-60 days	3,285	-	3,285	3,552	-	3,552
Past due 61-120 days	-	-	-	-	-	-
Past due >120 days	145	-	145	231	(13)	218
<b>Total</b>	<b>3,430</b>	<b>-</b>	<b>3,430</b>	<b>3,784</b>	<b>(13)</b>	<b>3,771</b>
<b>Other receivables</b>						
<b>Council</b>						
Not past due	4,702	-	4,702	4,697	-	4,697
Past due 1-30 days	3,376	-	3,376	1,865	-	1,865
Past due 31-60 days	226	-	226	215	-	215
Past due >60 days	661	(517)	144	610	(363)	247
<b>Total</b>	<b>8,965</b>	<b>(517)</b>	<b>8,448</b>	<b>7,387</b>	<b>(363)</b>	<b>7,024</b>
<b>Group</b>						
Not past due	4,447	(1)	4,446	4,600	-	4,600
Past due 1-30 days	3,394	(1)	3,394	1,899	(6)	1,893
Past due 31-60 days	230	(1)	229	221	(1)	220
Past due >60 days	688	(547)	140	636	(388)	248
<b>Total</b>	<b>8,650</b>	<b>(550)</b>	<b>8,209</b>	<b>7,355</b>	<b>(395)</b>	<b>6,960</b>
<b>Total receivables - Council</b>	<b>12,395</b>	<b>(517)</b>	<b>11,878</b>	<b>11,171</b>	<b>(376)</b>	<b>10,795</b>
<b>Total receivables - Group</b>	<b>12,080</b>	<b>(550)</b>	<b>11,530</b>	<b>11,139</b>	<b>(408)</b>	<b>10,731</b>

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

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

	COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Individual impairment	111	108	144	140
Collective impairment	406	268	406	268
<b>Total provision for impairment</b>	<b>517</b>	<b>376</b>	<b>550</b>	<b>408</b>

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

	COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Not past due	-	-	-	-
Past due 1-30 days	-	-	-	-
Past due 31-60 days	-	-	-	-
Past due > 60 days	111	108	144	140
<b>Total individual impairment</b>	<b>111</b>	<b>108</b>	<b>144</b>	<b>140</b>

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

	COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
At 1 July	376	264	408	294
Additional provisions made during the year	141	112	141	114
Provisions reversed during the year	-	-	-	-
Receivables written-off during the period	-	-	1	-
<b>At 30 June</b>	<b>517</b>	<b>376</b>	<b>550</b>	<b>408</b>

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

### 13. DERIVATIVE FINANCIAL INSTRUMENTS

	COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
<b>Current asset portion</b>				
Interest rate swaps - fair value hedges	-	-	-	-
Interest rate swaps - cash flow hedges	-	-	-	-
Interest rate swaps - held for trading - Asset	-	284	-	284
<b>Total current asset portion</b>	<b>-</b>	<b>284</b>	<b>-</b>	<b>284</b>
<b>Non-current asset portion</b>				
Interest rate swaps - fair value hedges	-	-	-	-
Interest rate swaps - cash flow hedges	-	-	-	-
Interest rate swaps - held for trading	137	-	137	-
<b>Total non-current asset portion</b>	<b>137</b>	<b>-</b>	<b>137</b>	<b>-</b>
<b>Total derivative financial instrument assets</b>	<b>137</b>	<b>284</b>	<b>137</b>	<b>284</b>
<b>Current liability portion</b>				
Interest rate swaps - fair value hedges	-	-	-	-
Interest rate swaps - held for trading - Liability	11	2,320	11	2,320
Forward foreign exchange contracts - held for trading	-	-	-	-
<b>Total current liability portion</b>	<b>11</b>	<b>2,320</b>	<b>11</b>	<b>2,320</b>
<b>Non-current liability portion</b>				
Interest rate swaps - held for trading	4,864	-	4,864	-
<b>Total non-current liability portion</b>	<b>4,864</b>	<b>-</b>	<b>4,864</b>	<b>-</b>
<b>Total derivative financial instrument liabilities</b>	<b>4,875</b>	<b>2,320</b>	<b>4,875</b>	<b>2,320</b>
<b>Total derivative financial instruments</b>	<b>(4,738)</b>	<b>(2,036)</b>	<b>(4,738)</b>	<b>(2,036)</b>

#### Fair value

The fair value of interest rate swaps has been determined using a discounted cash flows valuation technique based on quoted market prices as required by PBE IPSAS 29 Financial Instruments - Recognition and Measurement. The interest rates swaps were independently valued at 30 June 2015 by Richard Eaddy of Hedgebook Limited.

#### Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for the Council and Group were \$45 million (2014: \$47 million). At 30 June 2015, the fixed interest rates of cash flow hedges interest rate swaps vary from 3.95% to 6.10% (2014: 3.44% to 6.10%).

## 14. INVENTORIES

	COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
<b>Commercial inventories held for sale:</b>				
Diesel	-	-	-	12
Emission trading units	108	110	108	110
Inventory	105	86	105	86
Commercial property developments	-	-	478	1,785
<b>Total inventories</b>	<b>213</b>	<b>196</b>	<b>691</b>	<b>1,993</b>

No inventories are pledged as security for liabilities (2014: \$nil). However, some inventories are subject to retention of title clauses. Commercial inventories are valued at cost, as there are no impairments of inventories.

## 15. NON-CURRENT ASSETS HELD FOR SALE

	COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
<b>Non-current assets held for sale are:</b>				
- land and buildings	-	2,752	-	2,752
- plant	-	-	-	-
<b>Total non-current assets held for sale are:</b>	<b>-</b>	<b>2,752</b>	<b>-</b>	<b>2,752</b>

## 16. PROPERTY, PLANT AND EQUIPMENT

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

	COST/VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000	CURRENT YEAR ADDITIONS \$000	VESTED ASSETS \$000	CURRENT YEAR DISPOSALS \$000	CATEGORY ADJUSTMENTS TO COST \$000	ACCUMULATED DEPRECIATION ON DISPOSALS AND REVALUATION \$000	CURRENT YEAR IMPAIRMENT CHARGES \$000	CATEGORY ADJUSTMENTS TO DEPRECIATION \$000	CURRENT YEAR DEPRECIATION \$000	REVALUATION SURPLUS/ IMPAIR CHARGES TO REVALUATION RESERVES \$000	COST/VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000
<b>Council 2014</b>															
<b>Operational assets</b>															
Land	40,393	-	40,393	244	-	(55)	-	-	-	-	-	-	40,582	-	40,582
Site improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	61,212	(5,124)	56,088	4,536	-	(3,053)	-	939	-	-	(3,217)	(1,704)	60,991	(7,402)	53,589
Landfill building assets	4,255	(108)	4,147	305	-	-	-	-	-	-	(77)	-	4,560	(185)	4,375
Library books	7,766	(4,598)	3,168	831	-	-	-	-	-	-	(771)	-	8,597	(5,369)	3,228
Plant and equipment	18,387	(8,648)	9,739	1,481	-	(101)	-	92	-	-	(1,629)	(21)	19,746	(10,186)	9,560
Vehicles	-	-	-	16	-	-	-	-	-	-	-	-	16	-	16
Landfill plant	13,832	(261)	13,571	-	-	(45)	-	45	-	-	(213)	-	13,787	(429)	13,358
Wharves	2,636	(1,934)	702	1	-	-	-	-	-	-	(56)	-	2,637	(1,990)	647
Breakwaters	5,786	(97)	5,689	-	-	-	-	-	-	-	(65)	-	5,786	(162)	5,624
	<b>154,267</b>	<b>(20,770)</b>	<b>133,497</b>	<b>7,414</b>	-	<b>(3,254)</b>	-	<b>1,076</b>	-	-	<b>(6,028)</b>	<b>(1,725)</b>	<b>156,701</b>	<b>(25,723)</b>	<b>130,979</b>
<b>Collection assets</b>															
Paintings	5,950	-	5,950	8	-	-	-	-	-	-	-	-	5,958	-	5,958
Works on paper (NZ and international)	910	-	910	-	-	1	-	-	-	-	-	-	911	-	911
Public art collections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other collection items	2,745	-	2,745	14	-	-	-	-	-	-	-	-	2,759	-	2,759
Petone Settlers	151	-	151	-	-	-	-	-	-	-	-	-	151	-	151
<b>Total collections</b>	<b>9,756</b>	-	<b>9,756</b>	<b>22</b>	-	<b>1</b>	-	-	-	-	-	-	<b>9,779</b>	-	<b>9,779</b>
<b>Total operational assets</b>	<b>164,023</b>	<b>(20,770)</b>	<b>143,253</b>	<b>7,436</b>	-	<b>(3,253)</b>	-	<b>1,076</b>	-	-	<b>(6,028)</b>	<b>(1,725)</b>	<b>166,480</b>	<b>(25,723)</b>	<b>140,758</b>
<b>Infrastructural assets</b>															
Wastewater system	195,737	(9,571)	186,166	5,644	341	-	-	117	-	-	(6,265)	(1,173)	200,549	(15,719)	184,830
Wastewater treatment plant	49,020	(3,358)	45,662	1,189	-	-	-	-	-	-	(2,078)	-	50,209	(5,436)	44,773
Less UHCC share in HVS assets	(43,814)	2,345	(41,469)	(406)	-	-	-	-	-	-	1,526	-	(44,220)	3,871	(40,349)
	<b>200,943</b>	<b>(10,584)</b>	<b>190,359</b>	<b>6,427</b>	<b>341</b>	-	-	<b>117</b>	-	-	<b>(6,817)</b>	<b>(1,173)</b>	<b>206,538</b>	<b>(17,285)</b>	<b>189,253</b>
Land	161,362	-	161,362	11	216	-	-	-	-	-	-	(20)	161,569	-	161,569
Land under roads	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Landfill land assets	4,096	-	4,096	-	-	(640)	-	-	-	-	-	-	3,456	-	3,456
Stormwater system	180,136	(4,396)	175,740	958	321	-	-	2	-	-	(2,986)	(16)	181,399	(7,380)	174,019
Stormwater landfill assets	6,934	(275)	6,659	-	-	-	-	-	-	-	(183)	-	6,934	(458)	6,476
Water supply system	106,984	(4,817)	102,167	2,667	213	-	-	-	-	-	(3,261)	-	109,864	(8,078)	101,786
Roading network	428,147	(14,939)	413,208	8,968	342	-	-	808	-	-	(9,807)	(4,972)	432,485	(23,936)	408,549
Roading landfill assets	3,728	(106)	3,622	-	-	-	-	-	-	-	(71)	-	3,728	(177)	3,551
Seawalls	3,901	(111)	3,790	-	-	-	-	-	-	-	(74)	-	3,901	(185)	3,716
<b>Total infrastructural assets</b>	<b>1,096,231</b>	<b>(35,228)</b>	<b>1,061,003</b>	<b>19,031</b>	<b>1,433</b>	<b>(640)</b>	-	<b>927</b>	-	-	<b>(23,199)</b>	<b>(6,181)</b>	<b>1,109,874</b>	<b>(57,499)</b>	<b>1,052,375</b>
<b>Restricted assets</b>															
Land	101,664	-	101,664	56	4	(265)	-	-	-	-	-	-	101,459	-	101,459
<b>Total restricted assets</b>	<b>101,664</b>	-	<b>101,664</b>	<b>56</b>	<b>4</b>	<b>(265)</b>	-	-	-	-	-	-	<b>101,459</b>	-	<b>101,459</b>
<b>Total property, plant and equipment</b>	<b>1,361,918</b>	<b>(55,998)</b>	<b>1,305,920</b>	<b>26,523</b>	<b>1,437</b>	<b>(4,158)</b>	-	<b>2,003</b>	-	-	<b>(29,227)</b>	<b>(7,906)</b>	<b>1,377,813</b>	<b>(83,222)</b>	<b>1,294,592</b>

	COST/VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000	CURRENT YEAR ADDITIONS \$000	VESTED ASSETS \$000	CURRENT YEAR DISPOSALS \$000	CATEGORY ADJUSTMENTS TO COST \$000	ACCUMULATED DEPRECIATION ON DISPOSALS AND REVALUATION \$000	CURRENT YEAR IMPAIRMENT CHARGES \$000	CATEGORY ADJUSTMENTS TO DEPRECIATION \$000	CURRENT YEAR DEPRECIATION \$000	REVALUATION SURPLUS/ IMPAIR CHARGES TO REVALUATION RESERVES \$000	COST/VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000
<b>Group 2015</b>															
<b>Operational assets</b>															
Land	40,582	-	40,582	(88)	-	(134)	(4,014)	-	-	-	-	2,278	38,624	-	38,624
Site improvements	-	-	-	3,686	-	(18)	10,502	546	-	(454)	(412)	(305)	13,865	(320)	13,545
Buildings	60,991	(7,402)	53,589	2,255	-	-	1,482	10,295	-	(1,329)	(2,958)	(7,938)	56,790	(1,394)	55,396
Landfill building assets	4,560	(185)	4,375	2,167	-	(7)	(118)	118	-	6	(87)	(1,751)	4,851	(148)	4,703
Library books	8,597	(5,369)	3,228	838	-	(520)	(292)	516	-	226	(788)	-	8,623	(5,415)	3,208
Plant and equipment	19,746	(10,186)	9,560	1,803	-	(4,161)	(6,076)	4,098	-	2,048	(1,477)	(23)	11,289	(5,517)	5,772
Vehicles	16	-	16	437	-	(170)	258	110	-	(120)	(75)	-	541	(85)	456
Landfill plant	13,787	(429)	13,358	-	-	-	784	5	-	-	(217)	(15)	14,556	(641)	13,915
Wharves	2,637	(1,990)	647	-	-	-	-	-	-	-	(56)	-	2,637	(2,046)	591
Breakwaters	5,786	(162)	5,624	1	-	-	-	195	-	-	(70)	(686)	5,101	(37)	5,064
Seaview Marina	3,265	(1,012)	2,253	174	-	(52)	-	34	-	-	(149)	-	3,387	(1,127)	2,260
Marina Service Centre	3,763	(393)	3,370	21	-	-	-	-	-	-	(103)	-	3,784	(496)	3,288
Piers and berths	2,877	(1,042)	1,835	926	-	-	-	-	-	-	(118)	-	3,803	(1,160)	2,643
Urbanplus land	9,313	-	9,313	265	-	-	-	-	-	-	-	930	10,508	-	10,508
Urbanplus buildings	9,832	-	9,832	1,122	-	-	-	416	-	-	(605)	(180)	10,774	(189)	10,585
Urbanplus other assets	10	(10)	-	3	-	-	-	-	-	-	-	-	13	(10)	3
Urbanplus Group CCO's assets	-	-	-	910	-	-	-	-	-	-	(7)	-	910	(7)	903
Hutt City Community Facilities site improvements	-	-	-	3,216	-	-	-	-	-	-	(23)	-	3,216	(23)	3,193
Hutt City Community Facilities Trust equipment	30	(1)	29	1	-	-	-	-	-	-	(1)	-	31	(2)	29
	<b>185,792</b>	<b>(28,181)</b>	<b>157,611</b>	<b>17,737</b>	-	<b>(5,062)</b>	<b>2,526</b>	<b>16,333</b>	-	<b>377</b>	<b>(7,146)</b>	<b>(7,690)</b>	<b>193,303</b>	<b>(18,617)</b>	<b>174,686</b>
<b>Collection assets</b>															
Paintings	5,958	-	5,958	-	-	-	-	-	-	-	-	174	6,132	-	6,132
Works on paper (NZ and international)	911	-	911	-	-	1	-	-	-	-	-	538	1,450	-	1,450
Public art collection	-	-	-	29	-	-	268	34	-	(34)	-	1,330	1,627	-	1,627
Other collection items	2,759	-	2,759	44	-	-	-	-	-	-	-	5,428	8,231	-	8,231
Petone Settlers	151	-	151	-	-	-	-	-	-	-	-	(66)	85	-	85
<b>Total collections</b>	<b>9,779</b>	-	<b>9,779</b>	<b>73</b>	-	<b>1</b>	<b>268</b>	<b>34</b>	-	<b>(34)</b>	-	<b>7,404</b>	<b>17,525</b>	-	<b>17,525</b>
<b>Total operational assets</b>	<b>195,571</b>	<b>(28,181)</b>	<b>167,390</b>	<b>17,810</b>	-	<b>(5,061)</b>	<b>2,794</b>	<b>16,367</b>	-	<b>343</b>	<b>(7,146)</b>	<b>(286)</b>	<b>210,828</b>	<b>(18,617)</b>	<b>192,211</b>
<b>Infrastructural assets</b>															
Wastewater system	200,549	(15,719)	184,830	3,692	326	-	(992)	18,500	-	463	(6,331)	(14,621)	188,954	(3,087)	185,867
Wastewater treatment plant	50,209	(5,436)	44,773	1,087	-	-	(1,121)	6,136	-	358	(2,122)	(5,778)	44,397	(1,064)	43,333
Less UHCC share in HVS assets	(44,220)	3,871	(40,349)	(707)	-	-	-	(4,575)	-	-	1,526	4,377	(40,550)	822	(39,728)
	<b>206,538</b>	<b>(17,284)</b>	<b>189,254</b>	<b>4,072</b>	<b>326</b>	-	<b>(2,113)</b>	<b>20,061</b>	-	<b>821</b>	<b>(6,927)</b>	<b>(16,022)</b>	<b>192,801</b>	<b>(3,329)</b>	<b>189,472</b>
Land	161,569	-	161,569	-	-	-	(146,349)	-	-	-	-	348	15,568	-	15,568
Land under roads	-	-	-	-	119	-	144,753	-	-	-	-	-	144,872	-	144,872
Landfill land assets	3,456	-	3,456	-	-	-	(202)	-	-	-	-	(2,272)	982	-	982
Stormwater system	181,399	(7,380)	174,019	1,326	192	-	(102)	8,891	-	4	(2,985)	(10,089)	172,726	(1,470)	171,256
Stormwater landfill assets	6,934	(458)	6,476	-	-	-	-	-	-	-	(183)	-	6,934	(641)	6,293
Water supply system	109,864	(8,078)	101,786	3,035	129	-	84	9,781	-	-	(3,402)	(4,332)	108,780	(1,699)	107,081
Roading network	432,485	(23,936)	408,549	8,035	351	-	734	29,558	-	(347)	(10,810)	(15,012)	426,593	(5,535)	421,058



	COST/VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000	CURRENT YEAR ADDITIONS \$000	VESTED ASSETS \$000	CURRENT YEAR DISPOSALS \$000	CATEGORY ADJUSTMENTS TO COST \$000	ACCUMULATED DEPRECIATION ON DISPOSALS AND REVALUATION \$000	CURRENT YEAR IMPAIRMENT CHARGES \$000	CATEGORY ADJUSTMENTS TO DEPRECIATION \$000	CURRENT YEAR DEPRECIATION \$000	REVALUATION SURPLUS/ IMPAIR CHARGES TO REVALUATION RESERVES \$000	COST/VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000
<b>Group 2015</b>															
Roading landfill assets	3,728	(177)	3,551	-	-	-	-	53	-	-	(73)	(471)	3,257	(197)	3,060
Seawalls	3,901	(185)	3,716	-	-	-	-	223	-	-	(94)	1,284	5,185	(56)	5,129
<b>Total infrastructural assets</b>	<b>1,109,874</b>	<b>(57,498)</b>	<b>1,052,376</b>	<b>16,468</b>	<b>1,117</b>	<b>-</b>	<b>(3,195)</b>	<b>68,567</b>	<b>-</b>	<b>478</b>	<b>(24,473)</b>	<b>(46,566)</b>	<b>1,077,698</b>	<b>(12,927)</b>	<b>1,064,771</b>
<b>Restricted assets</b>															
Land	101,459	-	101,459	70	-	(367)	(1,729)	-	-	-	-	5,191	104,624	-	104,624
<b>Total restricted assets</b>	<b>101,459</b>	<b>-</b>	<b>101,459</b>	<b>70</b>	<b>-</b>	<b>(367)</b>	<b>(1,729)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,191</b>	<b>104,624</b>	<b>-</b>	<b>104,624</b>
<b>Total property, plant and equipment</b>	<b>1,406,904</b>	<b>(85,679)</b>	<b>1,321,225</b>	<b>34,348</b>	<b>1,117</b>	<b>(5,428)</b>	<b>(2,130)</b>	<b>84,934</b>	<b>-</b>	<b>821</b>	<b>(31,619)</b>	<b>(41,661)</b>	<b>1,393,150</b>	<b>(31,544)</b>	<b>1,361,606</b>

	COST/VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000	CURRENT YEAR ADDITIONS \$000	VESTED ASSETS \$000	CURRENT YEAR DISPOSALS \$000	CATEGORY ADJUSTMENTS TO COST \$000	ACCUMULATED DEPRECIATION ON DISPOSALS AND REVALUATION \$000	CURRENT YEAR IMPAIRMENT CHARGES \$000	CATEGORY ADJUSTMENTS TO DEPRECIATION \$000	CURRENT YEAR DEPRECIATION \$000	REVALUATION SURPLUS/ IMPAIR CHARGES TO REVALUATION RESERVES \$000	COST/VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000
<b>Group 2014</b>															
<b>Operational assets</b>															
Land	40,393	-	40,393	244	-	(55)	-	-	-	-	-	-	40,582	-	40,582
Site improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	61,212	(5,124)	56,088	4,536	-	(3,053)	-	939	-	-	(3,217)	(1,704)	60,991	(7,402)	53,589
Landfill building assets	4,255	(108)	4,147	305	-	-	-	-	-	-	(77)	-	4,560	(185)	4,375
Library books	7,766	(4,598)	3,168	831	-	-	-	-	-	-	(771)	-	8,597	(5,369)	3,228
Plant and equipment	18,387	(8,648)	9,739	1,481	-	(101)	-	92	-	-	(1,629)	(21)	19,746	(10,185)	9,561
Vehicles	-	-	-	16	-	-	-	-	-	-	-	-	16	-	16
Landfill Plant	13,832	(261)	13,571	-	-	(45)	-	45	-	-	(213)	-	13,787	(429)	13,358
Wharves	2,636	(1,934)	702	1	-	-	-	-	-	-	(56)	-	2,637	(1,990)	647
Breakwaters	5,786	(97)	5,689	-	-	-	-	-	-	-	(65)	-	5,786	(162)	5,624
Seaview Marina	3,089	(864)	2,225	176	-	-	-	-	-	-	(148)	-	3,265	(1,012)	2,253
Marina Service Centre	3,763	(290)	3,473	-	-	-	-	-	-	-	(103)	-	3,763	(393)	3,370
Piers and berths	2,858	(927)	1,931	19	-	-	-	-	-	-	(115)	-	2,877	(1,042)	1,836
Urbanplus land	8,479	-	8,479	-	-	(330)	-	-	-	-	-	1,164	9,313	-	9,313
Urbanplus buildings	11,475	(1,395)	10,080	78	-	(485)	-	2,086	-	-	(691)	(1,236)	9,832	-	9,832
Urbanplus other assets	10	(8)	2	-	-	-	-	-	-	-	(2)	-	10	(10)	-
Urbanplus Group CCO's assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hutt City Community Facilities site improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hutt City Community Facilities Trust equipment	30	-	30	-	-	-	-	-	-	-	(1)	-	30	(1)	29
	<b>183,972</b>	<b>(24,254)</b>	<b>159,717</b>	<b>7,687</b>	<b>-</b>	<b>(4,069)</b>	<b>-</b>	<b>3,162</b>	<b>-</b>	<b>-</b>	<b>(7,088)</b>	<b>(1,797)</b>	<b>185,792</b>	<b>(28,180)</b>	<b>157,613</b>

	COST/VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000	CURRENT YEAR ADDITIONS \$000	VESTED ASSETS \$000	CURRENT YEAR DISPOSALS \$000	CATEGORY ADJUSTMENTS TO COST \$000	ACCUMULATED DEPRECIATION ON DISPOSALS AND REVALUATION \$000	CURRENT YEAR IMPAIRMENT CHARGES \$000	CATEGORY ADJUSTMENTS TO DEPRECIATION \$000	CURRENT YEAR DEPRECIATION \$000	REVALUATION SURPLUS/ IMPAIR CHARGES TO REVALUATION RESERVES \$000	COST/VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000
<b>Group 2014</b>															
<b>Collection Assets</b>															
Paintings	5,950	-	5,950	8	-	-	-	-	-	-	-	-	5,958	-	5,958
Works on paper (NZ and international)	910	-	910	-	-	1	-	-	-	-	-	-	911	-	911
Public art collection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other collection items	2,745	-	2,745	14	-	-	-	-	-	-	-	-	2,759	-	2,759
Petone Settlers	151	-	151	-	-	-	-	-	-	-	-	-	151	-	151
<b>Total collections</b>	<b>9,756</b>	<b>-</b>	<b>9,756</b>	<b>22</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,779</b>	<b>-</b>	<b>9,779</b>
<b>Total operational assets</b>	<b>193,728</b>	<b>(24,254)</b>	<b>169,473</b>	<b>7,709</b>	<b>-</b>	<b>(4,068)</b>	<b>-</b>	<b>3,162</b>	<b>-</b>	<b>-</b>	<b>(7,088)</b>	<b>(1,797)</b>	<b>195,571</b>	<b>(28,180)</b>	<b>167,392</b>
<b>Infrastructural assets</b>															
Wastewater system	195,737	(9,571)	186,166	5,644	341	-	-	117	-	-	(6,265)	(1,173)	200,549	(15,719)	184,830
Wastewater treatment plant	49,020	(3,358)	45,662	1,189	-	-	-	-	-	-	(2,078)	-	50,209	(5,436)	44,773
Less UHCC share in HVS assets	(43,814)	2,345	(41,469)	(406)	-	-	-	-	-	-	1,526	-	(44,220)	3,871	(40,349)
	<b>200,943</b>	<b>(10,584)</b>	<b>190,359</b>	<b>6,427</b>	<b>341</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,817)</b>	<b>(1,173)</b>	<b>206,538</b>	<b>(17,285)</b>	<b>189,253</b>
Land	161,362	-	161,362	11	216	-	-	-	-	-	-	(20)	161,569	-	161,569
Land under roads	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Landfill land assets	4,096	-	4,096	-	-	(640)	-	-	-	-	-	-	3,456	-	3,456
Stormwater system	180,136	(4,396)	175,740	958	321	-	-	2	-	-	(2,986)	(16)	181,399	(7,380)	174,019
Stormwater landfill assets	6,934	(275)	6,659	-	-	-	-	-	-	-	(183)	-	6,934	(458)	6,476
Water supply system	106,984	(4,817)	102,167	2,667	213	-	-	-	-	-	(3,261)	-	109,864	(8,078)	101,786
Roading network	428,147	(14,939)	413,208	8,968	342	-	-	808	-	-	(9,807)	(4,972)	432,485	(23,938)	408,547
Roading landfill assets	3,728	(106)	3,622	-	-	-	-	-	-	-	(71)	-	3,728	(177)	3,551
Seawalls	3,901	(111)	3,790	-	-	-	-	-	-	-	(74)	-	3,901	(185)	3,716
<b>Total infrastructural assets</b>	<b>1,096,231</b>	<b>(35,228)</b>	<b>1,061,003</b>	<b>19,031</b>	<b>1,433</b>	<b>(640)</b>	<b>-</b>	<b>810</b>	<b>-</b>	<b>-</b>	<b>(23,199)</b>	<b>(6,181)</b>	<b>1,109,874</b>	<b>(57,500)</b>	<b>1,052,374</b>
<b>Restricted assets</b>															
Land	101,664	-	101,664	56	4	(265)	-	-	-	-	-	-	101,459	-	101,459
<b>Total restricted assets</b>	<b>101,664</b>	<b>-</b>	<b>101,664</b>	<b>56</b>	<b>4</b>	<b>(265)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>101,459</b>	<b>-</b>	<b>101,459</b>
<b>Total property, plant and equipment</b>	<b>1,391,623</b>	<b>(59,482)</b>	<b>1,332,140</b>	<b>26,796</b>	<b>1,437</b>	<b>(4,973)</b>	<b>-</b>	<b>3,972</b>	<b>-</b>	<b>-</b>	<b>(30,287)</b>	<b>(7,978)</b>	<b>1,406,904</b>	<b>(85,681)</b>	<b>1,321,226</b>

**Valuation**

*Operational and restricted land and buildings*

For the purposes of the market value for the 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 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. Assets replacement costs are based on the replacement with modern

equivalent assets with adjustments for appropriate obsolescence. For Council's earthquake prone buildings, the estimated earthquake strengthening costs have been deducted from the depreciated replacement cost.

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

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

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

Hutt City Council, through Wellington Water 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 Capacity Infrastructure Services (Capacity) offices, the valuer systematically inspected and documented each asset type, including key technical details, age, life and the assets remaining useful lives.

The ages of the subject assets have, in general, been comprehensively documented and as a result, the ages of a considerable portion of the assets have been accurately recorded. During site visits ages of the assets were determined

through Hutt City Council documentation, GIS and staff knowledge.

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

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

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

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

#### **Collection items**

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

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

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

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

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

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



**Insurance**

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

**Assets under construction**

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

	COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Water systems	-	-	-	-
Roading network	-	45	-	45
Landfills	283	1,092	283	1,092
Land	1,713	222	1,713	222
Buildings	12,850	3,880	28,385	4,481
Other	701	646	1,937	1,000
<b>Total assets under construction</b>	<b>15,547</b>	<b>5,885</b>	<b>32,318</b>	<b>6,840</b>

## 17. INTANGIBLE ASSETS

	COST/VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000	CURRENT YEAR ADDITIONS \$000	VESTED ASSETS \$000	CURRENT YEAR DISPOSALS \$000	CATEGORY ADJUSTMENTS TO COST \$000	ACCUMULATED DEPRECIATION ON DISPOSALS AND REVALUATION \$000	CURRENT YEAR IMPAIRMENT CHARGES \$000	CATEGORY ADJUSTMENTS TO DEPRECIATION \$000	CURRENT YEAR DEPRECIATION \$000	REVALUATION SURPLUS/ IMPAIR CHARGES TO REVALUATION RESERVES \$000	COST/ VALUATION \$000	ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES \$000	CARRYING AMOUNT \$000
<b>Council 2015</b>															
Software	7,606	(5,912)	1,694	540	-	(2,083)	-	2,068	-	-	(755)	-	6,063	(4,599)	1,464
Resource consents	-	-	-	-	-	-	2,131	-	-	(798)	(85)	-	2,131	(883)	1,248
	<b>7,606</b>	<b>(5,912)</b>	<b>1,694</b>	<b>540</b>	-	<b>(2,083)</b>	<b>2,131</b>	<b>2,068</b>	-	<b>(798)</b>	<b>(840)</b>	-	<b>8,194</b>	<b>(5,482)</b>	<b>2,712</b>
<b>Council 2014</b>															
Software	7,052	(5,089)	1,963	554	-	-	-	-	-	-	(823)	-	7,606	(5,912)	1,694
Resource consents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>7,052</b>	<b>(5,089)</b>	<b>1,963</b>	<b>554</b>	-	-	-	-	-	-	<b>(823)</b>	-	<b>7,606</b>	<b>(5,912)</b>	<b>1,694</b>
<b>Group 2015</b>															
Software	7,692	(5,996)	1,696	540	-	(2,083)	-	2,068	-	-	(755)	-	6,149	(4,683)	1,466
Resource consents	-	-	-	-	-	-	2,131	-	-	(798)	(85)	-	2,131	(883)	1,248
	<b>7,692</b>	<b>(5,996)</b>	<b>1,696</b>	<b>540</b>	-	<b>(2,083)</b>	<b>2,131</b>	<b>2,068</b>	-	<b>(798)</b>	<b>(840)</b>	-	<b>8,280</b>	<b>(5,566)</b>	<b>2,714</b>
<b>Group 2014</b>															
Software	7,138	(5,166)	1,972	554	-	-	-	-	-	-	(830)	-	7,692	(5,996)	1,696
Resource consents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>7,138</b>	<b>(5,166)</b>	<b>1,972</b>	<b>554</b>	-	-	-	-	-	-	<b>(830)</b>	-	<b>7,692</b>	<b>(5,996)</b>	<b>1,696</b>

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

18. DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY

	COUNCIL	
	ACTUAL 2015 \$000	ACTUAL 2014 \$000
<b>Directly attributable depreciation and amortisation expense by activity (group of activity)</b>		
Libraries	1,531	1,388
Museums	524	487
Aquatics and Recreation	1,141	1,292
Parks and Reserves	1,502	1,474
Community Development	126	110
<b>Group People</b>	<b>4,824</b>	<b>4,751</b>
Property	-	-
Roading and Traffic	10,878	9,940
Water Supply	3,413	3,277
Wastewater	7,144	6,898
Stormwater	2,978	2,970
Solid Waste	565	546
Environmental Management	35	12
Emergency Management	31	35
<b>Group Environment</b>	<b>66</b>	<b>47</b>
Local Urban Environment	54	104
Economic Development	9	10
<b>Group Economy</b>	<b>63</b>	<b>114</b>
Elected Members	3	4
Advice and Support	-	-
Managing services	1,512	1,504
<b>Group Organisation</b>	<b>1,515</b>	<b>1,508</b>
<b>Total directly attributable depreciation and amortisation expense by group of activity</b>	<b>31,446</b>	<b>30,050</b>
<b>Depreciation and amortisation not directly attributable by group of activity</b>	<b>-</b>	<b>-</b>
<b>Total depreciation and amortisation expense</b>	<b>31,446</b>	<b>30,050</b>

19. INVESTMENT IN ASSOCIATE

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

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

During October 2013, Upper Hutt and Porirua councils purchased shares in the Company and during 2015 shares were issued to Greater Wellington Regional Council. The company is considered to be jointly controlled because of the equal share of voting rights conferred through the Class A shares and is therefore an associate of all councils in accordance with IAS 28: Investments in Associates. Each Council will equally 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% (2014: 25%).

	SHARES ON ISSUE	HUTT CITY COUNCIL	WELLINGTON CITY COUNCIL	UPPER HUTT CITY COUNCIL	PORIRUA CITY COUNCIL	GREATER WELLINGTON REGIONAL COUNCIL
<b>2015</b>						
Class A shares (voting entitlements)	750	150	150	150	150	150
		20%	20%	20%	20%	20%
Class B shares (financial entitlements)	475	100	200	40	60	75
		21%	42%	8%	13%	16%
<b>2014</b>						
Class A shares (voting entitlements)	600	150	150	150	150	-
		25%	25%	25%	25%	0%
Class B shares (financial entitlements)	400	100	200	40	60	-
		25%	50%	10%	15%	0%

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

	COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
<b>Wellington Water Limited</b>				
Balance at beginning of the year	200	224	145	155
New Shares issued	-	-	-	-
B Shares sold	-	(24)	-	(24)
Share of operating surplus/(deficit)	-	-	154	14
<b>Balance at end of year</b>	<b>200</b>	<b>200</b>	<b>299</b>	<b>145</b>

	TOTAL WELLINGTON WATER LTD		GROUP SHARE	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Revenue	25,988	13,281	5,457	3,320
Expenditure	24,962	13,225	5,242	3,306
Surplus (Deficit) before taxation	1,026	56	215	14
Taxation (Expense)/benefit	(271)	(18)	(57)	(5)
<b>Surplus (Deficit) after taxation</b>	<b>755</b>	<b>38</b>	<b>159</b>	<b>9</b>
Assets	9,355	4,981	1,965	1,245
Liabilities	7,795	4,327	1,637	1,082
Equity	1,559	654	327	164

## 20. OTHER FINANCIAL ASSETS

	COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
<b>Current portion</b>				
Loans to related parties (note 31)	3,386	5,120	-	-
<b>Total other assets - current portion</b>	<b>3,386</b>	<b>5,120</b>	<b>-</b>	<b>-</b>
<b>Non-current portion</b>				
<b>Investment in CCO's and other similar entities</b>				
Shares in subsidiaries	14,545	14,545	-	-
Loans to related parties (note 31)	14,700	6,580	-	-
Unlisted shares in LGFA	100	100	100	100
Borrower notes from LGFA	784	416	784	416
<b>Total investment in CCO's and other similar entities</b>	<b>30,129</b>	<b>21,641</b>	<b>884</b>	<b>516</b>
<b>Investment in other entities</b>				
NZ Local Government Insurance Company	455	455	455	455
Smartlinx 3 Limited	39	39	39	39
Community and development loans	-	-	-	-
<b>Total investment in other entities</b>	<b>494</b>	<b>494</b>	<b>494</b>	<b>494</b>
<b>Total other assets - non-current portion</b>	<b>30,623</b>	<b>22,135</b>	<b>1,378</b>	<b>1,010</b>
<b>Total other assets</b>	<b>34,009</b>	<b>27,255</b>	<b>1,378</b>	<b>1,010</b>

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

### Unlisted shares

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

#### Impairment

There has been no impairment provision made on the investment in NZ Local Government Insurance Company (2014: \$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	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
At 1 July	(426)	(426)	(426)	(426)
Additional provisions made during the year	-	-	-	-
Provisions reversed during the year	-	-	-	-
<b>At 30 June</b>	<b>(426)</b>	<b>(426)</b>	<b>(426)</b>	<b>(426)</b>

### Community and development loans

The face value of community and development loans is \$7,367 (2014: \$11,367).

#### 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	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
At 1 July	(11)	(12)	(11)	(12)
Additional provisions made during the year	-	-	-	-
Provisions reversed during the year	4	1	4	1
Loans written-off during the period	-	-	-	-
<b>At 30 June</b>	<b>(7)</b>	<b>(11)</b>	<b>(7)</b>	<b>(11)</b>

### 21. CREDITORS AND OTHER PAYABLES

	COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Trade and other payables	5,467	7,912	5,511	7,912
Deposits and bonds	251	270	253	272
Accrued expenses	9,792	8,318	11,072	8,562
Amounts due to related parties (note 31)	-	-	-	-
LGFA Premium	-	-	-	-
Rates in advance	807	806	807	806
Amounts due to customers for contract work	2,016	1,419	2,016	1,419
<b>Total creditors and other payables</b>	<b>18,333</b>	<b>18,725</b>	<b>19,659</b>	<b>18,971</b>

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

All creditors and other payables are classified as exchange transactions.

### 22. BORROWINGS

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

	NOTES	COUNCIL		GROUP	
		2015 \$000	2014 \$000	2015 \$000	2014 \$000
<b>Current portion</b>					
Bank overdraft	11.	-	-	-	-
Secured loans - Current		10,080	25,222	10,080	25,222
<b>Total current portion</b>		<b>10,080</b>	<b>25,222</b>	<b>10,080</b>	<b>25,222</b>
<b>Non-current portion</b>					
Secured loans - Non-current		86,917	56,000	86,917	56,000
<b>Total non-current portion</b>		<b>86,917</b>	<b>56,000</b>	<b>86,917</b>	<b>56,000</b>
<b>Total borrowing</b>		<b>96,997</b>	<b>81,222</b>	<b>96,997</b>	<b>81,222</b>



Maturity profile:

	INTEREST COST		COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
<b>Years of maturity</b>						
Under 1 year	512	1,347	10,080	25,222	10,080	25,222
1 to 2 years	4	534	80	10,000	80	10,000
2 to 3 years	1,056	-	20,780	-	20,780	-
3 to 4 years	1,222	534	24,057	10,000	24,057	10,000
4 to 5 years	-	1,281	-	24,000	-	24,000
Over 5 years	2,133	641	42,000	12,000	42,000	12,000
<b>Total borrowing</b>	<b>4,927</b>	<b>4,337</b>	<b>96,997</b>	<b>81,222</b>	<b>96,997</b>	<b>81,222</b>

### Secured loans

The Council's debt of \$97 million (2014: \$81 million) is issued at a range of maturities in accordance with the borrowing policy, at interest rates ranging from 3.64% to 5.00% (2014: 3.23% to 7.11%). 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 Foundation Corporate Trust Limited appointed as Trustee. All borrowing is secured by a charge overall rating in favour of the Trustee.

Council has a \$15 million (2014: \$20 million) wholesale advance facility signed on 28 September 2012 and subsequent amendment 12 June 2015. As at 30 June a total of \$nil (2014: \$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 for the secured loans approximate their fair value.

## 23. EMPLOYEE ENTITLEMENTS

	COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
<b>Current portion</b>				
Accrued salaries and wages	781	640	781	640
Time in lieu	31	25	31	25
Annual leave	1,857	1,671	1,926	1,752
Long service leave	53	42	53	42
Sick leave	75	70	75	70
<b>Total current portion</b>	<b>2,797</b>	<b>2,448</b>	<b>2,867</b>	<b>2,529</b>
<b>Non-current portion</b>				
Long service leave	30	42	30	3
Retirement gratuities	765	779	765	802
<b>Total non-current portion</b>	<b>795</b>	<b>821</b>	<b>795</b>	<b>805</b>
<b>Total employee entitlements</b>	<b>3,592</b>	<b>3,269</b>	<b>3,662</b>	<b>3,334</b>

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

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from independent actuary. Discount rates range from 2.93% for 2016 to 5.50% for 2046 and beyond (2014: 3.70% for 2015 to 5.50% for 2034 and beyond) and an inflation factor of 3.0% (2014: 3.0%) were used.

Sick Leave, Long Service Leave and Retirement Gratuities are independently valued by Jonathan Eriksen (FNZSA) of Eriksen & Associates Limited and is effective as at 30 June 2015.

## 24. PROVISIONS

	COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Provision for landfill aftercare	6,127	5,992	6,127	5,992
Weather tight home	894	1,230	894	1,230
Financial guarantees	-	-	-	-
<b>Total provisions</b>	<b>7,021</b>	<b>7,222</b>	<b>7,021</b>	<b>7,222</b>

Movements in provision:

	LANDFILL AFTERCARE	
	2015 \$000	2014 \$000
Balance at beginning of the year	5,992	5,038
Discount unwinding	547	305
Amounts charged to provision during the period	(412)	649
<b>Balance at end of the year (non-current liability)</b>	<b>6,127</b>	<b>5,992</b>

	WEATHER TIGHT HOME	
	2015 \$000	2014 \$000
Balance at beginning of the year	1,230	-
Claims settled during the year	(768)	-
Amounts charged to provision during the period	432	1,230
<b>Balance at end of the year (current liability)</b>	<b>894</b>	<b>1,230</b>

#### Landfill aftercare costs

The Council has resource consents to operate the Silverstream landfill. Wainuiomata Landfill was closed during 2013. The Council has responsibility under the resource consent to provide ongoing 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 53,000 cubic metres (2014: 162,000 cubic metres) with work underway to provide an additional 137,300 cubic metres. Airspace usage is currently approximately 126,000 cubic

metres (2014: 135,000 cubic metres) per annum including cover material and an allowance for settlement. The life of stage 2, which has been operating for five years, is projected to be approximately 45 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 5.5% (2014: 5.5%). 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 2015.

#### Weather tight home provision

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

The Council has provided for the likely costs to be incurred as a result of these active and reported claims. Active claims are accrued based on the best estimate of what the Council expects to pay on a case by case basis. The costs for reported claims are based on an estimate as at 30 June 2015. This provision includes both estimates of the repair costs as well as the estimated legal costs and other professional fee expenses. Due to the level of uncertainty about future unreported claims, the Council has not recorded these claims as part of this provision. The provision is comprised of active and reported claims. Active are those which are actively being managed through a resolution process. As these claims are nearing resolution there is considered to be a high level of certainty regarding this provision amount. Reported claims are those which have been notified to the Council or the Weathertight Homes Resolution Service. The material assumptions when deriving the reported claim provision balance are as follows:

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

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

## 25. OTHER LIABILITIES

	COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
<b>Other liabilities - current portion</b>				
Accrued interest expenses	828	801	828	801
Third party funds	141	193	141	193
Miscellaneous current liabilities	1,096	1,065	1,099	1,069
Income earned in advance	1,432	502	1,504	1,760
Development contributions	256	493	256	493
<b>Total other liabilities - current portion</b>	<b>3,753</b>	<b>3,054</b>	<b>3,828</b>	<b>4,316</b>
<b>Other liabilities - non-current portion</b>				
<b>Total other liabilities - non-current portion</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total other liabilities</b>	<b>3,753</b>	<b>3,054</b>	<b>3,828</b>	<b>4,316</b>

## 26. EQUITY

	NOTES	COUNCIL		GROUP	
		2015 \$000	2014 \$000	2015 \$000	2014 \$000
<b>Accumulated funds</b>					
Balance at beginning of the year		738,722	735,846	734,913	732,942
Adjustment for deferred tax on transition to PBE accounting standards		-	-	-	(1,334)
Deferred tax on revaluations		-	-	66	(241)
Interest allocated to reserves		(624)	(657)	(624)	(657)
Transfers from property revaluation reserves on disposal		-	-	-	-
Other transfers to reserves		(339)	501	(339)	501
Transfers from reserves		356	1,331	356	1,332
Net surplus/(deficit) after tax		(8,325)	758	6,438	1,428
Items from other comprehensive income		(2,702)	943	(2,702)	943
<b>Accumulated funds - balance at end of the year</b>		<b>727,089</b>	<b>738,722</b>	<b>738,108</b>	<b>734,913</b>
<b>Council created reserves</b>					
Balance at beginning of the year		20,565	21,744	21,812	22,991
Transfers to accumulated funds		(356)	(1,332)	(356)	(1,332)
Transfers from accumulated funds		339	(501)	339	(501)
Interest earned		621	654	621	654
<b>Council created reserves - balance at end of the year</b>		<b>21,169</b>	<b>20,565</b>	<b>22,416</b>	<b>21,812</b>
<b>Restricted reserves*</b>					
Balance at beginning of the year		78	74	84	81
Transfers to accumulated funds		-	1	-	-
Transfers from accumulated funds		-	-	-	-
Interest earned		3	3	3	3
<b>Restricted reserves - balance at end of the year</b>	<b>11.</b>	<b>81</b>	<b>78</b>	<b>87</b>	<b>84</b>
<b>Asset revaluation reserve</b>					
Balance at beginning of the year		482,999	489,477	489,069	493,658
Changes in asset value		37,371	(6,478)	38,538	(4,589)
Valuation gains/(losses) taken to equity		-	-	-	-
Deferred tax on revaluation		-	-	-	-
<b>Asset revaluation reserve - balance at end of the year</b>		<b>520,370</b>	<b>482,999</b>	<b>527,607</b>	<b>489,069</b>
<b>Asset revaluation reserves consist of:</b>					
<b>Operational assets</b>					
Library books		706	706	706	706
Buildings		15,768	14,276	18,810	17,303
Land		11,237	8,900	15,432	10,780
Collections		10,855	2,412	10,855	2,412

	NOTES	COUNCIL		GROUP	
		2015 \$000	2014 \$000	2015 \$000	2014 \$000
<b>Infrastructure Assets</b>					
Land		71,736	74,236	71,736	75,400
Wastewater		78,792	74,751	78,792	74,751
Stormwater		85,455	86,652	85,455	86,652
Water		42,161	36,708	42,161	36,708
Road		150,849	136,738	150,849	136,738
<b>Restricted Assets</b>					
Land		52,810	47,619	52,810	47,619
<b>Total asset revaluation reserves</b>		<b>520,370</b>	<b>482,999</b>	<b>527,607</b>	<b>489,069</b>
<b>Total other reserves</b>		<b>541,619</b>	<b>503,642</b>	<b>550,110</b>	<b>510,965</b>
<b>Total equity</b>		<b>1,268,708</b>	<b>1,242,364</b>	<b>1,288,218</b>	<b>1,245,878</b>

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

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

	COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
<b>Surplus after tax</b>	<b>(8,325)</b>	<b>758</b>	<b>6,438</b>	<b>1,419</b>
<b>Add/(less) non-cash items:</b>				
Depreciation and amortisation	31,446	30,050	32,455	31,116
Share of associates (surplus)/deficit	-	-	(154)	(14)
Net bad debts/impairment expense	144	76	142	77
Impairment of inventory	-	-	-	-
Landfill and weather tight home provision	(201)	2,184	(201)	2,184
Vested assets	(1,117)	(1,437)	(1,117)	(1,437)
Income tax expense	-	-	166	(204)
<b>Add/(less) movements in working capital:</b>				
(Increase)/decrease in accounts receivable and other assets	(1,772)	2,327	(267)	1,334
Increase/(decrease) in creditors	(658)	(3,807)	422	(3,703)
Increase in provisions and other liabilities	1,022	(435)	(160)	579
Increase in deferred tax liability	-	-	-	-
<b>Add/(less) items classified as investing activities:</b>				
Surplus on sale of property, plant and equipment and other movements	(104)	(424)	(828)	(1,021)
<b>Net cash inflows from operating activities</b>	<b>20,435</b>	<b>29,292</b>	<b>36,896</b>	<b>30,329</b>

## 28. FINANCIAL INSTRUMENTS RISKS

	NOTES	COUNCIL		GROUP	
		2015 \$000	2014 \$000	2015 \$000	2014 \$000
<b>Financial assets</b>					
<b>Fair value through surplus or deficit - held for trading</b>					
Derivative financial instrument assets	13.	137	284	137	284
<b>Total fair value through surplus or deficit - held for trading</b>		<b>137</b>	<b>284</b>	<b>137</b>	<b>284</b>
<b>Loans and receivables</b>					
Cash and cash equivalents	11.	9,833	14,503	14,464	17,820
Debtors and other receivables	12.	11,878	10,795	11,530	10,731
Other financial assets:					
Community and development loans	20.	-	-	-	-
Loans to Related Parties	20.	18,086	11,700	-	-
<b>Total loans and receivables</b>		<b>39,797</b>	<b>36,998</b>	<b>25,994</b>	<b>28,551</b>
<b>Held to maturity</b>					
Other financial assets:					
- NZ Local Government Insurance Company	20.	455	455	455	455
- NZ Local Government Funding Agency	20.	884	516	884	516
- Local authority stock		-	-	-	-
<b>Total held to maturity</b>		<b>1,339</b>	<b>971</b>	<b>1,339</b>	<b>971</b>
<b>Fair value through equity</b>					
Other financial assets:					
- local authority stock		-	-	-	-
- unlisted shares	20.	39	39	39	39
- listed shares		-	-	-	-
<b>Total fair value through equity</b>		<b>39</b>	<b>39</b>	<b>39</b>	<b>39</b>
<b>Total financial assets</b>		<b>41,312</b>	<b>38,292</b>	<b>27,509</b>	<b>29,845</b>
<b>Financial liabilities</b>					
<b>Fair value through surplus or deficit - held for trading</b>					
Derivative financial instrument liabilities	13.	4,875	2,320	4,875	2,320
<b>Total fair value through surplus or deficit - held for trading</b>		<b>4,875</b>	<b>2,320</b>	<b>4,875</b>	<b>2,320</b>
<b>Financial liabilities at amortised cost</b>					
Trade creditors and other payables	21.	18,333	18,725	19,659	18,971
Borrowings:					
- bank overdraft	22.	-	-	-	-
- secured loans	22.	96,997	81,222	96,997	81,222
<b>Total financial liabilities at amortised cost</b>		<b>115,330</b>	<b>99,947</b>	<b>116,656</b>	<b>100,193</b>
<b>Total financial liabilities</b>		<b>120,205</b>	<b>102,267</b>	<b>121,531</b>	<b>102,513</b>

The Council has a series of policies to manage the risks associated with financial instruments. The Council is risk averse and seeks to minimise exposures from its treasury activities.

The Council has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

## Market Risk

### Price risk

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

### Currency risk

Currency risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate due to changes in foreign exchange rates. As at 30 June the Council does not have any foreign currency risk (2014: \$nil).

### Fair value interest rate risk

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

### Cash flow interest rate risk

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

## Credit Risk

Credit risk is the risk that a third party will default on its obligation to the Council, causing the Council to incur a loss. Due to the timing of its cash flows and outflows, the Council at times invests surplus cash into bank and term deposits which gives rise to credit risk. The Council Investment Policy limits the amount of credit exposure to any one financial institution or organisation. The Group only invest funds with entities that have a Standard & Poor's credit rating of at least A- for short term and A- for long-term investments. The Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk. Financial instruments which potentially subject the group to credit risk principally consist of cash and/or cash equivalents, trade and other receivables, other assets, financial guarantees and interest rate swaps and options.

The maximum exposure to credit risk:

	NOTES	COUNCIL		GROUP	
		2015 \$000	2014 \$000	2015 \$000	2014 \$000
Cash, cash equivalents and term deposits	11.	9,833	14,503	14,464	17,820
Debtors and other receivables	12.	11,878	10,795	11,530	10,731
Other assets	20.	494	494	494	494
Community and development loans	20.	-	-	-	-
Loans to related parties	20.	18,086	11,700	-	-
Financial guarantees	33.	110	161	110	161
Derivative financial instrument assets (interest rate swaps and options)	13.	137	284	137	284
<b>Total credit risk</b>		<b>40,538</b>	<b>37,937</b>	<b>26,735</b>	<b>29,490</b>

The Council is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in note 33.

*Credit quality of financial assets*

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard & Poor's credit ratings (if available) or to historical information about counterparty default rates:

	COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
<b>Counterparties with credit ratings</b>				
<b>Cash at bank and term deposits</b>				
AA	9,833	14,503	14,464	17,820
<b>Total cash at bank and term deposits</b>	<b>9,833</b>	<b>14,503</b>	<b>14,464</b>	<b>17,820</b>
<b>Derivative financial instrument assets</b>				
AA+	-	-	-	-
AA	137	284	137	284
<b>Total derivative financial instrument assets</b>	<b>137</b>	<b>284</b>	<b>137</b>	<b>284</b>
<b>Counterparties without credit ratings</b>				
<b>Community and related party loans</b>				
Existing counterparty with no defaults in the past	18,086	11,700	-	-
Existing counterparty with defaults in the past	-	-	-	-
<b>Total community, development and related party loans</b>	<b>18,086</b>	<b>11,700</b>	<b>-</b>	<b>-</b>

Debtors and other receivables mainly arise from the Council's statutory functions. Therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The Council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

**Liquidity Risk**

*Management of liquidity risk*

Liquidity risk is the risk that the Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Council aims to maintain flexibility in funding by keeping committed credit lines available. The Council manages its borrowings in accordance with its funding and financial policies. These policies have been adopted as part of the Council's Long Term Plan. The Council has a policy to maintain the overdraft facility to below \$250,000 at any one time, and has undrawn credit facilities totalling \$15 million (2014: \$20 million).

The Council is exposed to liquidity risk as a guarantor of all of the LGFA borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 33.

*Contractual maturity analysis of financial liabilities*

The table below analyses the Council's financial liabilities into the relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt are based in the floating rate on the instrument at balance date. The amounts disclosed are contractual undiscounted cash flows. Financial guarantees are included in the time band containing the earliest date they can be called upon.

	CARRYING AMOUNT \$000	CONTRAC- TUAL CASH FLOWS \$000	LESS THAN 1 YEAR \$000	BETWEEN 1-3 YEARS \$000	BETWEEN 3-5 YEARS \$000	GREATER THAN 5 YEARS \$000
<b>Council 2015</b>						
Trade creditors and other payables	5,467	5,467	5,467	-	-	-
Net settled derivative liabilities	-	-	-	-	-	-
Bank overdraft	-	-	-	-	-	-
Secured loans	96,997	101,924	10,592	21,920	25,279	44,133
Finance leases	-	-	-	-	-	-
Financial guarantees	110	110	110	-	-	-
<b>Total</b>	<b>102,574</b>	<b>107,501</b>	<b>16,169</b>	<b>21,920</b>	<b>25,279</b>	<b>44,133</b>
<b>Group 2015</b>						
Trade creditors and other payables	5,511	5,511	5,511	-	-	-
Net settled derivative liabilities	-	-	-	-	-	-
Bank overdraft	-	-	-	-	-	-
Secured loans	96,997	101,924	10,592	21,920	25,279	44,133
Finance leases	-	-	-	-	-	-
Financial guarantees	110	110	110	-	-	-
<b>Total</b>	<b>102,618</b>	<b>107,545</b>	<b>16,213</b>	<b>21,920</b>	<b>25,279</b>	<b>44,133</b>

	CARRYING AMOUNT \$000	CONTRACTUAL CASH FLOWS \$000	LESS THAN 1 YEAR \$000	BETWEEN 1-3 YEARS \$000	BETWEEN 3-5 YEARS \$000	GREATER THAN 5 YEARS \$000
<b>Council 2014</b>						
Trade creditors and other payables	7,912	7,912	7,912	-	-	-
Net settled derivative liabilities	-	-	-	-	-	-
Bank overdraft	-	-	-	-	-	-
Secured loans	81,222	85,559	26,569	10,534	35,815	12,641
Finance leases	-	-	-	-	-	-
Financial guarantees	161	161	161	-	-	-
<b>Total</b>	<b>89,295</b>	<b>93,632</b>	<b>34,642</b>	<b>10,534</b>	<b>35,815</b>	<b>12,641</b>
<b>Group 2014</b>						
Trade creditors and other payables	7,912	7,912	7,912	-	-	-
Net settled derivative liabilities	-	-	-	-	-	-
Bank overdraft	-	-	-	-	-	-
Secured loans	81,222	85,559	26,569	10,534	35,815	12,641
Finance leases	-	-	-	-	-	-
Financial guarantees	161	161	161	-	-	-
<b>Total</b>	<b>89,295</b>	<b>93,632</b>	<b>34,642</b>	<b>10,534</b>	<b>35,815</b>	<b>12,641</b>

### Contractual maturity analysis of financial assets

The table below analyses the Council's financial assets into the relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

	CARRYING AMOUNT \$000	CONTRACTUAL CASH FLOWS \$000	LESS THAN 1 YEAR \$000	BETWEEN 1-3 YEARS \$000	BETWEEN 3-5 YEARS \$000	GREATER THAN 5 YEARS \$000
<b>Council 2015</b>						
Cash and cash equivalents	9,833	9,833	9,833	-	-	-
Debtors and other receivables	11,878	11,878	11,878	-	-	-
Net settled derivative assets	-	-	-	-	-	-
Other financial assets:						
- community and development loans	-	-	-	-	-	-
- loans to related parties	18,086	18,086	3,386	14,700	-	-
<b>Total</b>	<b>39,797</b>	<b>39,797</b>	<b>25,097</b>	<b>14,700</b>	-	-
<b>Group 2015</b>						
Cash and cash equivalents	14,464	14,464	14,464	-	-	-
Debtors and other receivables	11,530	11,530	11,530	-	-	-
Net settled derivative assets	-	-	-	-	-	-
Other financial assets:						
- community and development loans	-	-	-	-	-	-
- loans to related parties	-	-	-	-	-	-
<b>Total</b>	<b>25,994</b>	<b>25,994</b>	<b>25,994</b>	-	-	-



	CARRYING AMOUNT \$000	CONTRAC- TUAL CASH FLOWS \$000	LESS THAN 1 YEAR \$000	BETWEEN 1-3 YEARS \$000	BETWEEN 3-5 YEARS \$000	GREATER THAN 5 YEARS \$000
<b>Council 2014</b>						
Cash and cash equivalents	14,503	14,503	14,503	-	-	-
Debtors and other receivables	10,795	10,795	10,795	-	-	-
Net settled derivative assets	-	-	-	-	-	-
Other financial assets:						
- community and development loans	-	-	-	-	-	-
- loans to related parties	11,700	11,700	2,700	9,000	-	-
<b>Total</b>	<b>36,998</b>	<b>36,998</b>	<b>27,998</b>	<b>9,000</b>	-	-
<b>Group 2014</b>						
Cash and cash equivalents	17,820	17,820	17,820	-	-	-
Debtors and other receivables	10,731	10,731	10,731	-	-	-
Net settled derivative assets	-	-	-	-	-	-
Other financial assets:						
- community and development loans	-	-	-	-	-	-
- loans to related parties	-	-	-	-	-	-
<b>Total</b>	<b>28,551</b>	<b>28,551</b>	<b>28,551</b>	-	-	-

*Sensitivity analysis*

The tables below illustrate the potential surplus and deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on the Council's financial instrument exposure at balance date.

INTEREST RATE RISK	2015 \$000				2014 \$000			
	-100BPS		+100BPS		-100BPS		+100BPS	
	SURPLUS	OTHER EQUITY	SURPLUS	OTHER EQUITY	SURPLUS	OTHER EQUITY	SURPLUS	OTHER EQUITY
<b>Council</b>								
<b>Financial assets</b>								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Derivatives held for trading	(4,750)	-	4,337	-	(2,215)	-	2,062	-
<b>Financial liabilities</b>								
Borrowing:								
- short term loans	101	-	(101)	-	252	-	(252)	-
- term loans	699	-	(699)	-	560	-	(560)	-
<b>Total sensitivity to interest rate risk</b>	<b>(3,950)</b>	<b>-</b>	<b>3,537</b>	<b>-</b>	<b>(1,403)</b>	<b>-</b>	<b>1,250</b>	<b>-</b>
<b>Group</b>								
<b>Financial assets</b>								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Derivatives held for trading	(4,750)	-	4,337	-	(2,215)	-	2,062	-
<b>Financial liabilities</b>								
Borrowing:								
- short term loans	101	-	(101)	-	252	-	(252)	-
- term loans	699	-	(699)	-	560	-	(560)	-
<b>Total sensitivity to interest rate risk</b>	<b>(3,950)</b>	<b>-</b>	<b>3,537</b>	<b>-</b>	<b>(1,403)</b>	<b>-</b>	<b>1,250</b>	<b>-</b>

*Explanation of sensitivity analysis*

Derivative net financial assets and derivatives held for trading include interest rate swaps with a fair value liability totalling \$4,738,000 (2014 liability: \$2,036,000). A movement in interest rates of plus 1% has an effect of \$4,337,000 (2014: \$2,062,000) 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 \$10 million (2014: \$25 million). A movement in interest rates of plus or minus 1% has an effect on interest expense of \$103,000 (2014: \$252,000).

### Term loans

Council has term floating rate debt with a principal amount totalling \$70 million (2014: \$56 million). A movement in interest rates of plus or minus 1% has an effect on interest expense of \$697,000 (2014: \$560,000). A movement in market interest rates on fixed rate debt \$17 million (2014: \$10 million) does not have any impact because secured loans are accounted for at amortised value using the effective interest method.

### Fair value hierarchy disclosures

For those instruments recognised at fair value on the Statement of Financial Position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) - financial instruments with quoted prices for identified instruments in active markets
- Valuation technique using observable inputs (level 2) - financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using where all significant inputs are observable
- Valuation techniques with significant non-observable inputs (level 3) - financial instruments valued using models where one or more significant inputs are not observable

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value on the Statement of Financial Position.

	2015				2014			
	VALUATION TECHNIQUE			TOTAL	VALUATION TECHNIQUE			TOTAL
	LEVEL 1	LEVEL 2	LEVEL 3		LEVEL 1	LEVEL 2	LEVEL 3	
QUOTED MARKET PRICE \$000	OBSERVABLE IMPACTS \$000	SIGNIFICANT NON-OBSERVABLE INPUTS \$000		QUOTED MARKET PRICE \$000	OBSERVABLE IMPACTS \$000	SIGNIFICANT NON-OBSERVABLE INPUTS \$000		
<b>Council</b>								
<b>Financial assets</b>								
Derivatives	-	137	-	137	-	284	-	284
Shares	-	-	1,378	1,378	-	-	1,010	1,010
Financial liabilities								
Derivatives	-	4,875	-	4,875	-	2,320	-	2,320
<b>Group</b>								
<b>Financial assets</b>								
Derivatives	-	137	-	137	-	284	-	284
Shares	-	-	1,378	1,378	-	-	1,010	1,010
Financial liabilities								
Derivatives	-	4,875	-	4,875	-	2,320	-	2,320

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:

	2015 \$000	2014 \$000
Balance at 1 July	1,010	754
Gain and losses recognised in the surplus or deficit	-	-
Gain and losses recognised in other comprehensive income	-	-
Purchases	368	256
Sales	-	-
Transfers into level 3	-	-
Transfers out of level 3	-	-
<b>Balance at 30 June</b>	<b>1,378</b>	<b>1,010</b>

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

29. REMUNERATION

The Chief Executive received the following remuneration:

	2015				2014			
	SALARY	MOTOR VEHICLE	POST EMPLOYMENT BENEFITS	TOTAL REMUNERATION	SALARY	MOTOR VEHICLE	POST EMPLOYMENT BENEFITS	TOTAL REMUNERATION
Chief Executive	334,387	4,576	10,031	348,994	329,617	10,505	9,889	350,011

Elected Representatives received the following remuneration:

MAYOR AND COUNCILLORS	COUNCIL			COUNCIL		
	GROUP TOTAL			GROUP TOTAL		
	2015			2014		
	REMUNERATION	DIRECTOR FEES	TOTAL REMUNERATION	REMUNERATION	DIRECTOR FEES	TOTAL REMUNERATION
WR Wallace	130,902	-	130,902	126,007	-	126,007
C Barry (from Oct 2013)	48,042	-	48,042	34,976	-	34,976
D Bassett	67,199	-	67,199	64,394	-	64,394
B Branch (from Oct 2013)	48,157	-	48,157	34,976	-	34,976
L Bridson	51,929	-	51,929	45,986	-	45,986
MJ Cousins	59,096	-	59,096	55,066	-	55,066
A Finlayson	55,264	14,960	70,224	52,224	14,960	67,185
VR Jamieson (Jul to Oct 2013)	-	-	-	16,440	-	16,440
K Laban (Jul to Oct 2013)	-	-	-	14,296	6,569	20,865
T Lewis (from Oct 2013)	48,409	-	48,409	35,087	-	35,087
M Lulich	48,043	-	48,043	45,780	-	45,780
G McDonald	48,043	-	48,043	45,780	-	45,780
C Milne	50,203	12,467	62,670	45,780	12,467	58,247
MJ Shierlaw	55,784	-	55,784	52,224	-	52,224
A Skene *	-	14,960	14,960	-	10,357	10,357
A Stewart *	-	27,427	27,427	-	27,427	27,427
RW Styles *	-	11,048	11,048	16,440	14,960	31,401
B Walshe *	-	41,141	41,141	-	41,141	41,141
M Willard	48,043	-	48,043	45,780	-	45,780
<b>Total</b>	<b>759,113</b>	<b>122,004</b>	<b>881,116</b>	<b>731,236</b>	<b>127,882</b>	<b>859,118</b>
<b>Total full time equivalent</b>	<b>13</b>	<b>6</b>	<b>17</b>	<b>13</b>	<b>6</b>	<b>17</b>

Due to the difficulty in determining the full-time equivalent for Councillors this figure is taken as the number of Councillors. Remuneration to Councillors includes annual salary payments and resource consent hearing fees.

\* These representatives are appointed to directorships rather than elected by the public.

Meeting attendance of Elected Representatives 2015:

MEETING	COUNCIL	POLICY AND REGULATORY	CITY DEVELOPMENT	DISTRICT PLAN SUBCOMMITTEE	CIVIC HONOURS	FINANCE AND AUDIT	COMMUNITY PLAN	HUTT VALLEY SERVICES
<b>Number of meetings held</b>	<b>16</b>	<b>9</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>4</b>	<b>4</b>
WR Wallace	15	7	3	-	-	2	4	1
D Bassett	16	8	6	-	-	6	4	1
C Barry	13	7	2	-	-	6	3	-
B Branch	9	6	5	-	-	-	4	3
L Bridson	15	9	-	-	-	6	4	-
MJ Cousins	16	9	6	-	-	6	3	-
A Finlayson	14	9	6	-	-	-	4	4
T Lewis	15	8	6	-	-	-	4	1
M Lulich	16	9	-	-	-	6	4	-
G McDonald	15	-	6	-	-	-	4	-
C Milne	11	5	5	-	-	4	4	2
MJ Shierlaw	15	-	6	-	-	6	4	-
M Willard	13	7	6	-	-	-	4	-

## Meeting attendance of Elected Representatives 2014:

MEETING	COUNCIL	POLICY (JUL - OCT)	CITY AND INFRASTRUCTURE (JUL - OCT)	DISTRICT PLAN SUBCOMMITTEE	CIVIC HONOURS	FINANCE AND AUDIT	COMMUNITY PLAN	HUTT VALLEY SERVICES
		POLICY AND REGULATORY (OCT - CURRENT)	CITY DEVELOPMENT (OCT - CURRENT)					
<b>Number of meetings held</b>	<b>14</b>	<b>9</b>	<b>8</b>	<b>2</b>	<b>2</b>	<b>7</b>	<b>3</b>	<b>4</b>
WR Wallace	14	3	6	-	1	5	3	1
D Bassett	13	6	-	-	2	7	3	1
C Barry (From Oct 2013)	8	3	-	-	-	4	3	-
B Branch (From Oct 2013)	8	4	4	-	-	-	3	1
L Bridson	13	8	3	2	2	4	3	-
MJ Cousins	12	9	4	-	2	7	3	-
A Finlayson	12	5	6	-	2	-	3	3
VR Jamieson (Jul - Oct 2013)	4	3	2	-	1	3	-	-
K Laban (Jul - Oct 2013)	3	3	2	-	-	-	-	-
T Lewis (From Oct 2013)	9	5	4	-	-	-	3	-
M Lulich	13	4	4	-	1	7	3	-
G McDonald	9	3	3	-	-	-	3	1
C Milne	12	4	5	1	-	6	3	3
MJ Shierlaw	13	-	2	7	-	7	3	-
RW Styles (Jul - Oct 2013)	4	1	1	1	-	1	-	-
M Willard	13	9	8	-	1	-	3	-

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

## Employee staffing levels and remuneration:

	COUNCIL		GROUP	
	2015	2014	2015	2014
Full-time equivalent salaried employees	342.89	335.70	355.34	347.88
Full-time equivalent waged and temporary employees	81.54	77.61	81.54	77.61
<b>Total full time equivalent</b>	<b>424.43</b>	<b>413.31</b>	<b>436.88</b>	<b>425.49</b>
<b>Total number of staff</b>	<b>483.00</b>	<b>472.00</b>	<b>496.00</b>	<b>494.00</b>

Note: 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	
	2015	2014	2015	2014
\$220,000 - \$359,999	2	1	2	1
\$140,000 - \$219,999	7	7	8	8
\$120,000 - \$139,999	10	5	10	5
\$100,000 - \$119,999	14	16	16	17
\$80,000 - \$99,999	49	44	50	44
\$60,000 - \$79,999	84	81	86	85
Less than \$59,999	317	318	324	334
<b>Total</b>	<b>483</b>	<b>472</b>	<b>496</b>	<b>494</b>

## 30. SEVERANCE PAYMENTS

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

	COUNCIL		GROUP	
	2015	2014	2015	2014
Severance payments	-	5,000	5,833	5,000
Number of employees	-	1	1	1

### 31. RELATED PARTY TRANSACTIONS

The Council is the ultimate parent of the Group and controls three entities, being Urbanplus Limited (formerly Hutt Holdings Limited) and Seaview Marina Limited, Hutt City Community Facilities Trust, and has significant influence over Wellington Water Limited (formally Capacity Infrastructure Services Limited) as an associate.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Council and Group would have adopted in dealing with the party at arm's 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	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
<b>Key management personnel costs</b>				
Salary and other short term benefits	1,178	1,143	1,580	1,690
Post-employment benefits	35	31	47	39
Other long-term benefits	-	-	-	-
Termination benefits	-	-	-	-
<b>Total key management personnel costs</b>	<b>1,213</b>	<b>1,174</b>	<b>1,627</b>	<b>1,729</b>
<b>Total full time equivalent</b>	<b>5</b>	<b>5</b>	<b>8</b>	<b>7</b>

### 32. CAPITAL COMMITMENTS AND OPERATING LEASES

#### Capital commitments

Commitments for capital expenditure contracted, but not provided for:

	COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
<b>Property, plant and equipment</b>				
- Water systems	171	1,158	171	1,158
- Roading network	11,840	-	11,840	-
- Buildings	11,462	1,436	13,275	1,436
Intangible assets	54	-	54	-
<b>Total capital commitments</b>	<b>23,527</b>	<b>2,594</b>	<b>25,240</b>	<b>2,594</b>

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

#### Operating leases as lessee

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

	COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Not later than one year	1,115	1,493	1,190	1,498
Later than one year and not later than five years	1,322	1,514	1,353	1,523
Later than five years	294	429	294	429
<b>Total non-cancellable operating leases</b>	<b>2,731</b>	<b>3,436</b>	<b>2,837</b>	<b>3,450</b>

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2014: \$nil).

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

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

#### Operating leases as lessor

The Council leases property under operating leases. The majority of these leases have a non-cancellable term of 36 months, with the exception of housing leases that have a

non-cancellable term of 22 working days. The future aggregate minimum leases payments payable under non-cancellable leases are as follows:

	COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Not later than one year	-	-	154	194
Later than one year and not later than five years	-	-	161	220
Later than five years	-	-	-	14
<b>Total operating leases as lessor</b>	<b>-</b>	<b>-</b>	<b>315</b>	<b>428</b>

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

### 33. CONTINGENCIES

	COUNCIL		GROUP	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Financial guarantees	110	161	110	161
Wastewater	3,051	3,608	3,051	3,608
Other legal proceedings	-	-	-	-
<b>Total contingent liabilities</b>	<b>3,161</b>	<b>3,769</b>	<b>3,161</b>	<b>3,769</b>

#### Financial guarantees

The value of financial guarantees disclosed as contingent liabilities reflects the Council's assessment of the undiscounted portion of financial guarantees that are not recognised in the Statement of Financial Position, to local community groups. The Council has recognised \$nil (2013: \$nil) financial guarantees in the Statement of Financial Position.

#### Wastewater

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 six 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% (2014: 6%).

#### Unquantified claims

RiskPool provides public liability and professional indemnity insurance for its members. The Council is a member of RiskPool. The Trust Deed of RiskPool provides that, if there is shortfall (whereby claims exceed contribution of members and reinsurance recoveries) in any Fund year, then the Board may make a call on members for that Fund year. A liability will be recognised for the future calls when there is more certainty over the amount of the calls.

### Superannuation schemes

The Council is a participating employer in the Defined Benefit Plan Contributors Scheme (the scheme), which is a multi-employer defined benefit scheme. If the participating employers cease to participate in the scheme, the Council could be responsible for any deficit of the scheme. Similarly, if a number of employers cease to participate in the scheme, the Council could be responsible for an increased share of any deficit.

### Associate's contingent liabilities

There are no contingent liabilities associated with the Wellington Water Limited (associate) (2014: \$nil).

### Local Government Funding Agency

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

The Council is one of 30 local authority shareholders (with the NZ Government being the other major shareholder) and 11 local authority guarantors of the LGFA. In that regard it has uncalled capital of \$1 million (Council's share being \$100,000). When aggregated with the uncalled capital of other shareholders, \$20 million is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, the Council is a guarantor of all of LGFA's borrowings. At 30 June 2015, NZLGFA had borrowings totalling \$4.96 billion (2014: \$3.99 billion).

Financial reporting standards require the Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

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

### 34. MAJOR BUDGET VARIATIONS

Explanations for major variations from Council's budgeted figures in the 2014-2015 Annual Plan are as follows:

The Statement of Comprehensive Revenue and Expenses discloses the financial performance of Council and the Group for the financial year ended 30 June 2015. The statement shows the operating revenue and expenditure as well as other transactions that have impacted on the Council's and the Group's wealth. The following are the significant variances:

- Rates, excluding metered water supply rates is \$0.2 million below budget. This variance from previous year is a result of increase in rates revenue based on CPI, growth and an additional 1% for rejuvenation projects.

- Fees, charges and metered rates for water supply is \$1.9 million above budget. This variance from budget is a result of increased revenue mainly from learn to swim revenue (\$0.4 million) and solid waste collection and disposal (\$1.0 million).
- Other revenue is \$1.2 million above budget. This is mainly a result of increase revenue from vested assets (\$0.5 million) and miscellaneous income (\$0.4 million).
- Other expenses is \$3.0 million above budget. This is a result of grant funding to CFT for the Walter Nash Centre build. This grant funding eliminates on consolidation.
- The above has contributed to net surplus/deficit after tax result of \$0.8 million below budget.
- Gain/(Loss) on revaluation of financial instruments is \$2.7 million below budget. The variance is a result of reducing interest rates.
- Gain/(Loss) on property revaluation is \$23.9 million below budget. These figures represent the three yearly revaluation undertaken for Council and the Group's major assets.
- The above has contributed to total comprehensive revenue and expenses of \$27.4 million below budget.

The Statement of Financial Position (that is what Council own and owe) is as at 30 June 2015. The following are significant variances in the Statement of Financial Position:

- Cash and cash equivalents is \$2.9 million below budget. Refer to Cash Flow explanations.
- Other assets is \$8.1 million below budget. This is due to renegotiated intercompany borrowing resulting in the majority of current borrowing moved to non-current borrowing reflecting the new term. Balance eliminates at Group level.
- Non-current assets held for sale is \$2.8 million below budget resulting from the asset held for sale at 30 June 2014 being settled early July 2014.
- Property, plant and equipment is \$43.8 million below budget - refer to movements in note 16.
- Intangible assets is \$2.4 million below budget. Refer to movement in note 17.
- Assets under construction is \$9.1 million above budget. Refer to movements in note 16.
- Investments in CCO is \$12.6 million above budget. This is due to the renegotiated intercompany borrowing resulting in a move from current to non-current borrowing reflecting the new term and additional borrowings to CCO's. Balance eliminates at Group level.
- Current and non-current borrowing is \$3.4 million below budget. This is due to lower than anticipated capital spend.
- Current and Non-current derivative financial instruments is \$0.6 million above budget. This is due to the revaluation of Council's interest rate swap portfolio.
- Creditors and other payables are \$5.8 million below budget. This is due to timing of payments to suppliers for operational and capital expenditure.
- Non-current provisions are \$1.0 million above budget resulting from increase level in landfill aftercare provision.
- The accumulation of the above, results in Net Assets and Equity being \$32.9 million below budget.

The following are significant variances in the Statement of Cash Flows:

- Cash flow from operations is \$8.4 million above budget due to:
  - Increased rates charges and collections \$0.2 million above budget

- Payments to employees up \$0.3 million on budget
- Payments to suppliers \$10.3 million above budget
- Cash flow from investing \$2.6 million above budget. Relates to increase level of capital purchases.
- Cash flow from financing \$4.7 million below budget. Relates to borrowings required to fund capital projects.

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

### 35. CAPITAL MANAGEMENT

The Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are managed largely as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

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

The Act requires the Council to make adequate and effective provision in its Long Term Plan (LTP) and Annual Plan (where applicable) to meet the expenditure needs identified in those plans. And the Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

Hutt City Council has the following Council created reserves:

- reserves for different areas of benefit
- trust and bequest reserves

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

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

### 36. EVENTS AFTER THE BALANCE DATE

There have been no significant events occurring after balance date.

## RESERVE FUNDS

Reserves are held to ensure that funds received for a particular purpose are used for that purpose and any surplus created is managed in accordance with the reason for which the reserve was established. Surplus held in reserves are credited with interest. The Council holds 13 reserves, with five being restricted reserves. Restricted reserves are reserves that have rules set by legal obligation that restrict the use that the Council may put the funds towards. The remaining Council created reserves are discretionary reserves which the Council has established for the fair and transparent use of monies. Reserves are not separately held in cash and the funds are managed as part of the Council's treasury management.

Below is a list of current reserves outlining the purpose for holding each reserve and the Council activity to which each reserve relates, together with summary financial balances for the 2014-15 year:

	OPENING BALANCE JULY 2014 \$000	DEPOSITS \$000	EXPENDITURE \$000	CLOSING BALANCE JUNE 2015 \$000
<b>Council Created Reserves – Purpose of the Fund</b>				
<b>Reserve Purchase &amp; Development (Parks and Reserves Activity)</b> To provide for the purchase of land for reserves purposes or the development of existing reserves. The Fund is made up of financial contributions from subdivision and revenue from the sale of surplus reserve land. The main purpose of the Fund is to provide open space and recreational opportunity to offset the effects of land use intensification.	5,419	512	(221)	5,710
<b>Election Fund (Managing Services Activity)</b> To annually provide for the cost of Council elections and by-elections.	198	11	(59)	150
<b>Landfills Reserve (Solid Waste Activity)</b> To set funds aside for the longer term replacement of the landfill. This figure has been capped at \$12 million.	11,660	340	-	12,000
<b>Waste Minimisation Reserve</b> To encourage a reduction in the amount of waste generated and disposed of in New Zealand, and to lessen the environmental harm of waste. This reserve was created in 2009 as a result of the Waste Minimisation Act 2008. Funding is distributed to local authorities by the Ministry for the Environment and expenditure includes grants to others, waste minimisation initiative operating expenses and recycling contract.	2,777	83	-	2,860
<b>Wingate Landfill Reserve (Parks and Reserves Activity)</b> To provide for the development and major maintenance of the former landfill areas (top areas) at the end of Page Grove, Wingate, now managed as reserve land and used for various recreational activities.	159	5	-	164
<b>Piano Replacement Reserve (Museums Activity)</b> To provide funds for the replacement of the Steinway piano at the Little Theatre.	76		(76)	-

	OPENING BALANCE JULY 2014 \$000	DEPOSITS \$000	EXPENDITURE \$000	CLOSING BALANCE JUNE 2015 \$000
<b>Wingate Park (Parks and Reserves Activity)</b> To provide for the development and major maintenance of the former landfill areas (bottom areas) at the end of Page Grove, Wingate, now managed as reserve land and used for various recreational activities.	158	-	5	163
<b>Ex Hillary Commission Funds (Aquatics and Recreation)</b> To provide funding for sporting activities. Approval needs to be given by Sport New Zealand.	118	-	4	122
<b>Totals</b>	<b>20,565</b>	<b>951</b>	<b>(347)</b>	<b>21,169</b>

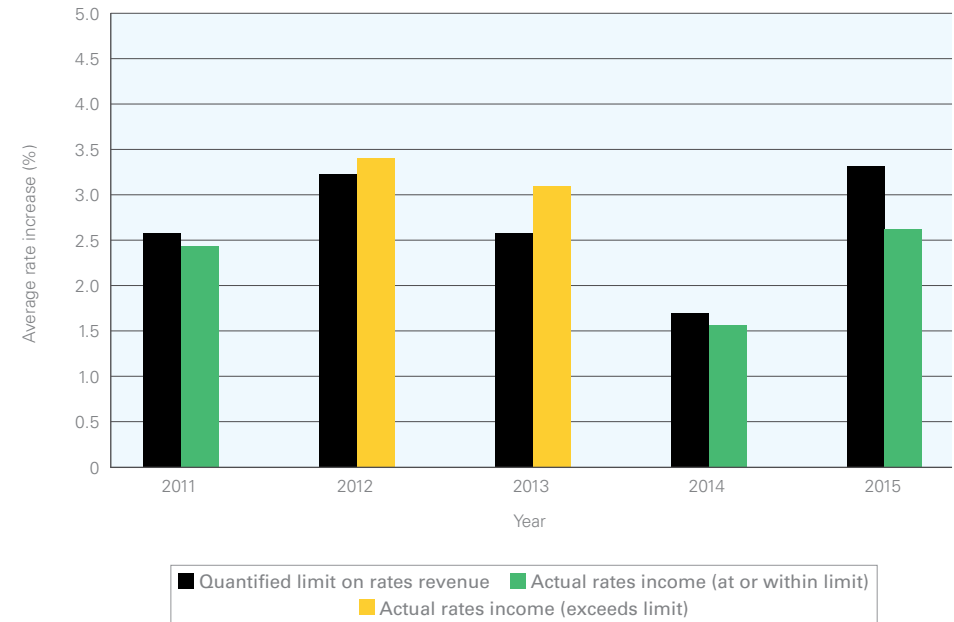
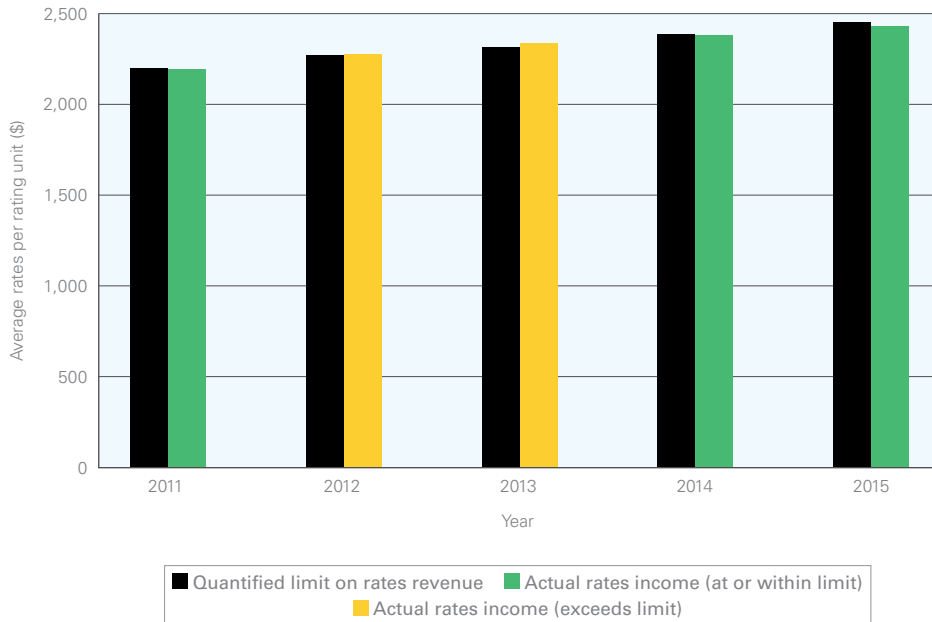
	OPENING BALANCE JULY 2014 \$000	DEPOSITS \$000	EXPENDITURE \$000	CLOSING BALANCE JUNE 2015 \$000
<b>Restricted Reserves – Purpose of the Fund</b>				
<b>Taita Cemetery - JV Bently (Parks and Reserves Activity)</b> The Council is contracted to maintain Plot 32/33 block 7, St James section in perpetuity. The plots contain Issac Young, Eliza Young and AG Talbut.	3	-	-	3
<b>Lavelle Tree Bequest (Parks and Reserves Activity)</b> To provide for the planting of trees in and around Hutt City on major thoroughfares.	29	-	1	30
<b>JWT Adams Bequest (Museums Activity)</b> To be utilised to establish and service a photographic collection for the Dowse. There is no specific expenditure plan for the coming ten years on the purchase of photographic items for the collection.	19	-	1	20
<b>ML Talbut Bequest (Parks and Reserves Activity)</b> To provide for the planting and maintenance of reserves.	13	-	-	13
<b>Eastbourne Arts Trust (Museums Activity)</b> To purchase for the Dowse Collection works of art created by Eastbourne artists, being artists who have or have had a significant association with Eastbourne.	14	-	-	14
<b>Totals</b>	<b>78</b>	<b>-</b>	<b>2</b>	<b>80</b>



## PRUDENCE REPORTING

The Council meets the rates affordability benchmark if:

- its planned rates income equals or is less than each quantified limit on rates; and
- its planned rates increases equal or are less than each quantified limit on rates increases.



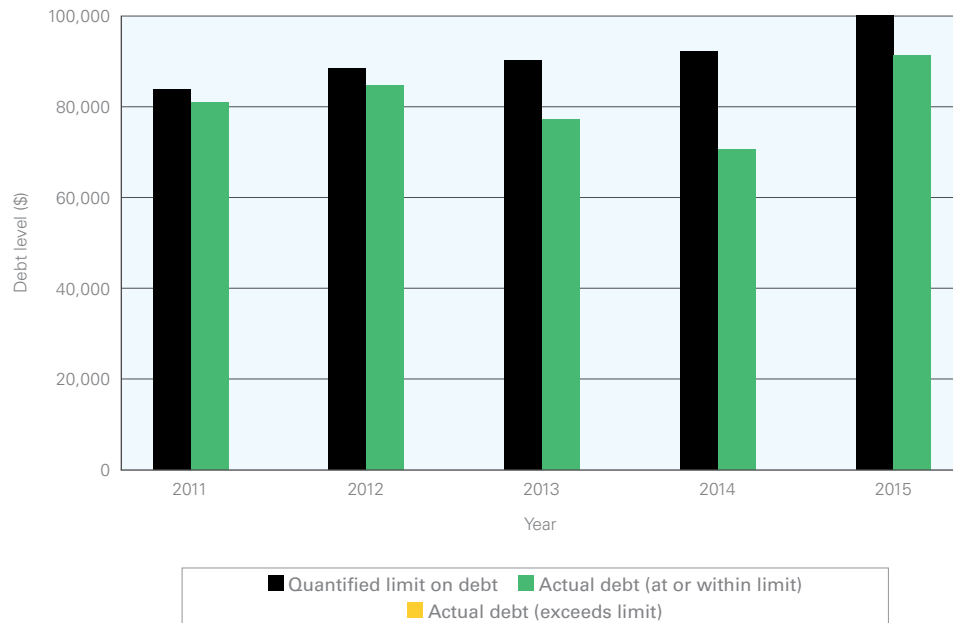
### RATES (INCOME) AFFORDABILITY BENCHMARK

The above graph compares the Council’s actual rates income with a quantified limit on rates contained in the Financial Strategy included in the Council’s Long Term Plan. The quantified limit is to increase rates by no more than inflation (plus 0.5% for year 2010, increasing to 1.0% by 2015).

### RATES (INCREASES) AFFORDABILITY BENCHMARK

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

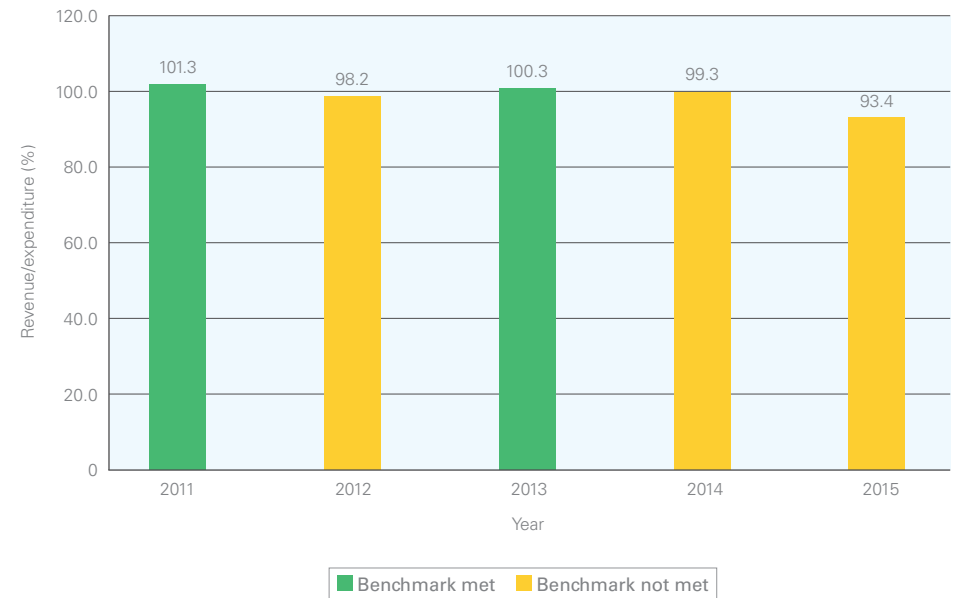




## DEBT AFFORDABILITY BENCHMARK

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

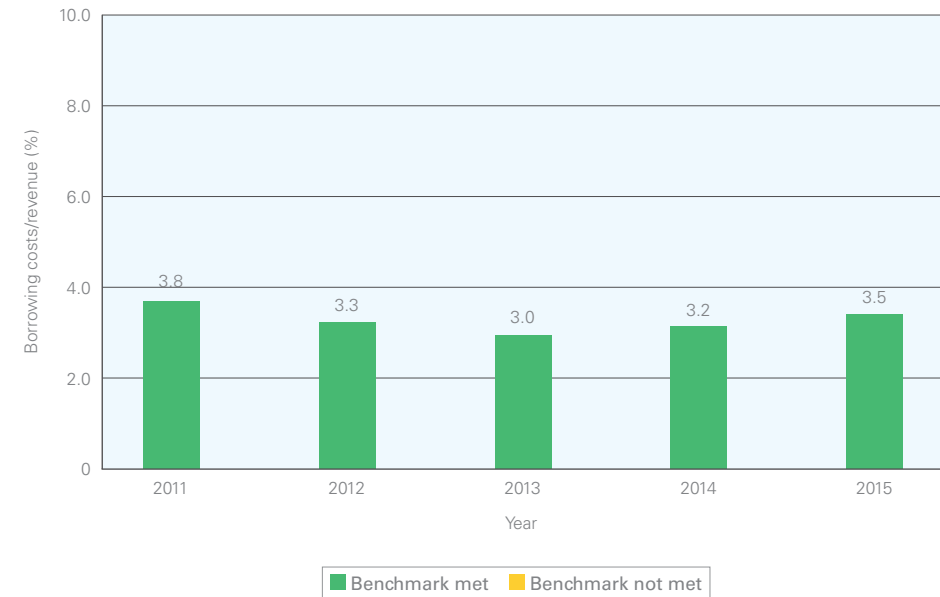
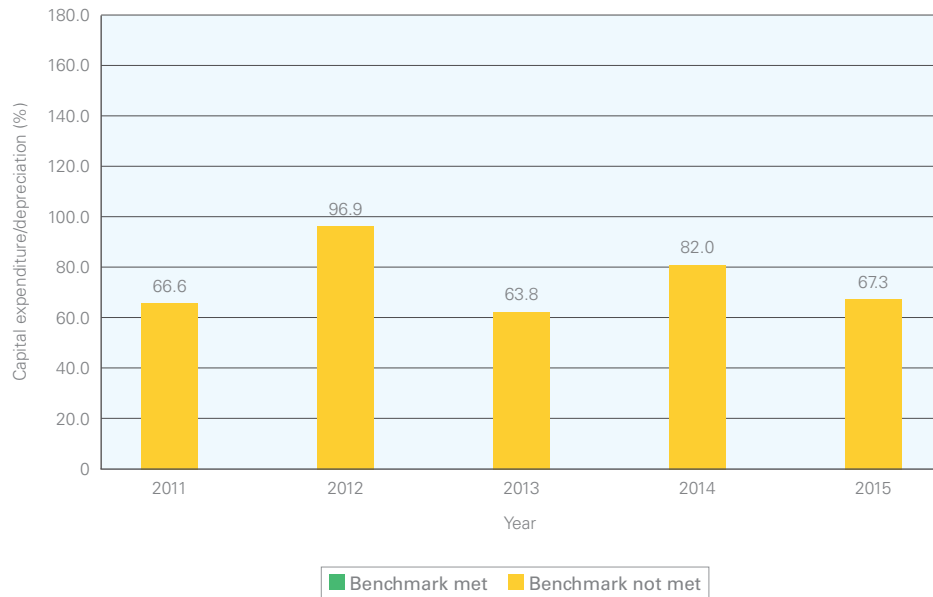
The above graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the Financial Strategy included in the Council's Long Term Plans. The quantified limit is to achieve debt levels below our annual target (as outlined in the Long Term Plan.)



## BALANCED BUDGET BENCHMARK

The above graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment.) The Council meets this benchmark if its revenue equals or is greater than its operating expenses.

## OUR FINANCES

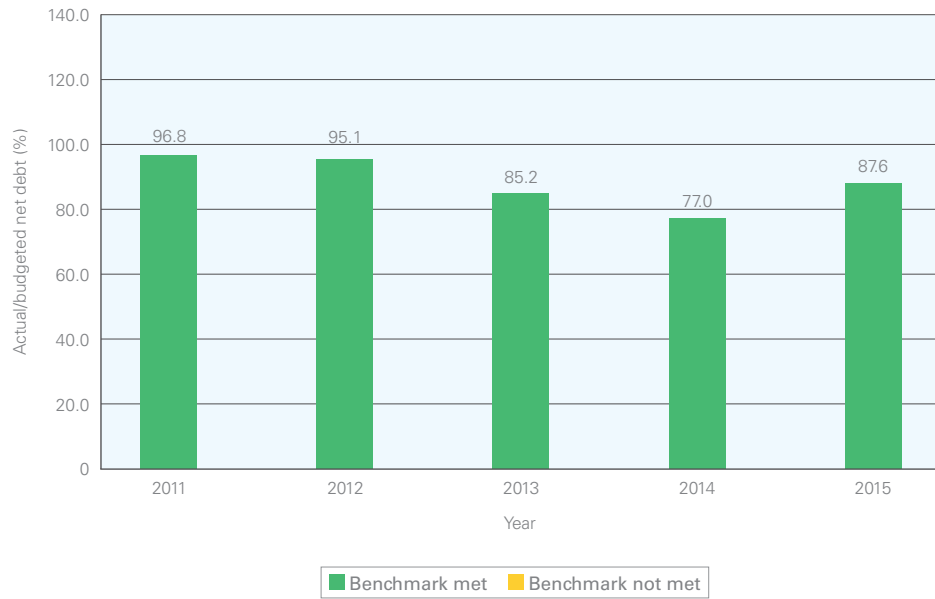


### ESSENTIAL SERVICES BENCHMARK

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

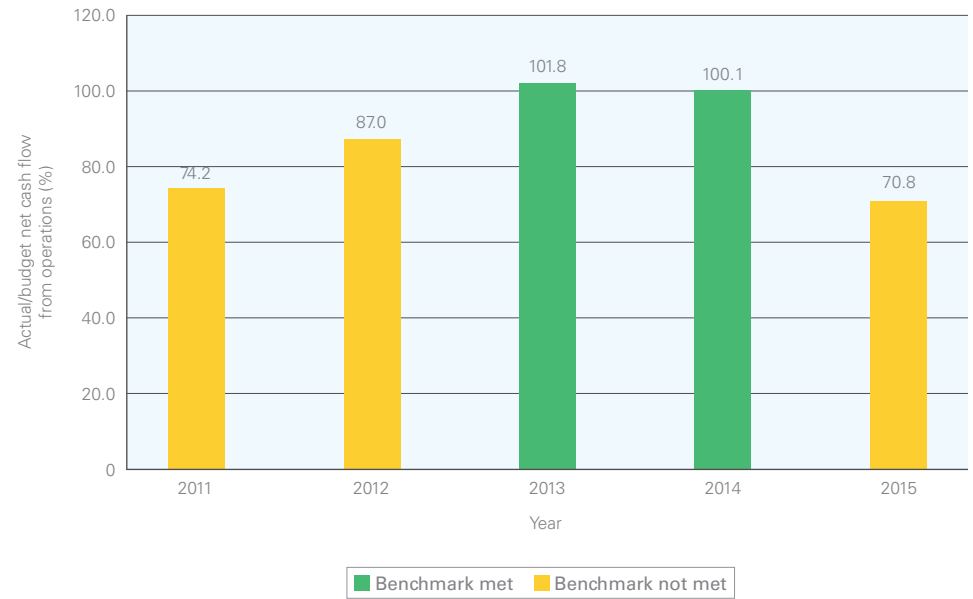
### DEBT SERVICING BENCHMARK

The above graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluation of property, plant and equipment). Because Statistics New Zealand projects the Council's population will grow as fast as the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equals or are less than 10% of its revenue.



### DEBT CONTROL BENCHMARK

The above graph displays the Council’s actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



### OPERATIONS CONTROL BENCHMARK

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

# APPENDICES

## OUR PROFILE

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

## SUMMARY

Land area	37,998 hectares
<b>Population<sup>1</sup></b>	
Northern Ward	15,650
Eastern Ward	17,200
Western Ward	15,850
Central Ward	17,000
Wainuiomata Ward	17,950
Harbour Ward	18,050
Total population	101,700
<b>Number of households</b>	
Northern Ward	5,840
Eastern Ward	6,840
Western Ward	5,690
Central Ward	6,930
Wainuiomata Ward	6,320
Harbour Ward	7,460
Total households	39,080
<b>Age<sup>2</sup></b>	
0 to 14	21.9%
15 to 39	33.7%
40 to 64	32.4%
65 and over	12.0%

<b>Ethnicity<sup>2</sup></b>	
European	71.8%
Māori	18.5%
Pacific Peoples	12.0%
Asian	10.0%

1 Statistics from Statistics New Zealand 2013 Census

2 Statistics from Statistics New Zealand Medium Series Projections based on the 2006 Census

## HUTT CITY ASSETS

<b>Total Council assets as at 30 June 2015</b>	<b>\$1,405,375,000</b>
Area of parks and reserves	3,760 hectares
Number of swimming pools	6
Number of libraries	8
Length of roads	481.4 km
Length of footpaths	728 km
Number of street lights	13,618
Length of wastewater pipes	681 km
Length of stormwater pipes	548 km
Length of water pipes	677 km
Rating system	Capital
Rateable units	38,827
Average rates per residential ratepayer	\$2,115
Capital value of rating units	\$17,152,538,500
Total land value of rating units (30 June 2014)	\$8,673,320,500
Capital value of the city (30 June 2014)	\$18,078,440,650

# DEFINITIONS

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

## ANNUAL PLAN

A plan that describes the activities of the local authority, with a particular focus on the financial year for which the document is produced.

## APPROPRIATION/APPROPRIATED

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

## ASSET

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

## ASSET MANAGEMENT PLAN

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

## ASSOCIATE

Companies in which the Council owns between 20 and 50% of voting shares so has the power to participate in the financial and operating policy decisions without having overall control of the policies.

## CAPITAL EXPENDITURE

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

## CAPITAL VALUE

Value of land including any improvements.

## COMMUNITY BOARDS

Local elected bodies set up under the Local Government Act. Community boards are consulted by Council and can represent community concerns to Council. Hutt City Council has three community boards: Eastbourne, Petone and Wainuiomata.

## COMMUNITY COMMITTEES

Local committees set up by Council. Community committees are consulted by Council and can represent community concerns to Council. Hutt City Council has four community committees: Central, Western, Northern and Eastern.

## COMMUNITY OUTCOME

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

## COUNCIL-CONTROLLED ORGANISATIONS (CCOS)

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

## COUNCIL-CONTROLLED TRADING ORGANISATIONS (CCTOS)

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

## EMPLOYEE COSTS

Expenditure on staff. This includes wages, salaries and related taxes, training and

recruitment costs. Remuneration of elected and appointed representatives is also included under this heading.

## FINANCIAL YEAR

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

## FORECAST FINANCIAL STATEMENT

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

## LAND VALUE

Value of land, excluding any improvements.

## LOCAL GOVERNMENT ACT 2002

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

## LONG TERM PLAN (LTP)

A plan that describes the activities of the local authority, the community outcomes and long term focus for the decisions and activities of the local authority.

## MAINTENANCE COSTS

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

## MANA WHENUA

People with the mana of the land.

## N/A

No peer average available.

## OPERATING EXPENDITURE

Expenditure for the normal services of Council.

## OPERATING PROJECTS

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

## PERFORMANCE MEASURE

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

## PORT NICHOLSON BLOCK SETTLEMENT TRUST

A Trust established in August 2008 to receive and manage the Taranaki Whanui ki Te Upoko o Te Ika treaty settlement.

## RATES

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

## SIGNIFICANCE

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

## SIGNIFICANT ACTIVITIES

The Annual Plan lists 18 separate significant activities that fall within five groups of activities.

**SUPPLIER COSTS**

Expenditure for the purchase of general goods and services.

**SUPPORT COSTS**

The internal allocation of expenditure incorporated in the Managing Services activity.

**TAONGA**

A highly prized resource.

**TARGETED RATES**

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

**TE ATIAWA**

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

**TE RUNANGANUI O TARANAKI  
WHANUI KITE 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 interests of improving accountability and transparency. A more detailed discussion of the main sources of information is provided below.

**NRB COMMUNITRAK SURVEY**

The National Research Bureau Limited undertakes these annual surveys for participating local authorities. The results also include national and peer group comparisons. Hutt City Council has commissioned these surveys since 1994. Our Communitrak survey utilises 500 telephone interviews, 100 more than the standard Communitrak survey, to ensure adequate representation from each ward. Randomised sampling methods are used to access residents over the age of 18 and weightings are applied to reflect the ward, gender and age proportions of the area. The maximum margin of error at the 95% level of confidence for Hutt City Council's survey is +/- 4% and the maximum level of significant difference at the 95% level of confidence is 6%. These maximums for the margin of error and significant difference will occur when the sample is split 50/50 on an issue. The level of achievement in terms of measuring satisfaction levels is calculated after excluding the responses of those unable to comment on the specific service being measured.

**SURVEY OF ELECTED AND APPOINTED MEMBERS**

As part of its commitment to continuous improvement, Hutt City Council commissions an annual survey of Councillors' and community board/

committee members. The survey explores the organisation's performance in providing advice to members. The survey for 2013-14 was conducted by Peter Glen Research.

**MANAGEMENT REPORTS**

Management reports encompass a range of documentation and records, such as reports from internal service providers to asset managers and reports from contractors to managers. Quality assurance in the level of performance of Council is very important. For infrastructural renewal and capital programmes, management reports include quality assurance procedures such as certificates of completion verified by third parties. These certificates confirm that the appropriate technical standards and specifications have been met. For all regulatory services, ISO systems and procedures provide quality assurance in service delivery and achievement reporting. Internal and external audits also form part of Council's quality assurance programmes.

**BEST WORKPLACES SURVEY**

We participate in the annual Kenexa Best Workplaces Survey, formerly known as the John Robertson & Associates' Best Places to Work Survey. This survey provides Council with important information on how staff view Council, and how this compares with other organisations.

## CONTACT DETAILS

### MAYOR

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## COMMUNITY BOARDS

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## COMMUNITY COMMITTEES

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