



Te Kaunihera o
Te Awa Kairangi ki Uta
Upper Hutt City Council

Mahere ā-Tau
ANNUAL REPORT
2022 - 2023
SUMMARY

Rārangi upoko

Contents

Nau mai	4	Welcome
Tō tātou whāinga	6	Our vision
Whakamāramatanga	9	About the Annual Report
Whakarāpopototanga	11	Overview
Ahumoni	17	Financials
Pārongo tūtohu	24	Compliance information
Ngā tūtohunga me ngā takohanga	26	Compliance and responsibility
Te Kaunihera o Te Awa Kairangi ki Uta	27	Upper Hutt City Council
	30	Audit opinion

Nau mai Welcome

Ko te āhua nei, ka rerekē tō mātou tātū hei te tau e heke mai ana. Ka rere tātou ki tua atu i te wā o te mate urutā, kia haere tonu ngā mahi o 'Te Pae Tawhiti'. Kāore anō kia mutu ngā pōkarekare ā muri i te mate urutā. E raru tonu ana mātou i te whai ratonga, me te heke a ngā tai ōhanga.

I ngā tau kua pahure, nā mātou ētahi mahi utu nui i tīmata. I tēnei wā kua tae mātou ki te puku o ēnei mahi. Kua tawhiti kē te haerenga mai kia kore e haere tonu. Ko ngā mea tīahoaho ko 'Maidstone Sports Centre' me 'H₂O Xtream'. E hiamō ana mātou kia oti ngā mahi ki Maidstone hei te mutunga o te tau nei, kia oti hoki ngā mahi ki H₂O Xtream ā tērā tau. Katahi anō mātou ka hoki mai ki te whare kaunihera, mahi ai, i muri i ngā mahi kia pakari ai te whare. He kōrero tēnā hei tāpiri ki te Pūrongo ā tau ā muri atu i tēnei.

Ko ngā whakarerekētanga a ngā kaunihera, nā ngā tohu a te kāwanatanga tētahi o ngā raru nui—kua rere ngā kōhimu, kāore ētahi e whakapono ana, ka whai hua ngā kaunihera puta noa. Kua huri te tai ō roto i te whare miere, nōreira ka arotakengia e te tai hōu, ētahi whakarerekētanga nā te kāwanatanga katahi anō ka hinga i whakarite. Mā mātou te kāwanatanga hōu e whai, kia tūtuki pai ko ngā oati nō mua i ngā pōtitanga, mō ngā kaupapa pēnei i te 'water reform', 'future for local government' hoki.

The over-arching theme of this year and likely the next is change. As we move beyond the pandemic and continue with our Long Term Plan commitments, we're consistently finding that business is anything but usual. We've continued to face challenges around affordability and delivery of service.

Having begun some big-ticket items earlier on, 2022 - 2023 finds us in the middle, where significant and positive progress has been made, but with some way to go before we can celebrate completion. The most obvious of these are the Maidstone Sports Centre and H₂O Xtream upgrade. We're looking forward to the completion of the sports complex at the end of this calendar year, with H₂O Xtream another 12 months down the track. As this report is published, we have just moved back into our earthquake-strengthened Civic Centre—a project completion story for next year's report!

Changes to local government brought on by central government are among the challenges we face—to some degree the roles of councils as a whole have been questioned. With a new team in the Beehive, a number of those changes are up for review. We'll be looking for certainty and delivery on promises made before the election, particularly on matters such as water reform and the future of local government.

Ko tētahi o ngā hua nui mā mātou i te tau kua pahure, ko te haina i te 'Memorandum of Partnership' me tētahi o ngā peka mana whenua. I ngā tau kua hipa, kua whanake te rangapū o ngā taha e rua. Nā ēnei whanaketanga i ara ake te whakaaro kia whakaōkawa i te rangapū hei whakamana i ngā mātāpono o Te Tiriti. Nō mātou te whiwhi kia hainatia e mātou te kirimana nei me ngā rangatira o 'Hikoikoi Management Limited' 'Wellington Tenths Trust', 'Palmerston North reserve Trust' hoki. E ihiihi ana tātou ki te mahi ngātahi. Kia whakawhānui i ngā huarahi ka takahia e te kaunihera, kia pai ai te tūhonohono atu ki te iwi Māori.

I tēnei pūrongo ā tau, kua whāia e mātou tētahi paerewa hōu mā ngā pūrongo, Mā tēnei ka pai kē ake te ariaritanga, me te āhei ki te whakawhiti kōrero mō ngā mahi kua mahia nei e mātou. Kei te kimi mātou i ētahi ara kia whakapai ake ngā āhuatanga o ngā paearu me ngā arotake i a mātou e whakarite ana i 'Te Pae Tawhiti'—hei te tau e heke mai nei, ka ngana mātou kia rongu i ngā kōrero o te tāone.

Ahakoia te rerekētanga o ngā horopaki ā tōrangapū, ā taiao anō hoki, ko tā te kaunihera, he koke whakamua. Ka haere tonu ngā mahi kia tū ko Upper Hutt hei wāhi rawe ki te noho. E kore te rere a te waka e auporo.

A great highlight of the year for us was the signing of the Memorandum of Partnership (MOP) with mana whenua. Whilst our relationship has grown from strength to strength over the past few years, we felt it was time to formalise arrangements to honour the principles of the Treaty of Waitangi. We were grateful to have the opportunity to sign the MOP with representative members of Hikoikoi Management Limited, Wellington Tenths Trust, and Palmerston North Māori Reserve Trust. We're looking forward to continuing to work together, widening our capacity when considering strategy, planning, and public engagement—with a growing focus on effective Māori participation and engagement.

In this year's Annual Report, we've adopted a new standard of reporting. This will improve our transparency and ability to communicate what we've achieved and how and why. We'll be looking for ways to improve performance and review expectations as we continue to develop the next 10-Year Plan—which we'll be formally seeking your feedback on early next year.

The new fiscal, performance, and political environments will continue to present changes to us, but we're never shy of a challenge. We will continue to strive to do our part in making Upper Hutt a great place to live. We will continue the positive progress that we've made.



Tō tātou whāinga

Our vision

Our vision is the desired future state of our city—what we, as a Council, are aspiring to achieve for our city. This vision was developed as part of our Long Term Plan 2021 – 2031.

WE HAVE an **outstanding** natural environment, leisure, and recreational **opportunities,**

WE ARE a **great** place for **families** to live, work, and play.

Community outcomes

In working towards our vision, we're focusing on four outcomes we want to achieve for our community. These community outcomes guide our activities, projects, and service levels.



Strategic drivers

Our strategic drivers are the factors that have influenced Council's strategic thinking and our planning processes. They represent both opportunities to be pursued and issues that need to be addressed for Upper Hutt City. Some of these are national or even global issues. These strategic drivers are discussed in detail on pages 12 – 15 of our Long Term Plan 2021 – 2031.



COVID-19



Climate change and sustainability



A growing urban city



Wellington Regional
Growth Framework



Changing policy and
legislative environment

Strategic priorities

Our five strategic priorities—based on the strategic drivers—are the areas we want to focus on. They're also based on the various conversations we've had with our community. We've summarised these below. For more detailed information, please refer to page 16 of our Long Term Plan 2021 – 2031.

- 1 Investing in and upgrading the **infrastructure and facilities** needed for our growing city. We have factored building resilience into infrastructure.
- 2 **Growing sustainably** and delivering on our community's expectations that Council will lead initiatives to advance our Sustainability Strategy.
- 3 Fostering the **wellbeing of our community and economy** and ensure we are resilient in the wake of COVID-19.
- 4 Continuing to work on developing a **vibrant and attractive City Centre**, which our community has told us repeatedly, is an important priority for this city.
- 5 **Continuing** to deliver our **'business as usual'** services which are the bedrock of service delivery to our community

Our Community outcomes, strategic drivers, and strategic priorities inform our activities and what we are reporting in the Annual Plan. Details of other frameworks we consider, such as our Performance Management Framework are detailed further in this report.

Whakamāramatanga

About the Annual Report

To guide our activities and management of our financials and ratepayers' money responsibly, we work to detailed plans.

This Annual Report covers the performance of Upper Hutt City Council from 1 July 2022 to 30 June 2023. It outlines our financial and non-financial performance. Council has a wide range of responsibilities, and we provide a variety of services to the Upper Hutt community.

The Annual Report provides information on what Council actually did and achieved, comparing this to what was planned in the Long Term Plan and Annual Plan. This includes information on our nine activity groups, services, performance framework, and financials.

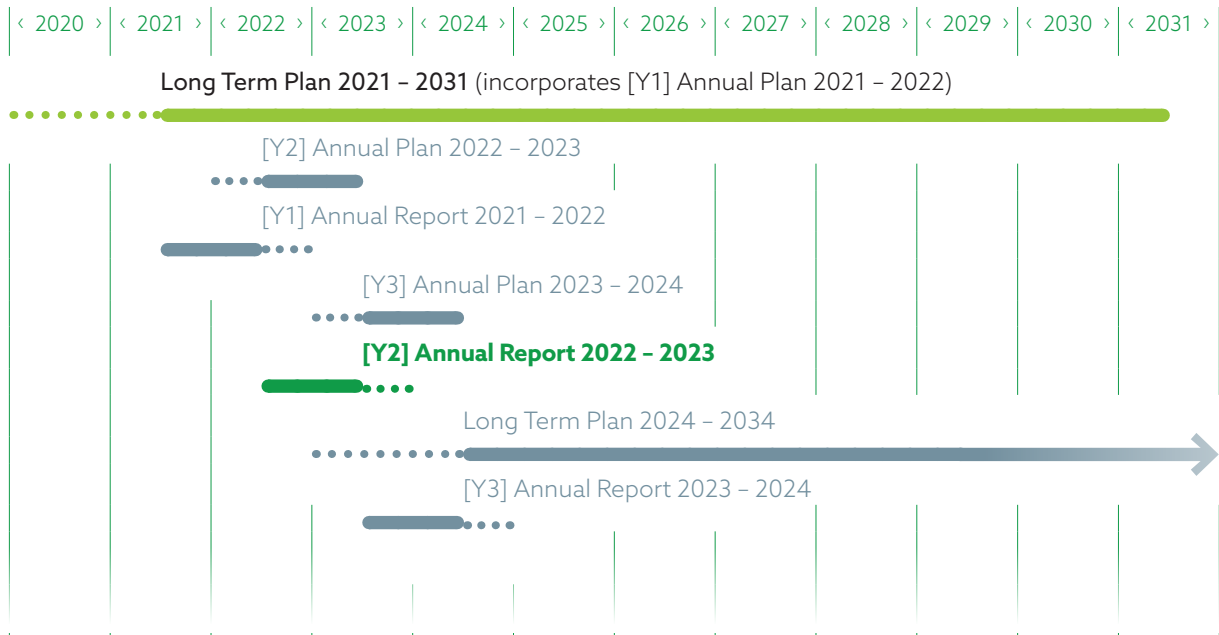
Council's governance statement provides the overarching framework for how we will meet our outcomes on behalf of the community. These are outcomes that we aim to achieve in meeting the current and future needs of communities for good-quality infrastructure, local public services, and performance of regulatory functions. The Local Government Act requires councils to identify the community outcomes to which each activity contributes. Our community outcomes are on page 7.

Elected members, acting as Council, are responsible for governance, including:

- the development and adoption of Council policy;
- monitoring the performance of Council against its stated objectives and policies;
- prudent stewardship of Council resources;
- employment of the Chief Executive; and
- appointment of the Deputy Electoral Officer.

Elected members are also responsible for representing the interests of the residents and ratepayers of the city.

Planning and reporting schedule



Format

The full Annual Report is grouped into four main sections.

OVERVIEW

A snapshot of what we delivered in the 2022 – 2023 year.

GROUPS OF ACTIVITIES

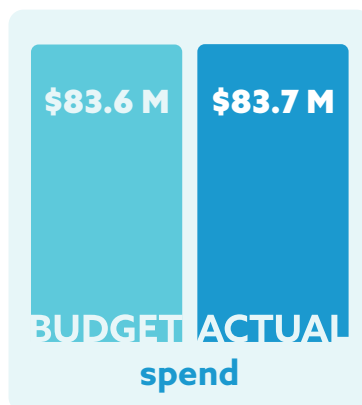
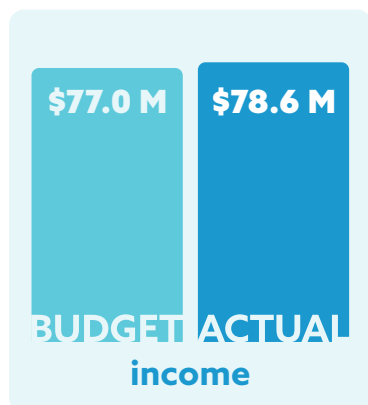
What we achieved, how we performed against our targets, and comparing spending to our LTP Year 2 budgets.

DISCLOSURES

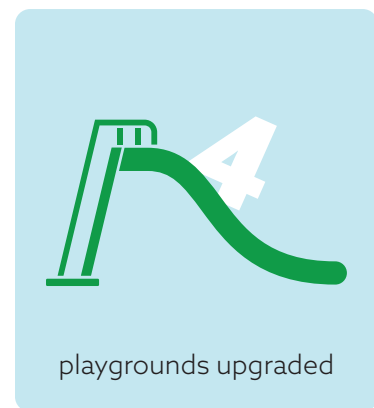
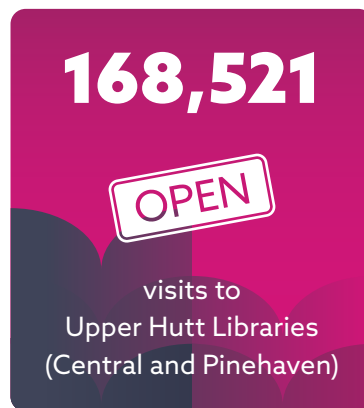
Details of new standards adopted, along with particular matters of interest.

FINANCIALS

This section sets out our financial statements in detail.



Whakarāpopototanga Overview



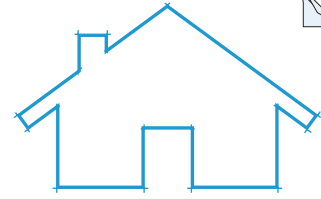
135,308

visits to
H₂O Xtream



120

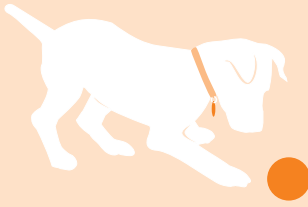
Food safety inspections



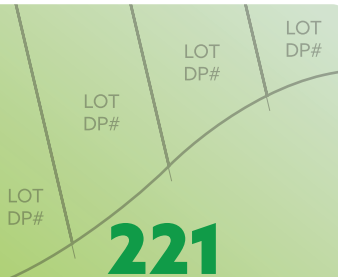
767

building consents issued
(236 for new dwellings)

6,507



dogs registered



221

resource consents
issued

303



LIMs issued
(land information memoranda)

10

District Plan changes
in progress



499

Code of compliances
issued

401,123



books & items borrowed
from the Libraries

12

Consultations &
engagements

with the
public

711,612



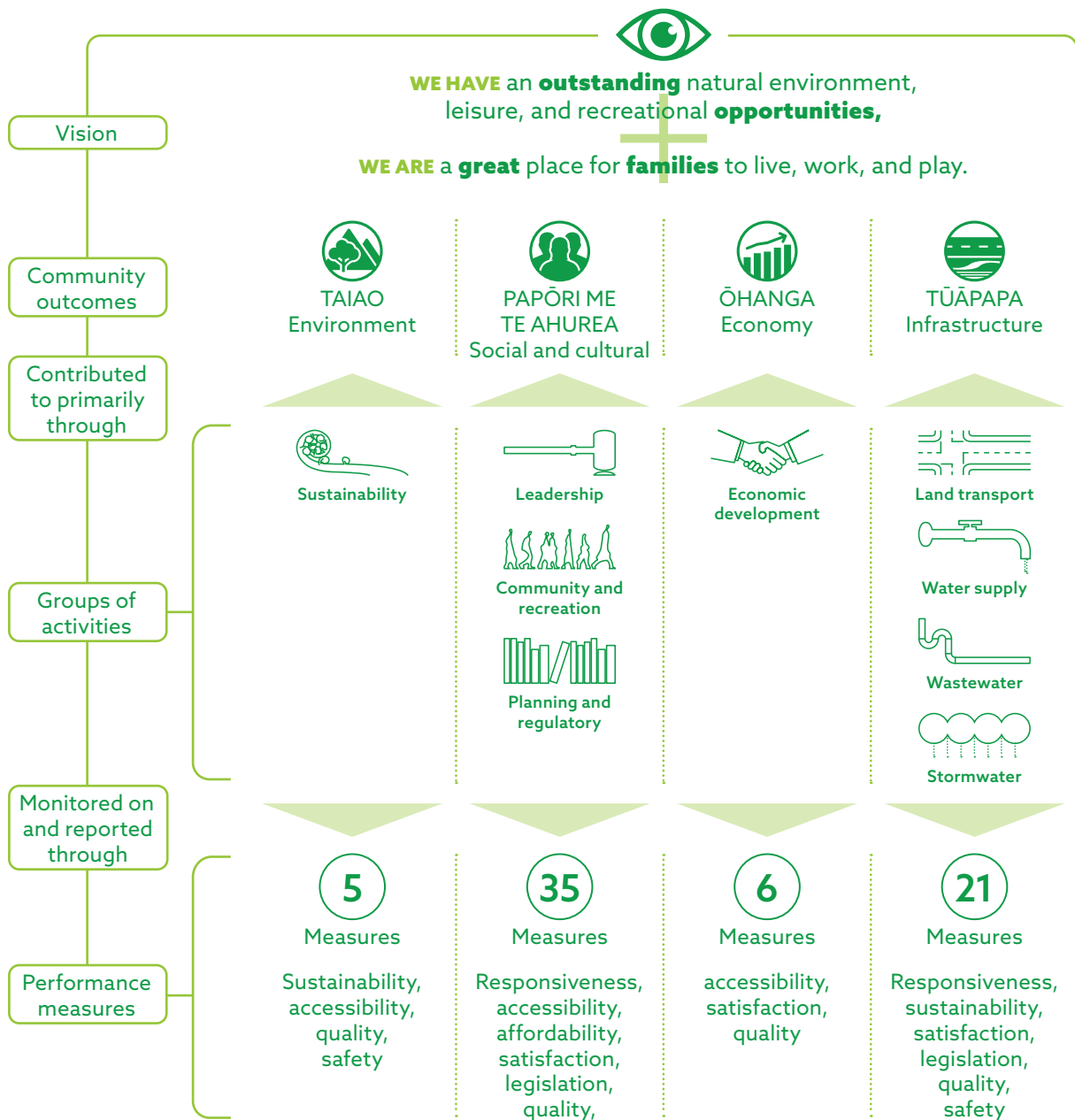
digital connections
to Upper Hutt Libraries

2 Million

square metres (m²)
roads maintained







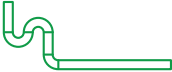




Performance management framework

Our performance management framework, details how Council’s vision links to our community outcomes, activity areas, and performance measures we use. This enables residents to make a judgement on whether or not the Council action being measured is worth funding through rates or fees, and allows Council to take corrective actions if the expected results are not being achieved.






Our Long Term Plan also details what we do in each activity area, and why we do this, expected effects on the community, key projects, how we pay for it, and our performance measures, alongside the key legislation strategies, policies and plans that guide our work. This Annual Report, details the performance of Council, against the objectives stated in our Long Term Plan 2021 – 2031.















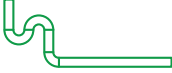


















This year's performance summary

Performance measures	Achieved 	Not achieved 	Not available	
 Leadership	1 - 5	1	4	
 Community and recreation	6 - 22	3	14	
 Economic development	23 - 28	3	2	1
 Water supply ¹	29 - 33	1	4	
 Wastewater ¹	34 - 37	2	2	
 Stormwater	38 - 41	4		
 Land transport	42 - 48	2	5	
 Sustainability	49 - 53	2	3	
 Planning and regulatory	54 - 66	4	9	
Total	22	43	1	

1. We have corrected an error in applying the DIA guidance to the methodology used to measure the attendance and resolution times for water supply and wastewater. These changes relate to excluding records that were previously included, the most significant of which was the inclusion of duplicate records (where multiple people reported the same incident). Due to the treatment of this data, duplicate records are closed before the job is complete, impacting the results. We have also removed additional jobs that were not strictly in line with the performance measure guidelines. The times for the 2021 - 2022 financial year have been restated.

Compared to last year

We compared this year’s results against performance in 2021 – 2022. In the table below, we’ve added an indicator to show whether the performance is improved , the same , or reduced .

Activity group	Year-on-year performance		
 Leadership	IMPROVED  3		REDUCED  2
 Community and recreation	IMPROVED  6	SAME  1	REDUCED  9 NA: 1
 Economic development	IMPROVED  2		REDUCED  3 NA: 1
 Water supply ²	IMPROVED  2	SAME  1	REDUCED  6
 Wastewater ²	IMPROVED  2	SAME  3	REDUCED  3
 Stormwater ²	IMPROVED  2	SAME  5	REDUCED  1
 Land transport	IMPROVED  3		REDUCED  4
 Sustainability	IMPROVED  1	SAME  1	REDUCED  3
 Planning and regulatory	IMPROVED  7	SAME  4	REDUCED  2

2. Some Water supply, Wastewater, and Stormwater performance measures, contain multiple targets which we have considered separately for this analysis.

Commentary on our performance measures

Overall, our performance is similar to the previous year. We have continued to achieve against our stormwater activity group targets, but in other areas our performance has decreased, such as in the sustainability activity group.

For some activity groups, performance has greatly improved, but we are continuing not to meet all of our targets. This is particularly evident in the in the planning and regulatory activity group, where we only made four of our 13 performance measures, but our performance in 2022 – 2023 has improved year-on-year (or stayed at 100%) for 11 of the performance measures, when compared with 2021 – 2022. This indicates we are moving in the right direction to achieve the targets in the future.

Another area where performance has also improved but we aren't meeting all of our the performance targets is the **Leadership** activity group. Our performance against three performance measures significantly increased in this space in 2022 – 2023 compared with 2021 – 2022, relating to satisfaction with Council in terms of:

- Leadership,
- Trust and effective management
- Overall satisfaction with the performance of our Mayor and councillors
- Satisfaction with the level of communication, engagement, and the channels we use.

Ahumoni Financials

Deficit for the year

For the 2022 – 2023 financial year, Council had a net operating deficit of \$5.12 M (excluding revaluation movements) compared to a higher budgeted deficit of \$6.59 M. This is largely due to operating revenue being over budget by \$1.57 M.

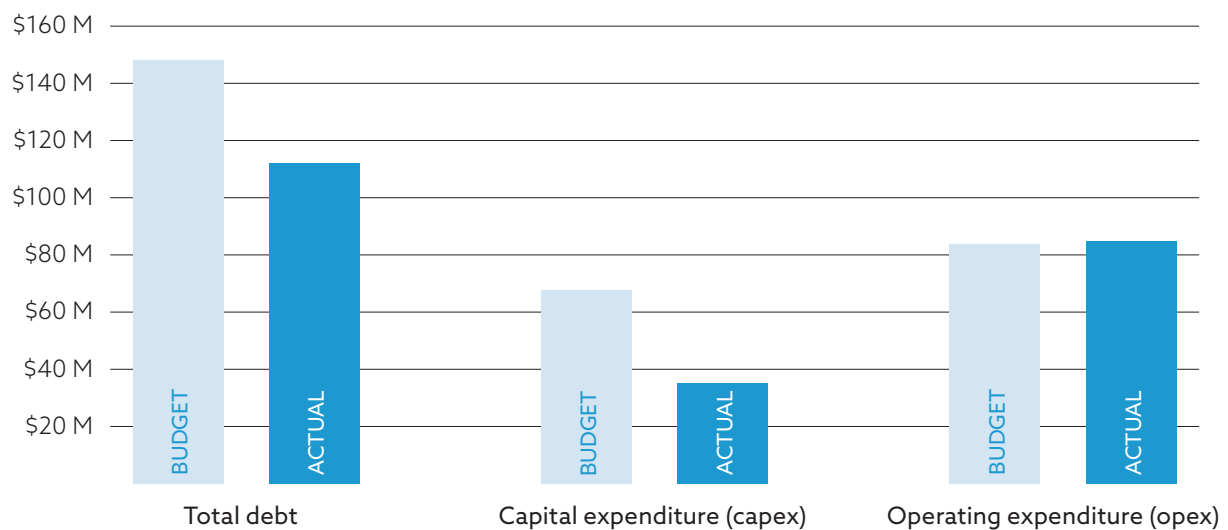
The operating revenue increase was driven by higher-than-budgeted fees and charges and interest received. This is offset by lower than budgeted vested asset revenue.

Financial statements

Our financial statements are prepared according to accounting standards, which means they have to include items that are not cash transactions (such as vested assets and depreciation). Actual cash received and spent during the year is detailed in the Statement of cash flows on page 113.

Debt

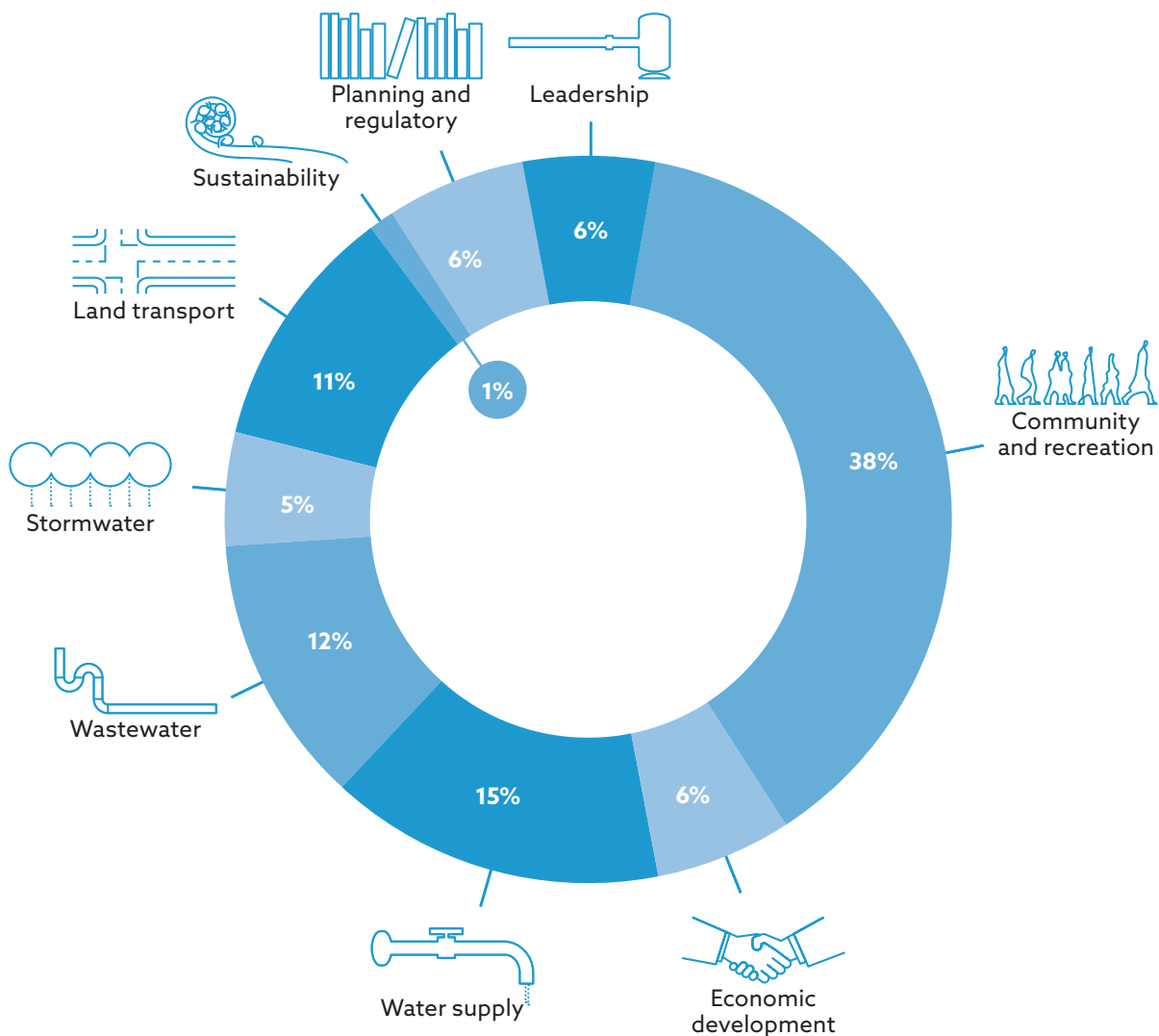
Public debt was \$112 M at the end of the year against an anticipated balance of \$147.97 M. We borrow to fund capital infrastructure projects. Project delays meant that we didn't borrow as much during the year as we expected to. A number of these delayed projects have been reprogrammed through the Long Term Plan 2021 – 2031.



Our financial position

Although the operating deficit was \$5.12 M, the rates surplus amounted to \$2.78 M. \$3.23 M of this surplus related to general rates and has been placed in a general reserve fund to utilise appropriately in future years. \$454 K was moved from the relevant reserve 'three waters' accounts to offset over budget expenditure that occurred in the financial year. Council remains in a strong financial position with adequate cash reserves and debt capacity.

The graph below summarises how rates income was divided up into each of our nine activity groups.



Five-year financial performance summary

	ANNUAL PLAN 2022 - 2023 (\$000)	ACTUAL 2022 - 2023 (\$000)	ACTUAL 2021 - 2022 (\$000)	ACTUAL 2020 - 2021 (\$000)	ACTUAL 2019 - 2020 (\$000)	ACTUAL 2018 - 2019 (\$000)
Gross rates	49,610	50,121	46,452	43,755	42,631	40,184
Net surplus/(deficit)	(6,587)	(5,120)	11,985	1,403	6,811	(1,388)
Working capital	(3,794)	10,345	25,186	10,725	7,462	3,562
Borrowings	147,971	112,000	91,000	66,311	49,000	43,000
Total assets	1,135,074	1,101,657	1,024,233	924,768	838,278	779,185

Five-year Council financial statistics

	ANNUAL PLAN 2022 - 2023 (\$000)	ACTUAL 2022 - 2023 (\$000)	ACTUAL 2021 - 2022 (\$000)	ACTUAL 2020 - 2021 (\$000)	ACTUAL 2019 - 2020 (\$000)	ACTUAL 2018 - 2019 (\$000)
Proportion of Gross rates to total income	64.4%	63.8%	53.5%	64.4%	62.0%	70.1%
Average gross rates per rateable property	\$2,846	\$2,857	\$2,647	\$2,506	\$2,435	\$2,307
Total interest expense on public debt	1.8%	3.6%	2.4%	2.6%	3.6%	3.6%
External public debt to annual rates	298.3%	223.5%	195.9%	151.5%	114.9%	107.0%
External public debt per rateable property	\$8,487	\$6,383	\$5,186	\$3,798	\$2,799	\$2,480
External public debt to total equity	15.2%	11.5%	9.9%	7.9%	6.3%	5.9%

Statement of financial position—summary

	ACTUAL PARENT 30 JUN 2023 (\$000)	RESTATED ACTUAL PARENT 30 JUN 2022 (\$000)	BUDGET PARENT 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	RESTATED ACTUAL GROUP 30 JUN 2022 (\$000)
ASSETS					
Current assets	40,162	45,570 ³	13,653	40,713	45,962 ³
Non-current assets	1,061,495	978,663 ³	1,121,422	1,061,635	978,850 ³
Total assets	1,101,657	1,024,233	1,135,075	1,102,347	1,024,812
LIABILITIES					
Current liabilities	29,817	20,384 ³	17,446	30,084	20,574 ³
Non-current liabilities	101,241	85,339 ³	144,097	101,241	85,339 ³
Total liabilities	131,058	105,722	161,543	131,326	105,913
NET ASSETS	970,599	918,511	973,532	971,022	918,899

Statement of comprehensive revenue and expense—summary

	ACTUAL PARENT 30 JUN 2023 (\$000)	RESTATED ACTUAL PARENT 30 JUN 2022 (\$000)	BUDGET PARENT 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	RESTATED ACTUAL GROUP 30 JUN 2022 (\$000)
REVENUE					
Total revenue	78,593	86,760 ³	77,023	78,960	87,133 ³
Total expenditure	83,713	74,775 ³	83,610	84,050	75,125 ³
Surplus/(deficit) before and after tax	(5,120)	11,985	(6,587)	(5,090)	12,008
Gains/(losses) on asset revaluations	51,248	65,682	81,067	51,248	65,682
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	46,128	77,667	74,479	46,159	77,690
Finance cost—interest expenses	4,087	2,196	2,649	4,087	2,196

3. The restatement of 2022 is related to derivative financial instruments which were not correctly accounted. Refer to note 20 on page 182 of the full Annual Report for further disclosures.

Statement of changes in equity—summary

	ACTUAL PARENT 30 JUN 2023 (\$000)	ACTUAL PARENT 30 JUN 2022 (\$000)	BUDGET PARENT 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2022 (\$000)
OPERATING ACTIVITIES					
Balance at 1 July	918,511	840,471	899,052	918,899	840,866
Transfer of revaluation reserve from asset revaluation reserve on disposal of property	5,960	371	0	5,964	343
Total comprehensive revenue and expense for the year	46,128	77,667	74,480	46,159	77,690
Balance at 30 June	970,599	918,511	973,532	971,022	918,899
EQUITY COMPRISES OF					
Accumulated funds	235,002	234,933	231,141	235,353	235,252
Restricted reserves	33,636	32,864	18,561	33,677	32,904
Asset revaluation reserves	701,961	650,713	723,830	701,991	650,743
TOTAL EQUITY	970,599	918,511	973,532	971,021	918,899

Statement of cash flows—summary

	ACTUAL PARENT 30 JUN 2023 (\$000)	ACTUAL PARENT 30 JUN 2022 (\$000)	BUDGET PARENT 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2022 (\$000)
Net cash inflow (outflow) from operating activities	18,929	21,076	4,438	18,902	21,090
Net cash inflow (outflow) from investing activities	(30,972)	(45,682)	(65,274)	(31,009)	(45,627)
Net cash inflow (outflow) from financing activities	21,000	24,689	57,971	21,000	24,689
NET CASH INFLOW (OUTFLOW) FOR THE YEAR	8,957	83	(2,865)	8,894	152
Cash and cash equivalents as at 1 July	10,016	9,933	4,557	10,346	10,193
Cash and cash equivalents as at 30 June	18,973	10,016	1,692	19,240	10,345

Explanations of major variances against budget

The following are explanations for major variations from Year 2 of Council's Long Term Plan 2021 – 2031.

Statement of comprehensive revenue and expense

There was a deficit for the financial year of \$5.12 M. This is in comparison to a budgeted deficit of \$6.59 M.

Revenue

Total operating revenue was \$8.17 M less than 2021 – 2022, and \$1.58 M above the 2022 – 2023 budget. The following are the main variances.

- Fees and charges revenue was greater than budget by \$952 K. This is mostly due to building inspection revenue being greater than budget by \$294 K and water supply charges being greater than budget by \$353 k.
- Other revenue was less than budget by \$789 K. This is mostly due to vested asset revenue being below what was budgeted for.
- Interest and Dividends was above budget by \$1.04 M. This is due to a higher returns collected on term deposits than budgeted.

Operating Expenditure

Total operating expenditure was \$8.94 M higher than 2021 – 2022, and \$104 K higher than the 2022 – 2023 budget. The following are the main variances.

- The Bulk Water levy was \$343 K above budget. This levy is split between Upper Hutt, Porirua, Wellington, and Hutt City councils based on a forecast water consumption share. Upper Hutt's water consumption was higher than budgeted and therefore incurred a higher cost.
- Other expenses were \$3.94 M above budget. This is due to many different expense areas. The biggest variance being \$3.24 M of asset disposal losses in relation to the partial demolition of the H₂O Xtream building and plant that had not been budgeted.

- Finance costs for interest expenses were higher than budget by \$1.44 M due to higher interest rate costs on loans than budgeted.
- Personnel costs were under budget by \$1.78 M due to staff vacancies and higher capitalisation of project-related salaries and wages.
- Depreciation costs are below budget by \$3.82 M. This is partially due to a budgeted roading revaluation movement which was delayed to the 2023 – 2024 financial year. Delays in the capital project spend were also a contributing factor as these costs were not capitalised in the financial year as budgeted.

Statement of financial position

Council has a strong financial position with net assets up \$52.08 M from last year. It is below budget by \$2.93 M.

Current assets Current assets are \$26.51 M above budget. \$26.56 M is due to higher amounts of cash and term deposits being held than anticipated. Our cash deposits provide us with security, should a natural disaster occur, and we need to access liquid funds quickly. They also help us to maintain our liquidity ratio for borrowing purposes.

Non-current assets Non-current assets are \$59.93 M below budget. This is largely due to the roading revaluation gains that had been budgeted for this year that did not eventuate. The valuation will be done in 2023 – 2024. This was offset by higher than budgeted building and land revaluation gains.

Current liabilities Current liabilities are \$12.37 M above budget. \$6.97 M is due to an increase in payables because of the increase in general business needs, and the timing of invoices received. \$4.36 M is due to higher than budgeted debt funding.

Non-current Liabilities Non-current liabilities are \$42.86 M below budget. This is due to capital expenditure being underspent because of delays in projects, resulting in less external borrowing being drawn down.

Pārongo tūtohu

Compliance information

This is a summary of Upper Hutt City Council's activities for the year 1 July 2022 – 30 June 2023. The information has been extracted from Council's Annual Report 2022 – 2023, which was adopted by Council on 31 October 2023. The Annual Report 2021 – 2022 has been prepared in accordance with paragraph 38 of PBE FRS-43. This summary of the Annual Report is compliant with paragraph 42 of PBE FRS-43.

- ① The Annual Report 2022 – 2023 (which includes the Council's full financial statements) and the Annual Report Summary 2022 – 2023 (which contains the summary financial statements) were both adopted by the Upper Hutt City Council at an extraordinary Council meeting on 31 October 2023.
- ② The financial statements of Council have been prepared in accordance with the requirements of Local Government Act 2002: Part 6, section 98 and Part 3 of Schedule 10, and the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014.

These financial statements have been prepared in accordance with NZ GAAP. They comply with IPSAS and other applicable Financial Reporting Standards, as appropriate for public benefit entities, in accordance with Tier 1 PBE accounting standards. The financial statements include a statement of compliance to this effect.
- ③ The summary financial statements on pages 19 – 21 cannot be expected to provide as complete an understanding as provided by the full financial statements in the full report.
- ④ A copy of the Annual Report 2022 – 2023 (which includes the Council's full financial statements) may be obtained from **Upper Hutt City Council, 838 – 842 Fergusson Drive, Upper Hutt** or viewed/downloaded online at upperhuttcity.com/annual-report
- ⑤ Audit New Zealand has audited the full financial statements and issued an unmodified opinion on the audited information, excluding the statement of service provision. A qualified opinion was issued relating to the statement of service provision with respect to verifying the number of complaints relating to the water supply, wastewater, and stormwater systems. A qualified opinion was also issued relating to Council's greenhouse gas (GHG) emissions performance measure with respect to the reliance on spend-based emissions factors published in 2014 for measuring the GHG emissions associated with certain goods and services purchased by Council, including capital goods. Refer to pages 94 – 97 of the full Annual Report for further disclosures. This summary has been examined by Audit New Zealand for consistency with the full Annual Report.
- ⑥ The presentation currency of this summary report is New Zealand dollars.

7 Between year-end (30 June 2023) and the signing of the financial statements (31 October 2023) there was no subsequent events that impacted the financial statements.

8 **Three Waters Reform:** The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater, and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance, and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.
- The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.
- The Water Services Economic Efficiency and Consumer Protection

Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023

Accounting policy—judgement

Following the reform announcement by the Local Government Minister in October 2021, Council continues to recognise its three waters assets at 30 June 2023 in accordance with the accounting policies set out on pages 105 – 109 of the full Annual Report. There has been no adjustment in these financial statements to reflect the expected future transfer of assets to the new water entity. It is expected Central Government will develop details around the mechanism for the transfer of the water assets and this will be completed prior to 1 October 2024. As further details are established this may require adjustments to Council's three water assets either in respect of disclosure or measurement.

9 **Disclosures:** Our full Annual Report also contains a Disclosures section on pages 93 – 101. This includes disclosures of non-financial performance measures for three waters performance, and greenhouse gas emissions performance. It also contains a rating information disclosure under the Local Government Act 2002, which includes total land valuations and capital valuation of properties for the city, total number of rateable properties, details on our rates remission, and non-rateable land. We also disclose a summary of our employee levels, and details of our insurance.

Ngā tūtohunga me ngā takohanga Statement of compliance and responsibility

Compliance

The Council and management of Upper Hutt City Council confirm that all the statutory requirements of Sections 98 and 99, and Part 3 of Schedule 10 of the Local Government Act 2002 have been complied with.

Responsibility

The Council and management of Upper Hutt City Council accept responsibility for the preparation of the annual financial statements and the judgements used in them.

The Council and management of Upper Hutt City Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of Upper Hutt City Council, the annual financial statements for the year ended 30 June 2023 fairly reflect the financial position and operations of Upper Hutt City Council (as at 31 October 2023).



W N Guppy
MAYOR



K Thomson
INTERIM CHIEF EXECUTIVE
DIRECTOR, FINANCE

Te Kaunihera o Te Awa Kairangi ki Uta Upper Hutt City Council



Te Kaunihera o
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Our Mayor and councillors



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Executive support +
Digital and information solutions,
Legal services, Insurances, Finance



Vibhuti Chopra

DIRECTOR STRATEGY,
PARTNERSHIPS, AND GROWTH

Corporate planning and reporting, Strategy and
policy, Democratic services and engagement,
Takawaenga kaupapa Māori, Communications,
Marketing and promotions, Customer service,
Economic development, Sustainability



Helen Hamilton

DIRECTOR PLANNING
AND REGULATORY

Building control, consents, and compliance,
Emergency response and management,
Resource consents and compliance, Urban and
rural planning, Environmental health, Liquor
licensing, Parking enforcement, Animal control



Mike Ryan

DIRECTOR COMMUNITY SERVICES

Community development, Upper Hutt Libraries,
Whirinaki Whare Taonga, Recreation services,
H₂O Xtream



Sandra Stokes

MANAGER PERFORMANCE
AND CAPABILITY

Human Resources,
Health and safety,
Recruitment



Geoff Swainson

DIRECTOR ASSET MANAGEMENT
AND OPERATIONS

Water supply, Wastewater, Stormwater,
Solid waste and waste minimisation, Land
development and engineering, Land transport
(roads, footpaths, and street lights), Asset
management, Parks and reserves, Property,
Fleet management, Civil Defence

Independent auditor's report

To the readers of Upper Hutt City Council and Group's summary of the annual report for the year ended 30 June 2023

The summary of the annual report was derived from the annual report of the Upper Hutt City Council (the City Council) and Group for the year ended 30 June 2023.

The summary of the annual report comprises the following summary statements on pages 13, 14 and 19 to 25:

- the summary statement of financial position as at 30 June 2023;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2023;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision referred to as "the year's performance summary".

Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS 43: Summary Financial Statements.

However, the year's performance summary includes a limitation in scope to the equivalent extent as the full audited statement of service provision. This limitation is explained below in **the full annual report and our audit report thereon** section.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The full annual report and our audit report thereon

We expressed a qualified opinion on the statement of service provision and an unmodified opinion on the other audited information in the full annual report for the year ended 30 June 2023 in our auditor's report dated 31 October 2023. The basis for our qualified opinion on the statement of service provision in the full audit report is explained below.

Statement of service provision: Our work was limited with respect to total number of complaints received – Water supply, Wastewater, and Stormwater

We identified issues with some of the performance measures in relation to water supply, wastewater and stormwater.

The City Council is required to report against the performance measures set out in the Non-Financial Performance Measure Rules 2013 (the Rules) made by the Secretary for Local Government. These include mandatory performance measures relating to the number of complaints received.

The Department of Internal Affairs has issued guidance to assist local authorities in applying the Rules, including how to count complaints. The City Council and its afterhours call centre provider have not been classifying complaints in accordance with this guidance and the method of recording was likely to have understated the actual number of complaints received. Our opinion on these performance measures was also qualified for the 2022 performance year.

Information about this matter is also disclosed on page 14 of the City Council's summary annual report.

Statement of service provision: Our work was limited with respect to measurement of greenhouse gas emissions

The City Council has chosen to include a measure of the quantity of greenhouse gas (GHG) emissions in its performance information for the 2023 performance year as described on pages 82 and 94 to 97 of the full annual report. This includes emissions generated directly by the City Council itself, as well as indirect emissions related to the products and services used by the City Council, during the year ended 30 June 2022.

We consider this material performance information because of the public interest in climate change related information.

In measuring the GHG emissions associated with certain goods and services purchased by the City Council, including capital goods, the City Council has relied on spend-based emissions factors which are based on 2007 data. There is insufficient evidence to show that these factors are relevant for use in measuring the City Council's GHG emissions for the year ended 30 June 2022, and we were unable to obtain sufficient alternative evidence to conclude that the reported performance is materially correct.

As a result of this issue, our work over the City Council's emissions was limited and there were no practicable audit procedures we could apply to obtain assurance over the reported results for the performance measure described above.

Without further modifying our opinion, we also draw attention to the inherent uncertainty disclosure on pages 95 and 96 of the full annual report, which outlines the inherent uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

Information about this matter is also disclosed on page 24 of the City Council's summary annual report.

Additionally, our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to disclosures about uncertainty over the water services reform programme as set out in the full annual report in note 21 to the financial statements.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three water services and related assets and liabilities currently controlled by local authorities. Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026

The financial impact of the water services reform on the City Council as outlined in Note 21 to the financial statements in

the full annual report remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.

Information about this matter is also disclosed on page 25 of the City Council's summary annual report.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS 43: Summary Financial Statements.


Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have performed a limited assurance engagement related to the City Council's debenture trust deed, which is compatible with those independence requirements.

Other than these engagements, we have no relationship with, or interests in, the City Council or its subsidiaries and controlled entities.

A handwritten signature in blue ink, appearing to read 'John Whittal', with a vertical dashed line extending downwards from the start of the signature.

John Whittal

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand

31 October 2023