



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

Mahere ā-Tau
ANNUAL REPORT
2022 - 2023

Rārangi upoko

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Nau mai Welcome

Ko te āhua nei, ka rerekē tō mātou tāhū 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 rongō 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.

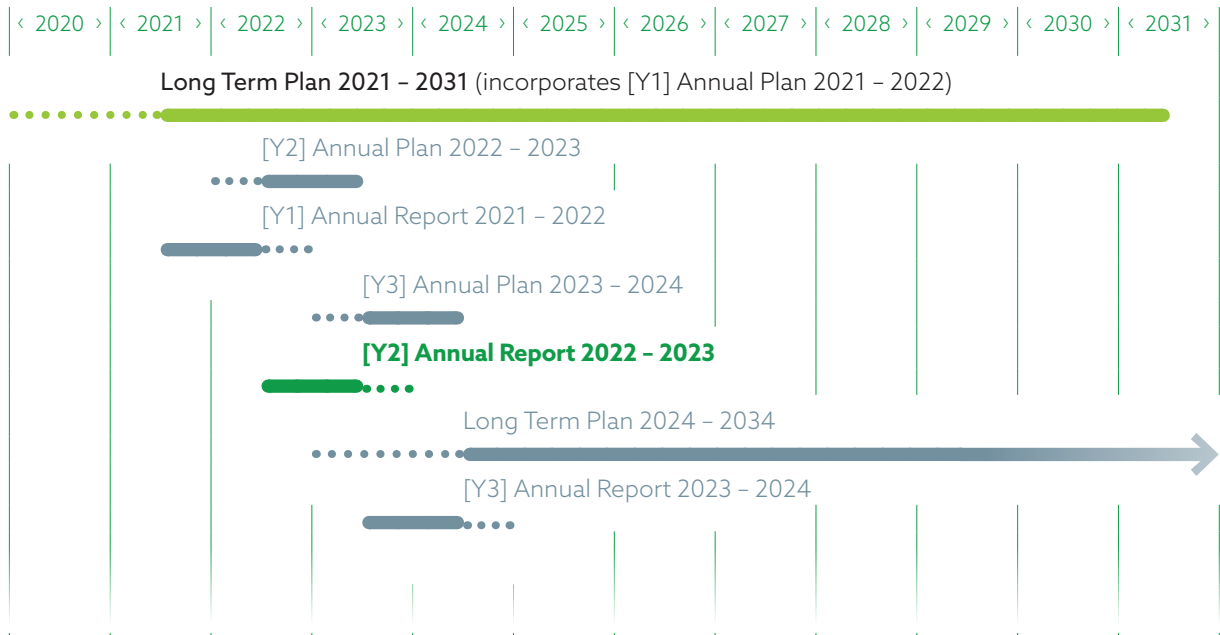
Council's governance statement provides the overarching framework for how we will meet our outcomes on behalf of the community. These are outcomes that we aim to achieve in meeting the current and future needs of communities for good-quality infrastructure, local public services, and performance of regulatory 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

This report is grouped into four main sections.

OVERVIEW

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

GROUPS OF ACTIVITIES

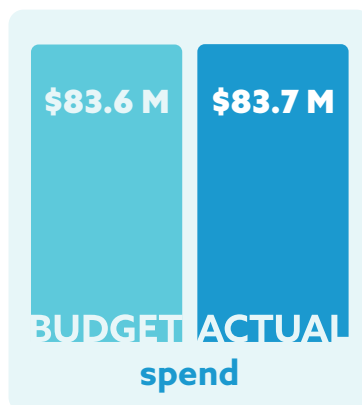
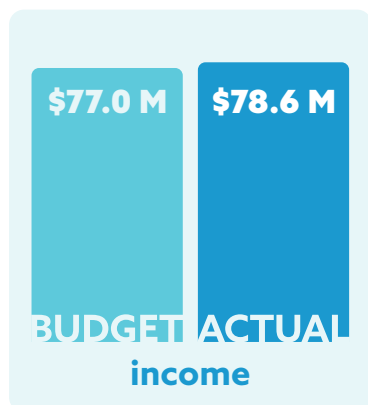
What we achieved, how we performed against our targets, and comparing spending to our LTP Year 2 budgets.

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



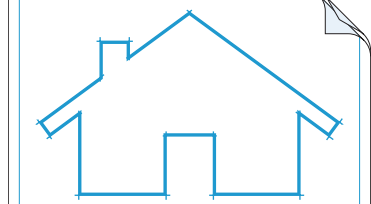
visits to
H₂O Xtream

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

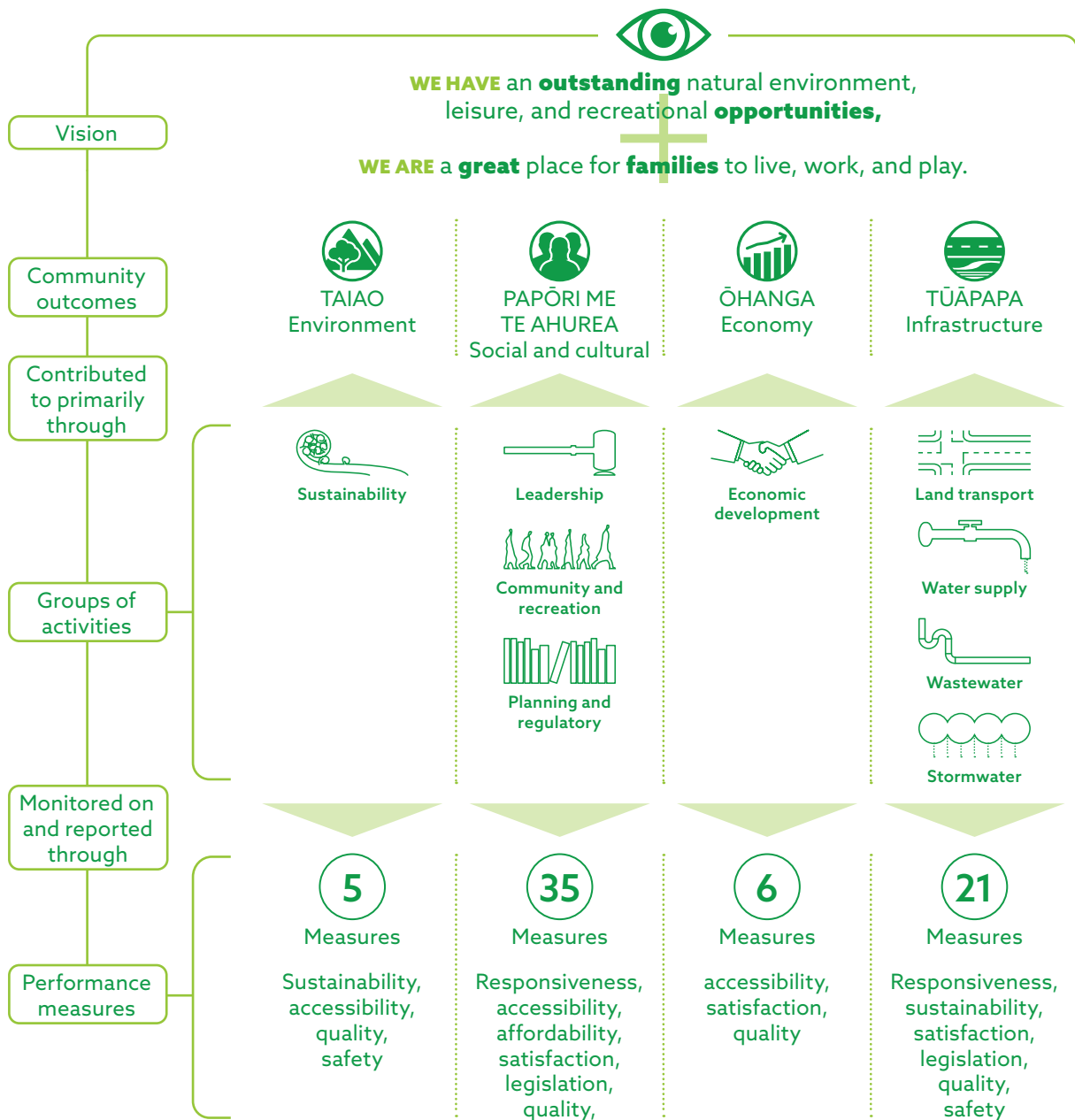
2 Million



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.

Reporting entity

Upper Hutt City Council is the Local Government Authority in Upper Hutt. It is governed by a group of elected members who are individuals in the community that are elected by the public to make decisions on behalf of the Upper Hutt Community.

Elected members are comprised of the Mayor and ten councillors. Acting as Council, elected members, 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.

Separate to the Council are the Council officers (or staff). The officers are responsible for helping to both inform the elected members to aid their decision making, and complete work and projects as a result of the decisions made by the elected members.

Page 9 of our Annual Report details how Council’s Governance statement provides the overarching framework for how Council will meet its outcomes on behalf of the community. These are outcomes that Council aims to achieve in meeting the current and future needs of communities for good-quality infrastructure, local public services, and performance of regulatory functions. Page 13 details our Council vision as established in our Long Term Plan 2021 – 2031 (LTP), and how we intend to achieve this vision in the medium to long term by the activities we will deliver in this period.



Basis of preparation and statement of compliance

Upper Hutt City Council—accountability reporting: The *Groups of activities* section (Council’s performance reporting information) was prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirements to comply with New Zealand generally accepted accounting principles (NZ GAAP).

The *Groups of activities* report as set out on pages 24 to 92 has been prepared in accordance with the Tier 1 PBE financial reporting standards, which have been applied consistently throughout the period and complies with PBE financial reporting standards.

Purpose and Strategic Outcomes

The purpose of Upper Hutt City Council is to meet the current and future needs of communities for good-quality infrastructure, local public services, and performance of regulatory functions, as specified in our Governance Statement, and other strategic documents such as our LTP and Annual Plan.

Our LTP contains the vision for Upper Hutt City Council ‘*We have an outstanding natural environment, leisure, and recreational opportunities, and we are a great place for families to live, work, and play.*’ This is presented on page 6 of this Annual Report. Alongside this on page 7 are our community outcomes—these are the outcomes we want for our community, in working towards our vision. These outcomes guide our activities, projects, and service levels.

The LTP also contains our strategic drivers, and strategic priorities for the medium to long term. Each Annual Plan considers these strategic drivers and priorities, which are detailed on page 8 of this Annual Report.

Council has grouped together its functions under nine activity groups. Each activity group contributes to one or more of the community outcomes above. Our LTP also details what we do in each activity area, why we do it, 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. These activity areas are:



Leadership



Community and recreation



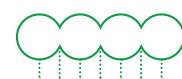
Economic development



Water supply



Wastewater



Stormwater



Land transport



Sustainability



Planning and regulatory

Performance under our activity groups

The performance framework enables Council to manage and monitor the non-financial performance of our activities, the work programme undertaken, and ensures efforts contribute to our purpose and community outcomes. The performance framework describes:

- ⦿ **Level of service:** what the community can expect Council to provide.
- ⦿ **Performance measures:** how success or progress will be measured.
- ⦿ **Performance targets:** the level of performance that Council is aiming for.

Our performance targets were consulted with the community, and adopted through our LTP 2021 – 2031. This Annual Report measures the Year 2 targets.

Rationale for Long Term Plan measures

We have set targets for performance based on the LTP 2021 – 2031. We are still using the same measures as consulted with the Community in the LTP. We are reporting on the targets as set in Year 2 of the LTP. As our performance framework on page 13 details, our performance measures are set in a framework that links to Council's vision, community outcomes, and activity areas. The criteria Council uses to measure performance relates to satisfaction, quality, affordability, accessibility, legislation, safety, responsiveness, and sustainability. 18 of our performance measures are mandatory with all councils required to report these to the Department of Internal Affairs (DIA). These mandatory measures relate to Water supply, Wastewater, Stormwater, and Land transport activities.

Activities Summary Information and further disclosures of performance Information

Activity and service performance information for each activity is contained on pages 24 to 92.

We've included footnotes for some of the non-financial performance measures where they provide meaningful additional information. Some of the footnotes explain why measurements were not met, while others provide information when we have restated measures from previous annual reports, or why measures have been reported as NA.

How much did it cost?

The sources of operating and capital funding and the application of the operating and capital funding are included in the funding impact statement of each Council activity group on pages 31 to 92.

The total cost for the Council Group activities was \$59.744 M as reflected in the funding impact statement for the whole of Council's Group activities on page 185 and 186. The total cost excludes non-cash expenditure as per the table below:

Total expenses (as per the <i>Statement of comprehensive revenue and expense</i>)	\$83.713 M
Less: depreciation	\$19.649 M
Less: loss on disposal of fixed assets	\$4.078 M
Less: other non-cash transactions	\$0.242 M
Total	\$59.744 M

Other judgements included those made to determine the cost of outputs, these can be found within the allocation of overheads to significant activities policy in Note 3 to the financial statements on page 122.

Key judgements

There are 66 measures in total across our nine activity groups.

Some of our performance measures are based on results from formal surveys, particularly our annual Community Survey, providing an indication of resident satisfaction. This survey is undertaken by an external provider (Muirton).







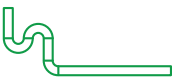




The 2023 Community Survey ran from 17 May to 29 June, with a total of 680 responses (a response rate of 25.5%). The 2023 response rate is slightly higher than the previous two surveys and can be considered 'high' by industry standards. In 2022 there were 563 responses received. The 2023 survey has a 95% confidence interval of $\pm 3.8\%$.

Surveys undertaken in 2021, 2022, and 2023 have achieved a higher response rate when compared to prior years. Given the last three surveys have used the same design, there can be confidence in comparing results across each year.




The other annual surveys carried out which contributed to Council performance measures were the Building Consent, Community Groups, and Economic Development surveys. These surveys had 30, 27, and 36 responses respectively. These surveys primarily look at satisfaction measures with the users of these particular Council services (rather than general satisfaction with services in the Community Survey). These surveys are undertaken by Public Voice.















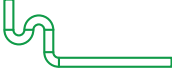


















For all our surveys the questions are designed by Council, to get insights on our relevant performance measures, the surveys may also ask wider questions for Council to consider including asking for suggestions on the services we deliver. Data was not available for one measure.

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	29 - 33	1	4	
 Wastewater	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

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 ¹	IMPROVED  2	SAME  1	REDUCED  6	
 Wastewater ¹	IMPROVED  2	SAME  3	REDUCED  3	
 Stormwater ¹	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	

1. 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:

- ① Leadership,
- ① Trust and effective management
- ① Overall satisfaction with the performance of our Mayor and councillors
- ① Satisfaction with the level of communication, engagement, and the channels we use.

Financial summary

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.

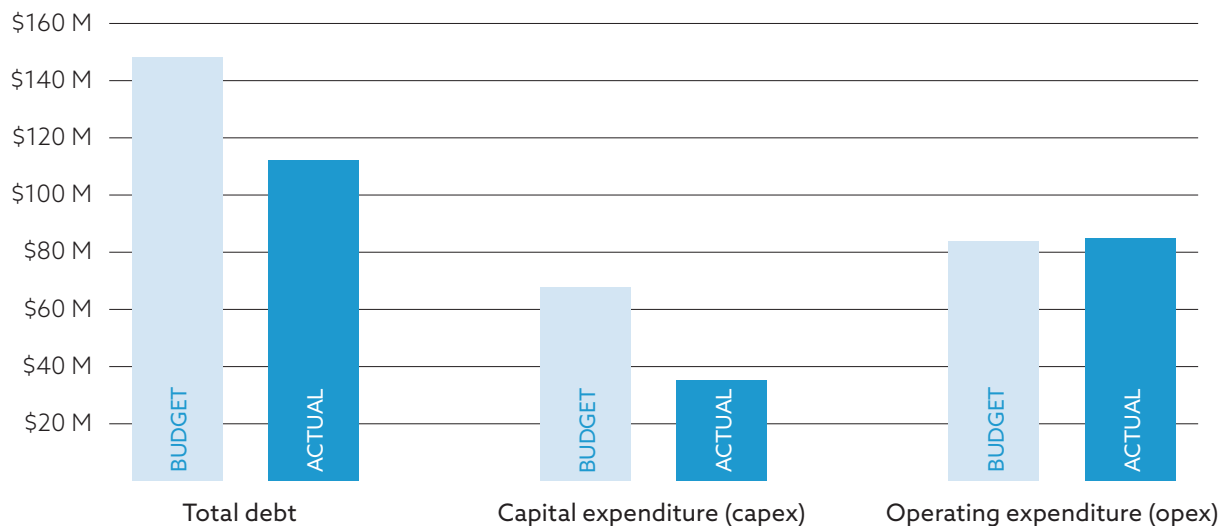
The operating revenue increase was driven by higher-than-budgeted fees and charges and interest received. This is offset by lower than budgeted vested asset revenue.

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

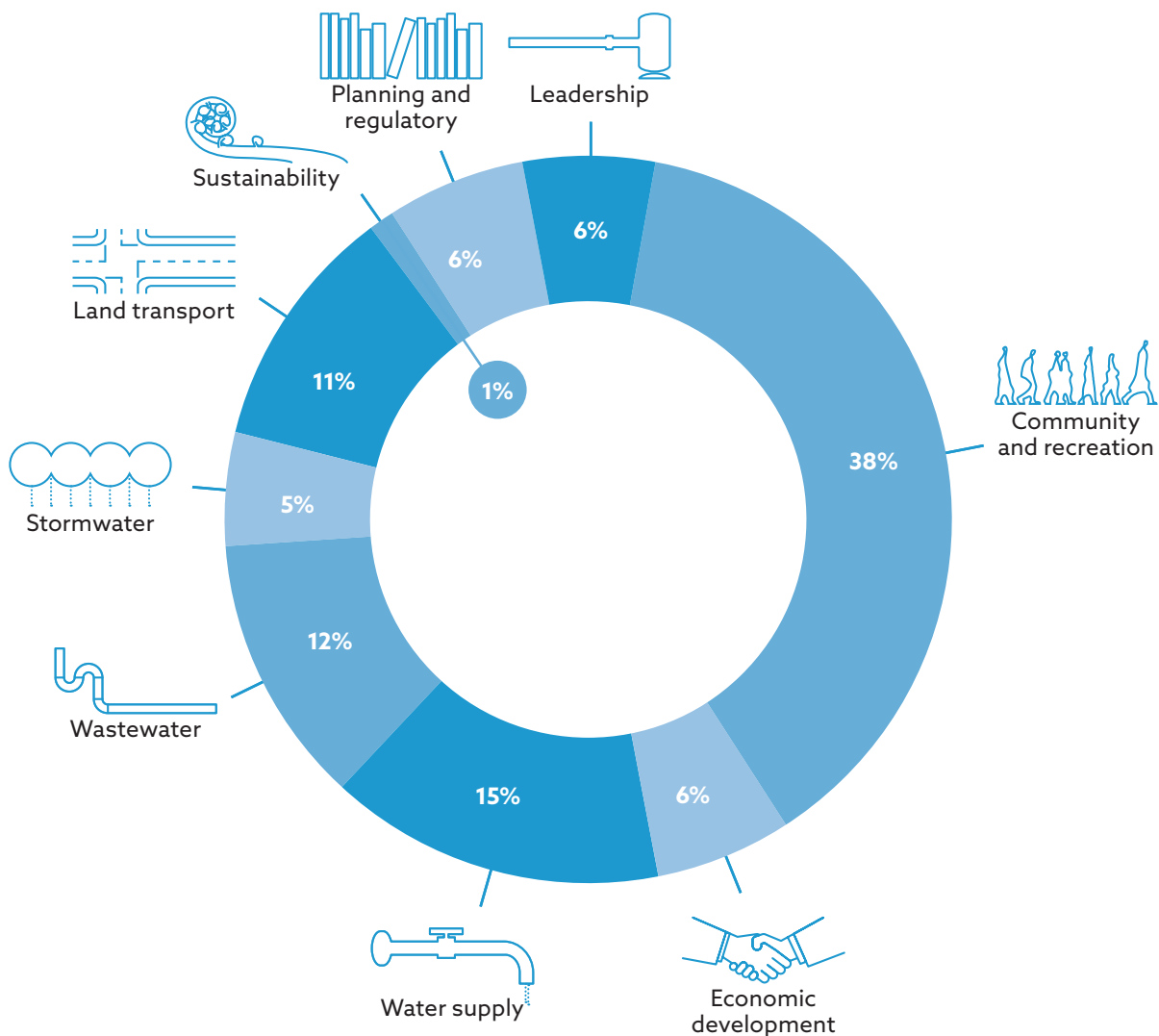
Public debt was \$112 M at the end of the year against an anticipated balance of \$147.97 M. We borrow to fund capital infrastructure projects. Project delays meant that we didn't borrow as much during the year as we expected to. A number of these delayed projects have been reprogrammed through the Long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

Nga manahau whakatoapu

Groups of activities

Our full range of services and facilities are divided and budgeted for under nine activity groups.

The image displays nine activity groups arranged in a 3x3 grid. Each group is represented by a circular icon with a green outline and a corresponding label below it:

- Leadership:** An icon of a hammer.
- Community and recreation:** An icon of a group of people.
- Economic development:** An icon of two hands shaking.
- Water supply:** An icon of a water tap.
- Wastewater:** An icon of a pipe with a U-bend.
- Stormwater:** An icon of clouds with rain falling.
- Land transport:** An icon of a road with lane markings.
- Sustainability:** An icon of a globe with a leaf.
- Planning and regulatory services:** An icon of a bar chart.

We meet the needs and aspirations of our city and community, as well as fulfill our statutory responsibilities through these activity groups. This section contains the projects and work programmes for each activity group along with our non-financial performance. We also compare the actual spending with the current and previous (2021 - 2022) year's Long Term Plan budgets.

Mana whakahaere Leadership



6% of the funding we received through rates went towards the **Leadership** group of activities. This \$2.82 M made up 97% of the group's total funding.

Community outcomes

The **Leadership** group of activities contributes to two of our community outcomes.



TAIAO
Environment



PAPŌRI ME TE AHUREA
Social and cultural



ŌHANGA
Economy



TŪĀPAPA
Infrastructure



What we do

Elected member functions, planning, policy, strategy, monitoring and performance, partnerships, and communications and engagement

The purpose of local government in New Zealand is to promote the wellbeing of communities in the present and for the future. This group of activities is about providing leadership for the community, advocating on its behalf, and enabling democratic decision-making in which the community is fully involved.

The direction for the **Leadership** activity group is set out in our Long Term Plan 2021 – 2031 on page 31.



What we achieved this year



His Worship the Mayor out in the community

An integral part of the Upper Hutt community, the Mayor attended a number of public functions, ceremonies, graduations, school prize-givings, business and advocacy groups, and inter-agency meetings. He continued to meet with members of the public while at the refurbished HAPAI Service Centre, which proved a popular location. The Mayor's 'hot seat' also continued throughout the year at the library which provides an informal setting for anyone to meet with the him.

Citizenship ceremonies

Four citizenship ceremonies were held at Whirinaki Whare Taonga in September, December 2022, March, and May 2023. Upper Hutt has been enriched by residents from 34 different countries gaining New Zealand citizenship. A total of 259 people became New Zealand citizens. It was pleasing being able to hold them in person again following the lifting of COVID restrictions for large gatherings.

Elected members



Congratulations to our new Council elected in October 2022. A total of 43.15% of the voting population cast 14,037 votes (excluding special votes). Upper Hutt re-elected Wayne Guppy as Mayor. We welcomed three new councillors: Matt Carey; Bill Hammond; and Emma Holderness.

Whirinaki Whare Taonga hosted Council’s Triennial Meeting on 26 October 2022. Mayor Guppy reappointed Councillor Hellen Swales as Deputy Mayor and the three newly elected members were sworn in.

The Mayor and councillors continued to be involved in a range of activities, including early public pre-engagement for the Long Term Plan. They also represented Upper Hutt on local and regional committees. These included the Wellington Region Civil Defence Emergency Management Committee, Wellington Regional Leadership Committee, Wellington Region Waste Management and Minimisation Joint Committee, Wellington Waste Forum, Wellington Water Committee, and Hutt Valley Services Committee.

Governance and advocacy

Council held 13 full Council meetings, 26 committee meetings, two Creative Communities Committee meetings, one Community Grants Committee meeting, and 17 Council workshops. Upper Hutt City Council took over servicing the Hutt Valley Services Committee in December 2022.

With the Civic Centre closed for seismic strengthening, we’ve made use of 14 alternate meeting rooms across Upper Hutt. Council and principal committee meetings were live-streamed to our Facebook page, and audio-visual equipment continues to facilitate remote participation by councillors and members of the public.



Strategy and policy

Annual Plan

On Wednesday 28 June, the Mayor and councillors adopted the Annual Plan 2023 – 2024

This Annual Plan does not differ significantly from Year 3 of Council’s Long Term Plan 2021 – 2031, so there was no public consultation during its development. However elected members did consider some feedback from the community.

The 2023 – 2024 year will see significant progress and/or completion of a number of Long Term Plan projects, including the Maidstone Community Sports Hub, Stage 1 of the Civic Centre upgrade, and the watermain renewal on Main Street.

As part of their governance role, the Mayor and councillors were involved in discussions and decisions on policies, strategies, and proposed changes to Central Government legislation. The latter included making submissions on the Future for Local Government draft report, and the Sale and Supply of Alcohol (Community Participation) amendment Bill. The Mayor and councillors also considered other external submissions, for example they made a submission to Chorus’ on ‘Shaping of New Zealand’s fibre future.’

The Mayor and Councillors undertook pre-engagement on our 10-Year Plan 2024 – 2034 in April 2023. This pre-engagement included 15 community events and a survey.

Partnership, participation and protection of Māori contributions to decision-making



This year, our relationship with Mana Whenua (Taranaki Whānui ki Te Upoko o Te Ika and Ngāti Toa Rangatira); and Mātāwaka (Ōrongomai Marae) further strengthened with increased involvement at both the consultation and application of Tikanga levels. We have successfully signed our first memorandum of partnership with the Wellington Tenth Trust branch of Taranaki whānui.

Over the past year, for both internal and external activities we have collaborated with Mana Whenua and Ōrongomai at a level which we haven’t done so before. We collaborated with Te Ati Awa and Ōrongomai to support the regional Hutt Valley/ Wairarapa ‘Ngā manu kōrero competition.’



Communications and engagement

Upper Hutt, Wellington, and Hutt city councils collectively took the direction from Te Ati Awa and Ngāti Toa to create spaces for rangatahi Māori at the Wellington Careers Expo.

We engaged and took the direction for how we shaped Matariki events from Taranaki whānui, Ngāti Toa Rangatira, and Ōrongomai marae.

This joint engagement approach has created many public facing examples where Council is seen to be working closely with Mana Whenua.

As directed by Mana Whenua, where practical, councils have been taking a joint approach in getting Mana Whenua direction. We have continued the mahi to work towards developing an Effective Māori Engagement Strategy. This will support the commitment of both partners for effective engagement.

Our residents, mana whenua, local businesses, partners, staff, elected members, and every other interested party should understand what we do, so they are informed and engaged to work with us, to help shape the future.

- The Communications Strategy 2021 – 2024 Action Plan was refreshed early in 2023 with 18 new focus areas which place a strong emphasis on enhancing our engagement.
- We also introduced the first in a series of Community Kōrero. These are group community meetings where we bring together residents from across the city with wide-ranging views, interests, and passions to share. The feedback from these sessions helps identify priorities for the city and ways we can improve as a Council.
- We sought feedback from our community on 11 other significant topics: Rural Digital Connectivity; PC47; PC49; PPC55; District Plan; Akatārawa Cemetery Development; Intensification Planning; Speed Management Plan; Integrated Transport Strategy; Development and Financial Contributions Policy; and Easter Sunday Trading.
- Detailed communications planning and delivery to support projects has remained a key focus this year. Of note are Vote 2022 and the Pre-election Report, Parks Week, Community Survey, Sustainability Stimulus Grant, Community Calendar, Te Wiki o te reo Māori, Rating Valuations, the Platinum Jubilee and later passing of Queen Elizabeth II, Pride Week, Cyclone Gabrielle support, and Main Street watermain upgrade.



How we performed

Our performance measures for the Leadership activity group are established in our Long Term Plan 2021 – 2031 on page 35. We are reporting against the Year 2 targets.

LEVEL OF SERVICE

Upper Hutt City Council has a positive reputation, is fit for purpose, capable, and serves the city effectively and efficiently.

1 Satisfaction with Council in terms of leadership, trust, and effective management¹

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Satisfaction, quality	41%	≥ previous year	47% 🟢 (+6%)	Community Survey

2 Council rates, and fees for other services are perceived to have value for money

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Affordability	38%	≥ 65%	37% 🟡 (-1%)	Community Survey

COMMENTARY Comments do not provide insight into why satisfaction levels remain below target.

3 Overall satisfaction with Council's services, infrastructure, and facilities²

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Satisfaction, quality	54%	≥ 80%	50% 🟡 (-4%)	Community Survey

COMMENTARY Comments and data analysis from the community survey indicate the improving maintenance of the city's roads is the key driver to increasing this measure.

4 Satisfaction with the overall performance of our Mayor and councillors²

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Satisfaction, quality	38%	≥ 70%	45% 🟡 (+7%)	Community Survey

COMMENTARY Despite an increase in satisfaction, there are no significant comments that provide insight into why we've not achieved this target nor how improvements could be made to increase satisfaction.

5 Satisfaction with the level of communication and engagement, and the channels we use²

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Satisfaction, quality	38%	≥ 70%	47% 🟡 (+9%)	Community Survey

COMMENTARY This remains a key focus area for Council, with an overall uplift in satisfaction with reach and engagement. Although not yet at target, the increase in satisfaction is a positive start to the work guided by the Communications Strategy and Action Plan, which is set to continue delivering its actions through June 2025.

2. Respondents are satisfied or very satisfied.

Funding impact statement (\$000)

For 30 June 2023 for the **Leadership** group of activities.

LTP Y1 2021 - 2022	SOURCES OF OPERATING FUNDING	LTP Y2 2022 - 2023	ACTUAL 2022 - 2023
3,453	General rates, uniform annual general charges, rates penalties	3,993	2,824
0	Targeted rates	0	0
0	Subsidies and grants for operating purposes	0	0
4	Fees, charges	4	0
0	Internal charges and overheads recovered	0	0
400	Local authority fuel tax, fines, infringement fees, and other receipts	0	97
3,857	Total operating funding (A)	3,997	2,921
APPLICATIONS OF OPERATING FUNDING			
111	Payments to staff and suppliers	268	271
0	Finance costs	0	0
3,746	Internal charges and overheads applied	4,029	3,427
0	Other operating funding applications	0	0
3,857	Total applications of operating funding (B)	4,297	3,698
0	Surplus (deficit) of operating funding (A - B)	(300)	(777)

LTP Y1 2021 - 2022	SOURCES OF CAPITAL FUNDING	LTP Y2 2022 - 2023	ACTUAL 2022 - 2023
0	Subsidies and grants for capital expenditure	0	0
0	Development and financial contributions	0	0
0	Increase (decrease) in debt	0	0
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Other dedicated capital funding	0	0
0	Total sources of capital funding (C)	0	0
APPLICATIONS OF CAPITAL FUNDING			
	Capital expenditure		
0	- to meet additional demand	0	0
0	- to improve the level of service	0	0
0	- to replace existing assets	0	0
0	Increase (decrease) in reserves	(300)	(777)
0	Increase (decrease) of investments	0	0
0	Total applications of capital funding (D)	(300)	(777)
0	Surplus (deficit) of capital funding (C - D)	300	777
0	FUNDING BALANCE ((A - B) + (C - D))	0	0

Te pāpori me ngā mahi a te rēhia



Community and recreation



38% of the funding we received through rates went towards the **Community and recreation** group of activities. This \$19.18 M made up 52% of the group's total funding. The remaining funding came from fees and charges, debt, and other sources.

Community outcomes

The **Community and recreation** group of activities contributes to three of our community outcomes.



TAIAO
Environment



PAPŌRI ME TE AHUREA
Social and cultural



ŌHANGA
Economy



TŪĀPAPA
Infrastructure



What we do

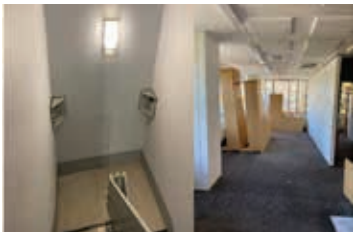
Support the community through our programmes, initiatives, facilities, and community liaison.

This group of activities provides a number of initiatives and services that support the community. It is the largest of our activity groups because it includes development and maintenance of our facilities—from Council owned buildings to parks and reserves. Along with these are associated programmes, recreation and leisure offerings, and community support.

The direction for the **Community and recreation** activity group is set out in our Long Term Plan 2021 – 2031 on page 38.



What we achieved this year



Civic Centre upgrade

The Civic Centre seismic upgrade work is nearly finished with only minor works being completed. The office upgrades to the interior required as a result of the structural changes have been progressing well. Additionally minor, but very beneficial, improvements to the offices are being completed, taking advantage of the building being under construction. Council will be moving back into the Civic Centre at the beginning of October.



Main Street watermain upgrade

The upgrade to the watermain along main street was largely completed in June 2023 with only minor connections to be completed through July. The communications plan, including the Main Street site office, that was set up as an 'information space' for the public and local businesses to raise any concerns and keep those affected fully informed, has worked well. We've received positive comments throughout construction from retailers and the public.



Maidstone Community Sports Hub

On-site works are progressing well with roofing and exterior cladding almost completed. 'Dry-in' expected in late August which will enable the interior fit-out to progress. The carpark area is progressing nicely.



H₂O Xtream upgrade

Officially started in 2022, the facility closed to the public on 7 February 2023. Prior to closing, H₂O Xtream celebrated by delivering a '26 Days' promotion to reflect the 26 years of operation. We delivered five main events for the community as well as daily offers such as free slides or 'kids go free.' We did this to give everyone the opportunity to enjoy and celebrate the facility before closing for renovations. The promotion and events were well received and were a great success.

Demolition is now well underway, and the building has been stripped back to progress the foundations and drainage works. Enabling works which include services that support Whirinaki Whare Taonga have now been completed.

During closure, the swim school has been able to operate out of Trentham School Pool, enabling our customers to continue lessons. Public swimming at Fulton pool, where we've secured a lease, has enabled us to continue to provide hydro classes and lane swimming for the community seven days a week.

The redevelopment project is scheduled to take two years with a completion date in December 2024. Initially, we were going to reopen parts of the facility after one year (February 2024), but in order to keep costs to a minimum, we're now going to have to stay closed until the project is complete.

ACTIVATION

Healthy and active lifestyles play a critical role in individual and community wellbeing.

Activation's vision is everyone in Upper Hutt partakes in regular physical activity to support their health and wellbeing needs. To achieve this, the Activation team encourages and facilitates participation in active recreation, sports, and play. The team works with clubs, schools, active recreation providers, community groups, and individuals to develop and support physical activity in the city. The programme has provided bikes to individuals, families, schools, New Zealand Red Cross, former refugees, as well as the Upper Hutt Women's Centre and the families it supports.



U-Play

Activation, Whirinaki Whare Taonga, and Upper Hutt Libraries partnered to create *U-Play*. The U-Play event series offers a diverse range of children's activities from sports, play, games, arts and crafts, education, and entertainment. U-Play is offered during the school holidays, events are low-cost or free, and held in accessible locations.



Bike Recycle Project

This initiative provides refurbished bikes to children, youth, and adults who may not otherwise have access to safe, quality bikes. The project is a sustainable initiative, maximising the lifespan of bicycles. It removes barriers for inclusion to bike-related activities for people with limited financial resources. It also promotes cycling for people of all ages as a fun, practical and environmentally friendly activity, associated with a number of health and wellbeing benefits.

The initiative is a true community partnership with several organisations working together either directly or indirectly supporting the promotion of cycling in the community:

- 🕒 Menzshed Upper Hutt
 - 🕒 Get Fixed Bicycle Café
 - 🕒 Greater Wellington Regional Council
 - 🕒 Heretaunga Bookfest Charitable Trust
 - 🕒 Bike on New Zealand Charitable Trust
-



Play activations

Sport NZ, through Nuku Ora, provided Activation funding to support a play activation project for 2022 – 2023. The project included a school activation programme as well as several community play events. Children were provided with a variety of resources to learn, create, and play with—focusing on providing a play environment responsive to their needs and interests. Schools were supported with the provision of equipment, guidance to utilise existing spaces better, and encouragement to dedicate time and energy for sustainable play. With play being increased in schools, children demonstrated growth in confidence, sharing, negotiating, problem-solving, and risk taking.

UPPER HUTT LIBRARIES



Libraries building maintenance

We completed recarpeting of the Central Library after a two-year delay. New carpet was laid on the north (Rotary Lounge) side of the library in 2020, but the completion of the project had to be rescheduled to this year due to ongoing COVID-19 disruption. Work to recarpet the south side of the building (underneath all shelving areas plus the staff workroom) was completed in March. Although some lending collections were unavailable for short periods of time, the Central Library was open during all normal opening hours.

Repair work had to be carried out on Pinehaven Library in April, after a large branch fell from a tree onto the building. With the risk of further branches falling from the tree, Pinehaven Library was closed until 9 May, when the tree was removed. During this time, we provided a reduced library service to the Pinehaven community with Pūrehurehu, our mobile library bus.



Library programs and events

Attendance at Library programs and events is increasing again, after two years of COVID-19 disruption. Over 7,000 people attended 450 Libraries programs or events in 2022 – 2023, while community partners delivered an additional 450 hours of 'Hot Seat' clinics or drop-in sessions. Many of our Library programs and events this year had a strong focus on literacy.

For tamariki and rangatahi, 138 tamariki and their caregivers celebrated our *Beyond the Page* literary festival in the July school holidays. We ran 10 events ranging from puppet making, to poetry writing workshops, as well as Lego® programs, zine writing, and stop-motion animation production.

We had exceptional results from our summer holiday reading challenges in December and January, in partnership with Hutt City Libraries. Over 500 tamariki and rangatahi registered for either *The Big Read*, *Little Read*, or *Even Bigger Read*, with 200 going on to complete at least one level in the program and reading 2,300 books!

For seniors we launched *Better Digital Futures* (BDF) in May, in partnership with the *Digital Inclusion Alliance Aotearoa*. BDF is aimed at people aged 65+ who want to learn new skills and build confidence using computers, smartphones, tablets, and/or the Internet. We ran two courses at the Central Library, and we joined the *Digital On-Road Access* bus at Summerset Retirement Home to deliver BDF for residents there.

For adults we partnered with the local branch of *Literacy Aotearoa* celebrating *Adult Literacy Week* in September, to support and promote their ongoing work with adult learners in the community.

The Central Library was designated as an *Assisted Completion Location* for the 2023 Census. Library staff were on hand to assist the community with their census queries and to facilitate access for people who wanted to complete the census online.

The ASB Community Banking Team delivered four financial literacy information sessions from 13 March to 17 April. These were held at the Central Library and covered, general financial and digital literacy.

We ran our annual short story and poetry competitions again, which were both well supported by the community. There was a total of 100 entries across four age categories in the short story competition, and 47 entries across three age categories in the poetry competition.



Heritage services

The Libraries Heritage team developed a one-stop web page detailing how to find resources for researching the history of Upper Hutt. Go to upperhuttlibrary.co.nz/Heritage to discover our collections from the archives, interact and explore digital story maps, or learn how you can donate to the community archive.

Community engagement

Throughout the year we worked with the community to support participation, connectedness, resilience, health, and community safety. This included:

- ① Engagement with retailers, Police, and other community safety providers to explore ways to support safe interaction between business owners, shop staff, visitors, and our rough-sleeping community in the city centre. With assistance from the COVID relief fund we have supported the Salvation Army to open a space with laundry, showering, and kai for rough sleepers.
- ① Broadening of the Community Connector role to enable us to offer support to individuals and whānau who are continuing to experience the effects of COVID-19 and the ongoing economic impact. Key partnerships with social service organisations and agencies have established pathways to provide this support.

- ① Participating in the *Upper Hutt Kai* group, which has now reconvened. This group is involved in a food mapping exercise, supporting the Wellington Regional Leadership Committee to develop a Regional Food Strategy. Upper Hutt Kai is committed to ensuring a greater level of food security in the region and represents a wide range of groups that are active in Upper Hutt.
- ① Support for community groups through a series of community workshops focused on sourcing external funding.
- ① Continuing to network with a wide range of community groups to ensure that current issues facing community groups are understood and responded to.
- ① Working to increase the inclusivity of our diverse community. We appointed a Welcoming Communities Coordinator in the Community Development team. This role is focused on making Upper Hutt a more welcoming place for everyone, with a particular focus on migrants and newcomers.
- ① Continuing to administer and support the Neighbourhood Support Scheme in Upper Hutt



How we performed

Our performance measures for the **Community and recreation** activity group are established in our Long Term Plan 2021 – 2031 on pages 43 – 45. We are reporting against the Year 2 targets.

LEVEL OF SERVICE

Our city is connected to its open spaces.

- 6 Resident satisfaction with quality of parks, reserves, and gardens (includes Trentham Memorial Park, Maidstone Park, and Harcourt Park)³

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Satisfaction, quality	88%	≥ 90%	84% ⬇️ (-4%)	Community Survey

COMMENTARY There are no comments from the survey to help us understand why numbers have trended downwards over the past 3 years.

- 7 User satisfaction with the Upper Hutt pathways network³

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Satisfaction, quality	69%	> 86%	70% ⬇️ (+1%)	Community Survey

COMMENTARY Despite a small increase on last year, there are no comments from the survey to help us understand why we've not achieved our target.

LEVEL OF SERVICE

Our services and facilities are accessible and valued by our residents and visitors.

- 8 Whirinaki Whare Taonga: Number of visitors in 12 months to June

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Quality, accessibility	150,010	≥ 110,000	162,296 🟢 (+12,286)	Internal Audit of attendance rates

- 9 Whirinaki Whare Taonga: Community satisfaction with the range and quality of events, and exhibitions provided at Whirinaki Whare Taonga³

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Satisfaction, quality	89%	90%	84% ⬇️ (-5%)	Community Survey

COMMENTARY We believe this reduction is due to the decreased school and education service delivery. Whirinaki Whare Taonga was unable to provide these services after the contract and associated funding for **Learning experiences outside the classroom** (LEOTC) was not renewed.

3. Respondents are satisfied or very satisfied.

10 H2O Xtream: Annual attendance figures (represented by paying users)

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Quality, accessibility	126,139	210,000	135,308 ⬇️ (+9,169)	Internal point of sale (POS) system

COMMENTARY Attendance at the H2O Xtream facility prior to closing on 7 February 2023 was 122,565. H2O Xtream services working remotely have seen 9,488 swims at Trentham School Pool, 592 swims at Stokes Valley Pool, 434 visits in the holiday programme, and 2,229 swims at Fulton pool.

11 H2O Xtream: User satisfaction with the facility⁴

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Satisfaction, quality	78%	80%	65% ⬇️ (-13%)	Community Survey

COMMENTARY With the H2O Xtream facility undergoing a full upgrade, we're not likely to achieve the same satisfaction levels without the dedicated size, features, and amenities being available until the project is complete in late 2024.

12 H2O Xtream: User satisfaction with service provided⁴

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Satisfaction, quality	87%	90%	80% ⬇️ (-7%)	Community Survey

COMMENTARY With the H2O Xtream facility undergoing a full upgrade, we're not likely to achieve the same satisfaction levels without the dedicated size, features, and amenities being available until the project is complete in late 2024.

13 Libraries: Number of physical visits in 12 months to June

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Quality, accessibility	137,209	≥ 190,000	168,521 ⬇️ (+31,312)	Door counter (5% margin of error)

COMMENTARY We've not fully recovered physical visitor volumes after the impact of COVID-19 restrictions in 2021 - 2022, however the numbers are trending upwards.

14 Libraries: Number of digital visits in 12 months to June⁵

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Quality, accessibility	960,908	≥ 250,000	711,612 ⬆️ (-249,296)	Internal data analytics tool

15 Libraries: Community satisfaction with service provided by the library⁴

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Satisfaction, quality	92%	95%	93% ⬇️ (+1%)	Community Survey

COMMENTARY Satisfaction levels have remained the same for the past two years, slightly down on pre-COVID-19 satisfaction levels.

4. Respondents are satisfied or very satisfied.

5. Sites included in this result are: upperhuttlibrary.co.nz (site visits), upperhutt.kotui.org.nz (site visits), and the Library app (how many times it is accessed).

16 Libraries: Community actively uses the libraries⁶

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Quality, accessibility	29.5%	≥ 33%	29.5% 🟡 (±0%)	Internal membership records

COMMENTARY The percentage of total residents (based on 2018 census) who are active users of the library has not exceeded 30% since 2019.

17 Activation: Community satisfaction with service provided⁷

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Quality, accessibility	93%	90%	84% 🟡 (-9%)	Community Survey

COMMENTARY The drop in public satisfaction may be due to the change in events we offered, although there was an increase in people attending Activation events in 2023. The drop in satisfaction may also be because the bike recycling programme stopped for a period, but it is now up and running again.

18 Community Development: Community group satisfaction with service provided⁷

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Satisfaction, quality	91%	90%	86% 🟡 (-5%)	Annual community groups survey

COMMENTARY The team had a number of long-serving members leave during 2022. New team members are currently working to re-engage and foster new relationships with community groups.

19 Community Development: Community satisfaction with the quality of event attended⁷

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Quality, accessibility	Not available: no events held due to COVID-19	90%	99% 🟢 (±NA)	Feedback forms from small events, emoji rating counter for large events

LEVEL OF SERVICE Our city is safe and prepared.

20 Council emergency preparedness: Number of staff at Advanced training level

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Quality	4	8	5 🟡 (+1%)	EOC training Audit

COMMENTARY Turnover has impacted the number of staff at advanced training level, however, with the new Emergency Management Lead starting on 30 October 2023, we expect a surge in numbers at all training levels because we will then be in a position to supplement WREMO provided training with our own internal programmes which can better align with staff availability.

6. Percentage of residents who are active users

7. Respondents are satisfied or very satisfied..

- 21 Percentage of respondents who know that households need to store 20 litres of water per person, per day, for seven days

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Quality	4%	≥ 20%	3% ● (-1%)	Community Survey

COMMENTARY Comments do not provide clarity as to why the percentage of respondents who understood the storage requirements is lower than expected. We'll be taking part in a nation-wide promotion campaign to increase awareness in 2023 - 2024.

- 22 Resident satisfaction with safety in their neighbourhood⁸

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Satisfaction, quality	57%	85%	54% ● (-3%)	Community Survey

COMMENTARY Similar to previous year—noticeable drop from 2019 - 2020 and prior. Decrease coincides with the COVID-19 pandemic.

8. Respondents are satisfied or very satisfied.

Funding impact statement (\$000)

For 30 June 2023 for the **Community and recreation** group of activities.

LTP Y1 2021 - 2022	SOURCES OF OPERATING FUNDING	LTP Y2 2022 - 2023	ACTUAL 2022 - 2023
14,245	General rates, uniform annual general charges, rates penalties	15,115	19,183
0	Targeted rates	0	0
60	Subsidies and grants for operating purposes	18	561
2,113	Fees, charges	2,085	2,057
8	Internal charges and overheads recovered	8	(60)
201	Interest and dividends from investments	204	1,350
376	Local authority fuel tax, fines, infringement fees, and other receipts	1,062	0
17,003	Total operating funding (A)	18,492	23,091
APPLICATIONS OF OPERATING FUNDING			
10,982	Payments to staff and suppliers	11,407	11,799
852	Finance costs	1,534	1,570
4,384	Internal charges and overheads applied	4,732	5,471
48	Other operating funding applications	48	0
16,266	Total applications of operating funding (B)	17,721	18,840
737	Surplus (deficit) of operating funding (A - B)	771	4,251

LTP Y1 2021 - 2022	SOURCES OF CAPITAL FUNDING	LTP Y2 2022 - 2023	ACTUAL 2022 - 2023
9,000	Subsidies and grants for capital expenditure	5,664	6,261
0	Development and financial contributions	0	0
21,971	Increase (decrease) in debt	33,500	6,940
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Other dedicated capital funding	0	274
30,971	Total sources of capital funding (C)	39,164	13,475
APPLICATIONS OF CAPITAL FUNDING			
	Capital expenditure		
187	- to meet additional demand	78	620
28,752	- to improve the level of service	38,002	24,164
4,069	- to replace existing assets	3,528	1,394
(1,300)	Increase (decrease) in reserves	(1,673)	(1,033)
0	Increase (decrease) of investments	0	(7,419)
31,708	Total applications of capital funding (D)	39,935	17,726
(737)	Surplus (deficit) of capital funding (C - D)	(771)	(4,251)
0	FUNDING BALANCE ((A - B) + (C - D))	0	0



Whakawhanake ōhanga

Economic development



6% of the funding we received through rates went towards the **Economic development** group of activities. This \$2.75 M made up 97% of the group's total funding. The remaining funding came from fees and charges, and debt.

Community outcomes

The **Economic development** group of activities contributes to two of our community outcomes.



TAIAO
Environment



PAPŌRI ME TE AHUREA
Social and cultural



ŌHANGA
Economy



TŪĀPAPA
Infrastructure



What we do

Deliver initiatives that foster economic growth and promotion of the city, its events, and attractions.

This activity group focuses on targeting and attracting new businesses and employers, providing business support and liaison services to encourage future development. We also work with regional partners, at a macro-economic level, to help create an economic environment which enables the community to thrive.

The direction for the **Economic development** activity group is set out in our Long Term Plan 2021 - 2031 on page 48.



What we achieved this year

SUPPORTING BUSINESSES



Business Capability Workshop Programme

Following on from successful support programmes that we have run through the COVID recovery period, and due to demand, we've continued to offer an annual workshop programme in conjunction with the Hutt Valley Chamber of Commerce. The workshop topics are aimed at small and growing businesses and the workshop programme is developed directly from feedback we receive from business owners around their knowledge gaps or development needs.



Pride Month

As part of this year's *Pride Month*, Council partnered with the owner of local homeware/giftware store *Humble and Grand* to distribute the shopfront decals throughout the city. The initiative was launched during Pride Month but has provided a legacy impact, with businesses throughout the city choosing to purchase and display the design permanently.

Rebel Business School Aotearoa

In September, we partnered with Hutt City to bring an intensive two-week programme delivered by *Rebel Business School Aotearoa* (RBSA). The programme brought together a wide range of locals with fresh business ideas, helping those new to business lay out their concept, test a business case, and develop a business plan. Over 55 participants from across the Hutt Valley took part in the school, with sessions held in both cities. The business school culminated in a product/service pitching session and graduation ceremony.



Christmas Arcade

Our Christmas Arcade was designed to help activate the city centre through the lead up to the holiday season and complement the Santa Parade experience. Public feedback for our Christmas Arcade was overwhelmingly positive. A point of difference we have in Upper Hutt's city centre is our wide range of bespoke and unique retail and service businesses. Activities and installations that provide positive experiences for visitors create links between the diverse range of shops we have on offer, encourage exploration, and help them discover our city's hidden gems.

PARTNERSHIP ACTIVITY



Hutt Valley Chamber of Commerce and Industry

In addition to our annual programme of small business workshops, the Chamber of Commerce provides a wide range of business networking support to Council. One initiative to come out of the business visits across our manufacturing sector has been the Summer of Engineering initiative, resulting in placement of Upper Hutt senior high school students with engineering partner companies here in Upper Hutt. The Chamber has also supported Upper Hutt businesses and jobseekers through an Industry and Employment Pathway event held at Whirinaki, and a Job Fair delivered in partnership with local company Sapphire Consultants.

Upper Hutt was also recognised at the Chamber-run Wellington Regional Business Awards, with Supreme Award winner *Cameron Harrison* and Hall of Fame inductee *Real Steel*, among eight other local finalists, garnering success.



Wellington NZ

12 local businesses took part in a spend and win and Window display competition, working closely with Wellington NZ on a region-wide *World of Wearable Art* initiative. The campaign brought shoppers into the city over what was a traditionally quiet retail period.

INSIGHTS AND INCENTIVES

Economic data

Upper Hutt had some sustained growth on the back of large-scale development across the city over a difficult economic period. Our retail sector was feeling the effects of economic downturn late in 2022, but looking back at Upper Hutt's economic position over the last five years, and comparing it to the five before that, we've made remarkable progress.



Incentives

At a combined total of \$266 K, we've made 14 grants over the past financial year through the Economic Development Stimulus Policy. This investment has led to the creation of 49 new full-time jobs and has seen supported projects attract private investment of almost \$57 M.

Rates remission support has been provided to three large-scale developments:

- NZCIS, which this year hosted *FIFA Women's World Cup* bronze medalists Sweden.
- Lane Street Studios, which attracted Taika Waititi's production of the new series *Time Bandits* over summer.
- Willis Bond's Blue Mountains Campus, which opened a new National Control Centre for *Kiwirail* and has recently welcomed the Ministry of Business Innovation and Employment into the fully rebuilt Buddle building.

MARKETING AND PROMOTION



Catch-up Cuppas

With an aim to boost community spirit and promote the city during winter, we ran *Catch-up Cuppas*. \$10 hot beverage vouchers were distributed throughout Upper Hutt to give our community a much needed social and economic boost. The vouchers were redeemable at 10 participating local hospitality businesses. To encourage further visitation around the city centre 'after coffee activities' were also promoted. Table talkers and posters were designed to inspire our community to explore more of Upper Hutt. Feedback regarding this campaign was very positive from customers, community organisations, and businesses. We saw a successful redemption rate of 74.3%.



U-Play holiday event series

U-Play is a cross-Council partnership between H2O Xstream, Upper Hutt Libraries, Whirinaki Whare Taonga, and the Activation Team. It is a coordinated school holiday programme which started in October 2022. It now operates each school holiday and gives holiday goers multiple free (or nearly free) activities to attend which promote all Council facilities. Working together created better programme scheduling and removed event clashes. As a result, event numbers were up, some activities booked out, and facilities were able to ‘cross-promote’ each other.



Highlight: Carnival of Lights

Highlight: Carnival of Lights transformed Upper Hutt for four fun-fuelled bright nights over Easter 2023. It was brought to the community by *Late Night Lights* with Council as a major sponsor, enabled by our Event Fund Disbursement Policy and guided by our Upper Hutt Event Strategy 2021 – 2026. Identified as a ‘signature event’ in the policy, Highlight 2023 wowed crowds of more than 55,000 people and has firmly stamped its mark on the Wellington Region as an event not to be missed. By combining community, charity, Council and businesses, the Highlight formula is a winning one.



Always-On

In addition to our core quarterly campaigns where we specifically promote experiences or events to achieve campaign goals, Always-On advertising commenced in 2023 and features outdoor, radio, and digital advertising channels to encourage visitation to Upper Hutt, increase foot traffic in the city centre and showcase what Upper Hutt has to offer. The four categories Upper Hutt attractions and businesses are promoted under are *Taste, Shop, Explore, and Do*.

Boosted media and public relations

As part of our economic recovery efforts following COVID-19, we progressed a series of bespoke tactics to support our local businesses. One of these tactics was to boost Upper Hutt business profiles using media and public relations opportunities. We successfully pitched eight businesses to media outlets including NZ Business Magazine, NZ Apparel Magazine, The Register, NZ Manufacturers Magazine, The Post, and Upper Hutt Leader.



Profiles on My Upper Hutt

We're continuing to profile businesses, events, and activities in the city to showcase Upper Hutt as a great place to live, work, and play. Each month, more than 20 businesses are profiled or included in content on My Upper Hutt channels which have 20,000 followers.

How we performed

Our performance measures for the **Economic development** activity group are established in our Long Term Plan 2021 – 2031 on pages 51 – 52. We are reporting against the Year 2 targets.

LEVEL OF SERVICE

People feel welcomed and connected to our city centre

23 City centre on-street parking occupancy levels

KEY CRITERIA	2021 – 2022 RESULT	TARGET	2022 – 2023 RESULT	DATA SOURCE
Quality, accessibility	85.9%	≤ 85%	Not available	Annual targeted survey

COMMENTARY Relocation to temporary offices made it impractical to carry out the survey this year.

24 Resident satisfaction with appearance of the city centre⁹

KEY CRITERIA	2021 – 2022 RESULT	TARGET	2022 – 2023 RESULT	DATA SOURCE
Satisfaction, quality	43%	≥ 75%	35%  (-8%)	Community Survey

COMMENTARY Common themes driving this feedback are that the city centre has buildings that are long-term vacant and dirty. The Mall is seen by a number as shabby and ill-maintained. From an infrastructure point of view, the community is calling for better roading into the city centre and footpath improvements, including addressing rubbish, moss, and ongoing water leaks. Constructive suggestions include a boulevard link between Main Street and River Road; business, residential, and community activity to keep the area vibrant after 5.00 pm; and more inviting green and recreation space in the city centre. Council has committed funding in the 2023 – 2024 year to footpath paving upgrades, and the Main Street watermain upgrade, and will continue working with landlords and businesses to refresh shop frontages, support seismic strengthening, and attract new commercial activity to the city centre.

25 Resident satisfaction with safety in the city centre⁹

KEY CRITERIA	2021 – 2022 RESULT	TARGET	2022 – 2023 RESULT	DATA SOURCE
Satisfaction, quality	56%	≥ 85%	46%  (-10%)	Community Survey

COMMENTARY Comments identify issues with empty shops, lack of a range of shopping experiences, The Mall parking charge, cleanliness, and a request for the redevelopment of the city centre.

9. Respondents are satisfied or very satisfied

LEVEL OF SERVICE**The city centre is a great place for businesses.****26** Ground floor occupancy rate in the city centre

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Quality	94.9%	90%	92.8% 🟢 (-2.1%)	Six-monthly physical audit

LEVEL OF SERVICE**Our city is a great place to live in and do business.****27** Community satisfaction with the level of Council support in relation to economic development¹⁰

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Satisfaction, quality	91%	75%	95% 🟢 (+4%)	Business and retailers survey

28 Community satisfaction with the level of Council support provided to retailers¹⁰

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Satisfaction, quality	80%	85%	89% 🟢 (+9%)	Business and retailers survey

10. Respondents are satisfied or very satisfied.

Funding impact statement (\$000)

For 30 June 2023 for the **Economic development** group of activities.

LTP Y1 2021 - 2022	SOURCES OF OPERATING FUNDING	LTP Y2 2022 - 2023	ACTUAL 2022 - 2023
2,526	General rates, uniform annual general charges, rates penalties	2,569	2,753
0	Targeted rates	0	0
0	Subsidies and grants for operating purposes	0	0
0	Fees, charges	0	1
0	Internal charges and overheads recovered	0	0
0	Local authority fuel tax, fines, infringement fees, and other receipts	0	0
2,526	Total operating funding (A)	2,569	2,754
APPLICATIONS OF OPERATING FUNDING			
2,244	Payments to staff and suppliers	2,084	2,315
84	Finance costs	92	76
540	Internal charges and overheads applied	584	572
0	Other operating funding applications	0	0
2,868	Total applications of operating funding (B)	2,760	2,963
(342)	Surplus (deficit) of operating funding (A - B)	(191)	(209)

LTP Y1 2021 - 2022	SOURCES OF CAPITAL FUNDING	LTP Y2 2022 - 2023	ACTUAL 2022 - 2023
0	Subsidies and grants for capital expenditure	0	0
0	Development and financial contributions	0	0
252	Increase (decrease) in debt	102	91
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Other dedicated capital funding	0	0
252	Total sources of capital funding (C)	102	91
APPLICATIONS OF CAPITAL FUNDING			
	Capital expenditure		
0	- to meet additional demand	0	0
40	- to improve the level of service	41	90
0	- to replace existing assets	0	0
(130)	Increase (decrease) in reserves	(130)	(208)
0	Increase (decrease) of investments	0	0
(90)	Total applications of capital funding (D)	(89)	(118)
342	Surplus (deficit) of capital funding (C - D)	191	209
0	FUNDING BALANCE ((A - B) + (C - D))	0	0



Ngā puna wai Water supply



15% of the funding we received through rates went towards the **Water supply** group of activities. This \$7.43 M made up 58% of the group's total funding. The remaining funding came from fees and charges, and debt.

Community outcomes

The **Water Supply** group of activities contributes to two of our community outcomes.



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What we do

Provide a high quality, reliable, and resilient water supply.

Upper Hutt's water supply ensures the health and safety of the community, and supports economic growth and development. Provision of our water supply and management of the network is contracted to Wellington Water. Bulk water is purchased from Greater Wellington Regional Council (GWRC) and stored in Council's reservoirs prior to distribution to households and businesses in the supply area.

Upper Hutt's water supply network includes 9 pump stations, 16 reservoirs, 280 km of water mains, and approximately 17,000 service connections, 1,600 fire hydrants, and 16,000 valves.

The direction for the **Water supply** activity group is set out in our Long Term Plan 2021 – 2031 on page 55.



What we achieved this year

Reservoir Safety Programme

The Reservoir Safety Programme 2 has progressed well this financial year with completion of work on the Cruickshank reservoir.

Bridges seismic strengthening

Pre-construction activities continued this financial year. A contractor has been appointed with construction work due to start in 2023 – 2024.

Pump station upgrades

We completed the Timberlea and Maymorn pump station upgrades this financial year.



How we performed

Our performance measures for the **Water supply** activity group are established in our Long Term Plan 2021 – 2031 on page 38. We are reporting against the Year 2 targets.

LEVEL OF SERVICE

We will maintain a high quality water supply with minimal interruptions.

- 29 Safety of drinking water: The extent to which Council’s drinking water supply complies with Part 4 (bacteria compliance criteria) and Part 5 (protozoal compliance criteria) of the Drinking-water Standards. ¹¹

KEY CRITERIA	2021 – 2022 RESULT	TARGET	2022 – 2023 RESULT	DATA SOURCE
Legislation, safety	100%	Part 4: 100%	Non-compliant ⚪	WWL Data
	100%	Part 5: 100%	Non-compliant ⚪	

COMMENTARY Non-compliance with old standards. The Drinking Water Standards were in effect up until 15 November 2022. There was a period when we could not demonstrate that certain sensors at Te Marua Water Treatment Plant were recalibrated or replaced within a 12-month period, meaning we were non-compliant with the regulations. When the sensors were recalibrated, it confirmed they were reading accurately, and the water was always safe to drink.

- 30 Maintenance of the reticulation network: The percentage of real water loss from Council’s networked reticulation system (calculated as a regional mean value)

KEY CRITERIA	2021 – 2022 RESULT	TARGET	2022 – 2023 RESULT	DATA SOURCE
Legislation, quality	21%	< 20%	44% ⚪ (+23%)	WWL data

COMMENTARY WWL notes that it remains challenging to provide accurate water loss figures for the Wellington metropolitan region as residential water use is not universally metered. However, we do have access to maturing data from 16 small area monitors and 156 district area meters across metropolitan Wellington that measure residential night and day water use. This data tells us that the level of water lost through leaks continues to rise due to aging infrastructure and a growing backlog of work to repair and replace this infrastructure. This year WWL has improved its methodology so it can estimate water loss with more certainty. In using this improved methodology, estimates show that water loss has increased from 21% to 44% in Upper Hutt.

11. Drinking-water Standards for New Zealand 2005 (revised 2018): health.govt.nz/system/files/documents/publications/dwsnz-2005-revised-mar2019.pdf

31 Fault response times: Where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:

- A** attendance to urgent call-outs (in minutes): from the time that Council receives notification to the time that service personnel reach site; and
- B** resolution of urgent call-outs (in hours): from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption;
- C** attendance (in hours): for non-urgent call-outs from the time that Council receives notification to the time that service personnel reach the site; and
- D** resolution (in days): of non-urgent call-outs from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption.

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Legislation, responsiveness	A 92 ¹²	A 60	A 77 \ominus (-15)	WWL Data
	B 7.8 ¹²	B 4	B 4.3 \ominus (-3.5)	
	C 309 ¹²	C 36	C 316 \ominus (+7)	
	D 21 ¹²	D 15	D 21 \ominus (\pm 0)	

COMMENTARY Response and resolution times are exceeding targets due to the increasing work volume and resource constraints. WWL continues to manage this by prioritising the highest risks and the available resources accordingly which has an impact on the response times.

32 Customer satisfaction: The total number of complaints (per 1,000 connections) received about any of the following:

- Drinking water clarity
- Drinking water taste
- Drinking water odour
- Drinking water pressure or flow
- Continuity of supply

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Legislation, satisfaction	7.3 ¹³	< 20	9.2 ¹³ \checkmark (+2.1%)	WWL data

12. We have corrected an error in last year's attendance and resolution times. These were formerly stated as (A: 57), (B: 3), (C: 174), and (D: 11). For more information, please refer to page 94 in the Disclosures section.

13. Council has not reported on multiple complaints for the same issue. We will look to address this through process improvements in the coming year to ensure that all complaints are accurately categorised and reported. For the comparative footnote refer to pages 55, 61, and 65 of the Annual Report 2021 - 2022.

33 Demand management: The average consumption of drinking water in litres per day, per resident

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Legislation, sustainability	400	≤ 415 ¹⁴	443 ⬇️ (+43)	WWL data

COMMENTARY Per capita consumption across all councils in the Wellington metropolitan region has continued to increase primarily due to leakage, but also in part due to high residential use relative to other cities in New Zealand.

Funding impact statement (\$000)

For 30 June 2023 for the **Water supply** group of activities.

LTP Y1 2021 - 2022	SOURCES OF OPERATING FUNDING	LTP Y2 2022 - 2023	ACTUAL 2022 - 2023
0	General rates, uniform annual general charges, rates penalties	0	0
6,568	Targeted rates	7,495	7,425
0	Subsidies and grants for operating purposes	0	0
1,693	Fees, charges	1,756	2,059
0	Internal charges and overheads recovered	0	0
0	Local authority fuel tax, fines, infringement fees, and other receipts	0	0
8,261	Total operating funding (A)	9,251	9,484
	APPLICATIONS OF OPERATING FUNDING		
7,013	Payments to staff and suppliers	7,631	8,099
80	Finance costs	186	327
1,034	Internal charges and overheads applied	1,118	960
0	Other operating funding applications	0	0
8,127	Total applications of operating funding (B)	8,935	9,386
134	Surplus (deficit) of operating funding (A - B)	316	98

14. This target is recorded as 415 L in the Long Term Plan 2021 - 2031, but for practical purposes it refers to less than or equal to 415 L.

LTP Y1 2021 - 2022	SOURCES OF CAPITAL FUNDING	LTP Y2 2022 - 2023	ACTUAL 2022 - 2023
0	Subsidies and grants for capital expenditure	0	393
0	Development and financial contributions	0	0
3,534	Increase (decrease) in debt	1,466	3,036
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Other dedicated capital funding	0	0
3,534	Total sources of capital funding (C)	1,466	3,429
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
54	- to meet additional demand	56	0
333	- to improve the level of service	589	1,030
3,281	- to replace existing assets	1,137	2,623
0	Increase (decrease) in reserves	0	(126)
0	Increase (decrease) of investments	0	0
3,668	Total applications of capital funding (D)	1,782	3,527
(134)	Surplus (deficit) of capital funding (C - D)	(316)	(98)
0	FUNDING BALANCE ((A - B) + (C - D))	0	0



Waiparu Wastewater



12% of the funding we received through rates went towards the **Wastewater** group of activities. This \$6.20 M made up 41% of the group's total funding. The remaining funding came from fees and charges, and debt.

Community outcomes

The **Wastewater** group of activities contributes to two of our community outcomes.



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What we do

Provide a secure, efficient, and resilient wastewater service.

Upper Hutt's wastewater network and service protects the health of the community and our waterways from the harmful effects of wastewater and supports economic growth and development. Wastewater treatment and management of the network is contracted to Wellington Water.

Upper Hutt's wastewater network includes 226 km of sewer mains, 4,880 wastewater manholes, 17 pump stations, one overflow chamber, and one pipe bridge.

The direction for the **Wastewater** activity group is set out in our Long Term Plan 2021 – 2031 on page 61.



What we achieved this year

Pipeline renewal upgrade

This year we have progressed investigations, design work, and construction on a number of wastewater projects. Two of these projects are in Martin Street and Logan Street.

Barber Grove wastewater project

We largely completed this project with small reinstatements required in the first quarter of 2023 – 2024. The project involved installing 1.2 km of wastewater pipe. 55% of the installation was done using an innovative micro-tunnelling method which reduced the need to dig trenches in order to lay the pipe.



How we performed

Our performance measures for the **Wastewater** activity group are established in our Long Term Plan 2021 – 2031 on page 64. We are reporting against the Year 2 targets.

LEVEL OF SERVICE

Our sewerage systems, and the treatment and disposal of sewerage is well maintained, safe, and allows for growth.

34 System and adequacy: The number of dry weather sewerage overflows from Council's sewerage system expressed per 1000 sewerage connections to the sewerage system.

KEY CRITERIA	2021 – 2022 RESULT	TARGET	2022 – 2023 RESULT	DATA SOURCE
Legislation, sustainability	1.8	≤ 20 ¹⁵	2 ✔️ (+0.2)	WWL data

35 Discharge compliance: Compliance with the Council's resource consents for discharge from its sewerage system, measured by the number of:

(A) Abatement notices **(B)** Infringement notices **(C)** Enforcement orders **(D)** Convictions

KEY CRITERIA	2021 – 2022 RESULT	TARGET	2022 – 2023 RESULT	DATA SOURCE
Legislation, responsiveness	(A) 1 ¹⁶	(A) 0	(A) 1 ➡ (±0)	WWL Data
	(B) 2 ¹⁶	(B) 0	(B) 4 ➡ (+2)	
	(C) 0	(C) 0	(C) 0 ✔️ (+0)	
	(D) 0	(D) 0	(D) 0 ✔️ (+0)	

COMMENTARY We received one abatement notice and two infringement notices for non-compliant effluent quality at the Seaview Wastewater Treatment Plant. Additionally, two infringement notices were received for odour from the Seaview Wastewater Treatment Plant.

15. This target is recorded as 20 in the Long Term Plan 2021 – 2031 but for practical purposes it refers to less than or equal to 20.

16. The 2021 – 2022 discharge compliance results have been restated to report abatement and infringement notices given to Council in relation to the Seaview Treatment Plant. Although Upper Hutt City Council is not the consent holder, we are part of the joint venture with Hutt City Council who is the consent holder. The figures were formerly reported as (A:0) and (B:0).

36 Fault response times: Where the Council contractor attends to sewerage overflows, resulting from blocked or other faults in the sewerage system, the following median response times will be measured:

(A) attendance time (in minutes): from the time that notification is received to the time that service personnel reach the site; and

(B) resolution time (in hours): from the time that notification is received to the time that service personnel confirm resolution of the blockage or other fault.

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Legislation, satisfaction	(A) 151 ¹⁷ (B) 36 ¹⁷	(A) ≤ 60 (B) ≤ 6	(A) 263 ⬇️ (+112) (B) 5 ✔️ (-31)	WWL Data

COMMENTARY Response and resolution times are exceeding targets due to the increasing work volume and resource constraints. WWL continues to manage this by prioritising the highest risks and the available resources accordingly which has an impact on the response times.

37 Customer satisfaction: The total number of complaints (per 1,000 connections to Council's sewerage system) received about any of the following:

- ⦿ Sewerage odour
- ⦿ Sewerage system faults
- ⦿ Sewerage system blockages
- ⦿ Council's response to the sewerage system issues

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Legislation, satisfaction	9 ¹⁸	≤ 30	8.2 ¹⁸ ✔️ (-0.8)	WWL data

17. We have corrected an error in last year's attendance and resolution times. These were formerly stated as (A: 214) and (B: 21). For more information, please refer to page 94 in the Disclosures section.

18. Council has not reported on multiple complaints for the same issue. We will look to address this through process improvements in the coming year to ensure that all complaints are accurately categorised and reported. For the comparative footnote refer to pages 55, 61, and 65 of the Annual Report 2021 - 2022.

Funding impact statement (\$000)

For 30 June 2023 for the **Wastewater** group of activities.

LTP Y1 2021 - 2022	SOURCES OF OPERATING FUNDING	LTP Y2 2022 - 2023	ACTUAL 2022 - 2023
0	General rates, uniform annual general charges, rates penalties	0	0
7,540	Targeted rates	6,508	6,203
0	Subsidies and grants for operating purposes	0	0
211	Fees, charges	218	220
0	Internal charges and overheads recovered	0	0
0	Local authority fuel tax, fines, infringement fees, and other receipts	0	0
7,751	Total operating funding (A)	6,726	6,423
APPLICATIONS OF OPERATING FUNDING			
4,336	Payments to staff and suppliers	4,677	5,024
812	Finance costs	919	1,133
976	Internal charges and overheads applied	1,047	874
0	Other operating funding applications	0	0
6,124	Total applications of operating funding (B)	6,643	7,031
1,627	Surplus (deficit) of operating funding (A - B)	83	(608)

LTP Y1 2021 - 2022	SOURCES OF CAPITAL FUNDING	LTP Y2 2022 - 2023	ACTUAL 2022 - 2023
0	Subsidies and grants for capital expenditure	0	0
0	Development and financial contributions	0	0
2,108	Increase (decrease) in debt	8,395	8,783
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Other dedicated capital funding	0	0
2,108	Total sources of capital funding (C)	8,395	8,783
APPLICATIONS OF CAPITAL FUNDING			
	Capital expenditure		
81	- to meet additional demand	84	6
46	- to improve the level of service	47	23
4,108	- to replace existing assets	8,847	9,251
(500)	Increase (decrease) in reserves	(500)	(701)
0	Increase (decrease) of investments	0	(404)
3,735	Total applications of capital funding (D)	8,478	8,175
(1,627)	Surplus (deficit) of capital funding (C - D)	(83)	608
0	FUNDING BALANCE ((A - B) + (C - D))	0	0



Waiāwhā Stormwater



5% of the funding we received through rates went towards the **Stormwater** group of activities. This \$2.77 M made up 75% of the group's total funding. The remaining funding came from subsidies and grants.

Community outcomes

The **Stormwater** group of activities contributes to two of our community outcomes.



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What we do

Efficiently manage and control stormwater flows

The goal of this group of activities is to protect the public and property from the effects of flooding and to minimise the impact of runoff on the environment. Management of the stormwater network is contracted to Wellington Water.

Upper Hutt's stormwater network includes 11.4 km of open drains, 181 km of stormwater mains, 3,843 stormwater manholes, 7 pump stations, and two detention dams.

The direction for the **Stormwater** activity group is set out in our Long Term Plan 2021 – 2031 on page 67.



What we achieved this year

Efficiently manage and control stormwater flows

Reported stormwater piped and open channel blockages were attended to and faults rectified.

Pipeline renewal

No significant stormwater pipe renewals were programmed for delivery within the financial year. Minor renewal works were undertaken as needed.

Telemetry upgrade

Minor system maintenance was undertaken as scheduled.

Pinehaven Stream

Due to consent delays, the bulk of the programmed work was not delivered in the financial year. Works will recommence in the 2023 – 2024 financial year with funding carried over. This project has seen significant cost escalation and decisions on future funding will need to be made as part of the 10-Year Plan 2024 – 2034.



How we performed

Our performance measures for the **Stormwater** activity group are established in our Long Term Plan 2021 – 2031 on page 70. We are reporting against the Year 2 targets.

LEVEL OF SERVICE

We will effectively manage stormwater to minimise the risk of property damage and preserve public safety and health.

38 System and adequacy:

- (A)** The number of flooding events that occur in the district
- (B)** For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to the stormwater system).

KEY CRITERIA	2021 - 2022 RESULT	TARGET ¹⁹	2022 - 2023 RESULT	DATA SOURCE
Legislation, quality, safety	(A) 1	(A) ≤ 2	(A) 0 ✓ (-1)	WWL Data
	(B) 0.1	(B) ≤ 0.64	(B) 0 ✓ (-0.1)	

39 Discharge compliance: Compliance with the Council’s resource consents for discharge from its stormwater system, measured by the number of:

- (A)** Abatement notices
- (B)** Infringement notices
- (C)** Enforcement orders
- (D)** Convictions

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Legislation, sustainability	(A) 0	(A) 0	(A) 0 ✓ (+0)	WWL Data
	(B) 0	(B) 0	(B) 0 ✓ (+0)	
	(C) 0	(C) 0	(C) 0 ✓ (+0)	
	(D) 0	(D) 0	(D) 0 ✓ (+0)	

40 Response times: The median response time to attend a flooding event (in minutes): from the time that Council receives notification to the time that service personnel reach the site.

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Legislation, responsiveness	0 ²⁰	≤ 60	0 ²⁰ ✓ (+0)	WWL data

41 Customer satisfaction: The total number of complaints (per 1,000 connections to Council’s stormwater system) received by Council about the performance of its stormwater system.

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Legislation, satisfaction	3.9 ²¹	≤ 20	5.6 ²¹ ✓ (+1.7)	WWL data

19. These targets are recorded as 2 and 0.64 in the Long Term Plan 2021 – 2031, but for practical purposes they refer to less than or equal to 2 and 0.64.

20. Due to no call-outs.

21. Council has not reported on multiple complaints for the same issue. We will look to address this through process improvements in the coming year to ensure that all complaints are accurately categorised and reported. For the comparative footnote refer to pages 55, 61, and 65 of the Annual Report 2021 – 2022.

Funding impact statement (\$000)

For 30 June 2023 for the **Stormwater** group of activities.

LTP Y1 2021 - 2022	SOURCES OF OPERATING FUNDING	LTP Y2 2022 - 2023	ACTUAL 2022 - 2023
0	General rates, uniform annual general charges, rates penalties	0	0
2,111	Targeted rates	2,799	2,772
0	Subsidies and grants for operating purposes	0	0
0	Fees, charges	0	0
0	Internal charges and overheads recovered	0	0
0	Local authority fuel tax, fines, infringement fees, and other receipts	0	0
2,111	Total operating funding (A)	2,799	2,772
APPLICATIONS OF OPERATING FUNDING			
1,327	Payments to staff and suppliers	1,540	1,810
229	Finance costs	464	353
464	Internal charges and overheads applied	503	417
0	Other operating funding applications	0	0
2,020	Total applications of operating funding (B)	2,507	2,580
91	Surplus (deficit) of operating funding (A - B)	292	192

LTP Y1 2021 - 2022	SOURCES OF CAPITAL FUNDING	LTP Y2 2022 - 2023	ACTUAL 2022 - 2023
0	Subsidies and grants for capital expenditure	0	290
0	Development and financial contributions	0	0
7,844	Increase (decrease) in debt	2,099	225
0	Gross proceeds from sale of assets	0	0
1,604	Lump sum contributions	0	392
0	Other dedicated capital funding	0	0
9,448	Total sources of capital funding (C)	2,099	907
APPLICATIONS OF CAPITAL FUNDING			
	Capital expenditure		
54	- to meet additional demand	56	17
9,525	- to improve the level of service	2,373	1,011
60	- to replace existing assets	62	191
(100)	Increase (decrease) in reserves	(100)	(120)
0	Increase (decrease) of investments	0	0
9,539	Total applications of capital funding (D)	2,391	1,099
(91)	Surplus (deficit) of capital funding (C - D)	(292)	(192)
0	FUNDING BALANCE ((A - B) + (C - D))	0	0



Ngā waka tūmatanui

Land transport



11% of the funding we received through rates went towards the **Land transport** group of activities. This \$5.56 M made up 50% of the group's total funding. The remaining funding came from subsidies and grants, fees and charges, debt, and other sources.

Community outcomes

The **Land transport** group of activities contributes to two of our community outcomes.



TAIAO
Environment



PAPŌRI ME TE AHUREA
Social and cultural



ŌHANGA
Economy



TŪĀPAPA
Infrastructure



What we do

Maintain Upper Hutt's roading network

This activity group is responsible for a well-maintained roading network to ensure that the residents and visitors to Upper Hutt can move freely, efficiently, and safely throughout the city.

Upper Hutt's roading network includes 251 km of roads; 48 road bridges and 6 pedestrian/cycle bridges; footpaths cycleways, and pedestrian crossings; signs, street lights, and traffic signals; public car parks, street furniture, and refuse bins; street planters and vegetation.

Besides road establishment, maintenance, renewals and improvements, this activity group also includes road safety promotion.

The direction for the **Land transport** activity group is set out in our Long Term Plan 2021 – 2031 on page 73.



What we achieved this year



Fergusson Drive repair work

The work completed on Fergusson Drive were mill and fill repairs to replace sections of the road that had either failed or reached the end of their life. The repairs strengthen the pavement underneath the surface, remove potholes, and provide a smoother and more comfortable ride for users. Manhole and other service covers have also been adjusted or replaced to maintain an even surface and eliminate the noise from traffic driving over them.

This work is part of our ongoing five-year project. Once all the areas along Fergusson Drive have been repaired, a new seal coat will be added to further prolong the pavement's life. This will mean with less maintenance required and therefore less disruption for our road users.

Road maintenance

Roil Contracting took possession of the roading network during October 2022. They spent a lot of time bringing the rural network up to standard through rural cleaning, water tables, and drainage maintenance. Repairs to the pavement (substrate under the road seal) were also prioritised in both rural and urban areas.

- ⦿ During 2022 – 2023 year we resurfaced 30,000 m² across the city.
- ⦿ We also replaced 170 road signs.

Footpath maintenance

Work continued as required throughout the city while the new maintenance contract is being finalised. No substantial renewal work was carried out during the financial.

Carpark upgrades

One completely new carpark was completed in August 2022 with access off Criterion Lane. The carpark has 67 parks, four of which now include chargers for EVs.



Road Safety

Our Road Safety Promotion programme supports the New Zealand Road Safety Strategy ('Road to Zero') by encouraging road users to adopt safer behaviours. It contributes to the R2Z target of a 40% reduction in road/traffic related deaths and serious injuries by 2030.

Two very successful ongoing campaigns are the collaboration with The Motorcycle Collective to bring a greater awareness of motorcycle safety and the partnership with a local child restraint technician and Plunket to provide regular car seat checks.



How we performed

Our performance measures for the **Land transport** activity group are established in our Long Term Plan 2021 – 2031 on page 77. We are reporting against the Year 2 targets.

LEVEL OF SERVICE

We will provide a safe roading network.

- 42** Road Safety: The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Legislation, quality	7	≤ previous year	9 ⬇️ (+2)	Waka Kotahi data

COMMENTARY There were no fatalities on any local road²² in 2022 – 2023. The number of crashes this year is higher than last year, but it is within the range of normal variation observed over the past 20 years.

LEVEL OF SERVICE

We will provide a well-lit, clean, convenient, and safe roading network in the city centre for parking, pedestrians, and cyclists.

- 43** Road conditions: The average quality of ride on a sealed local road network, measured by smooth travel exposure

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Legislation, quality	76%	80%	78% ⬇️ (+2)	Annual roughness survey

COMMENTARY 43% of this result is based on the condition of Fergusson Drive. A five-year programme of additional funding was allocated from 2022 – 2027 to carry out additional pavement rehabilitation on this road. While the result indicates that the target has not been met, it does show some improvement which we expect to continue as the pavement work progresses.

- 44** Road conditions: The percentage of the sealed local road network that is resurfaced²³

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Legislation, quality	76.1% (69,132 / 90,851 m ²)	95%	37.2% ⬇️ (-38.9%) (35,325 / 94,959 m ²)	Internal register and database

COMMENTARY This contractor has failed to deliver the required programme of work. This will be addressed with a new contract.

- 45** Footpaths: The percentage of footpaths within Upper Hutt that fall within the level of service as set out in the Long Term Plan, and Asset Management Plan

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Legislation, quality	99.86%	95%	99.88% ⬆️ (+0.02%)	Internal database

22. 'Local road' refers to any road within Upper Hutt City Council's maintenance jurisdiction. State highways (such as SH2 River Road) are not included in our reporting.

23. Percentage of work programmed in Asset Management Plan that was delivered.

- 46 Response to service requests: The percentage of customer service requests relating to roads and footpaths to which Council responds within the timeframe specified in the Long Term Plan²⁴

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Legislation, responsiveness	91.4%	90%	96.5% 🟢 (+5.1%)	Internal database

- 47 Resident satisfaction with street lighting²⁵

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Satisfaction, quality	64%	85%	59% 🟡 (-5%)	Community Survey

COMMENTARY LEDs (installed in 2017 - 2018) are less susceptible to failure leading to fewer unplanned outages. Despite this, survey respondents' satisfaction with streetlights in Upper Hutt has decreased year-on-year since that time. Although there is no apparent insight through the community survey to explain this, we will be assessing causes and improvement areas. The community survey also does not distinguish between the response of urban residents who are provided with streetlights and rural residents who are not.

- 48 Resident satisfaction with street cleanliness²⁵

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Satisfaction, quality	61%	85%	58% 🟡 (-3%)	Community Survey

COMMENTARY This service is contracted out by Council. Regular performance monitoring shows objectively that street cleanliness is being maintained to a consistent standard throughout most of the year, and that reported faults are being responded to promptly. There were times when the contractor's performance was affected by staff shortages as a result of COVID-19. Despite this, the subjective responses in the community survey have continued to decline. Comments in the community survey do not provide insight into why this is the case.

24. Percentage of requests are initially responded to within 3 days (refer to page 77 of the Long term Plan 2021 - 2031).

25. Respondents are satisfied or very satisfied.

Funding impact statement (\$000)

For 30 June 2023 for the **Land transport** group of activities.

LTP Y1 2021 - 2022	SOURCES OF OPERATING FUNDING	LTP Y2 2022 - 2023	ACTUAL 2022 - 2023
5,460	General rates, uniform annual general charges, rates penalties	6,474	5,563
0	Targeted rates	0	0
1,264	Subsidies and grants for operating purposes	765	648
113	Fees, charges	117	138
0	Internal charges and overheads recovered	0	0
185	Local authority fuel tax, fines, infringement fees, and other receipts	189	127
7,022	Total operating funding (A)	7,545	6,476
APPLICATIONS OF OPERATING FUNDING			
4,679	Payments to staff and suppliers	4,739	4,340
451	Finance costs	621	628
1,340	Internal charges and overheads applied	1,403	2,203
0	Other operating funding applications	0	0
6,470	Total applications of operating funding (B)	6,763	7,171
552	Surplus (deficit) of operating funding (A - B)	782	(695)

LTP Y1 2021 - 2022	SOURCES OF CAPITAL FUNDING	LTP Y2 2022 - 2023	ACTUAL 2022 - 2023
4,369	Subsidies and grants for capital expenditure	4,345	2,677
218	Development and financial contributions	213	7
6,062	Increase (decrease) in debt	5,797	1,930
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Other dedicated capital funding	0	0
10,649	Total sources of capital funding (C)	10,355	4,614
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
0	- to meet additional demand	279	49
5,538	- to improve the level of service	4,385	898
5,445	- to replace existing assets	6,260	2,965
218	Increase (decrease) in reserves	213	7
0	Increase (decrease) of investments	0	0
11,201	Total applications of capital funding (D)	11,137	3,919
(552)	Surplus (deficit) of capital funding (C - D)	(782)	695
0	FUNDING BALANCE ((A - B) + (C - D))	0	0



Whakauka Sustainability



1% of the funding we received through rates went towards the **Sustainability** group of activities. This \$279 K made up 28% of the group's total funding. The remaining funding came from fees and charges, and debt.

Community outcomes

The **Sustainability** group of activities contributes to three of our community outcomes.



TAIAO
Environment



PAPŌRI ME TE AHUREA
Social and cultural



ŌHANGA
Economy



TŪĀPAPA
Infrastructure



What we do

Work to protect Upper Hutt's livability and environment.

We provide sustainability initiatives that are guided by the goals and actions outlined in our Sustainability Strategy, including one-off projects, ongoing programmes, community education, support, liaison, and the Sustainability Stimulus Grant. Part of this work is also ensuring provision of waste services in Upper Hutt—influenced by the Wellington region's Waste Management and Minimisation Plan.

The direction for the **Sustainability** activity group is set out in our Long Term Plan 2021 – 2031 on page 80.



What we achieved this year



Sustainability Strategy outcomes

We completed the second round of the Sustainability Stimulus Grant, a scheme co-funded by the Department of Internal Affairs. In the second round, we supported eight projects in Upper Hutt with \$134,790 of funding. All projects align with the themes of our Sustainability Strategy.

We completed our *Corporate Greenhouse Gas Inventory* where we examined how Council is generating emissions. Now that we have two datasets, we can put steps in place to work towards reducing them.

We completed 32 in-home assessments as part of our *Eco Home Advisor Programme*. This programme sees a trained specialist give tailored, independent advice to help make homes warmer, drier, and more energy efficient.

We worked with our neighbouring councils on several regional projects, including:

- ▶ Regional Greenhouse Gas Inventory
- ▶ Wellington Region Climate Change Risk Assessment
- ▶ Wellington Region Emissions Reduction Plan
- ▶ Wellington Region Food Resilience Strategy

We responded to national-scale consultations, including writing a submission for the Climate Change Commission's draft advice to Government.

With funding from the Department of Internal Affairs, we developed several sustainability campaigns to keep the community informed on sustainability issues. The campaigns will be released in 2023 – 2024.

We partnered with the waste team to deliver the *Environment and Waste Minimisation Fund*. We granted \$6,669.56 of funding towards projects that will have positive outcomes on community resilience and the environment.

We completed supported environmental and waste reductions in schools through the *Enviroschools* programme.



Waste projects

Earth Starch organic waste processing pilot is still ongoing, processing business food waste and domestic food scraps. The pilot aims to test the collection and processing methodology for some difficult organic waste streams and produce a certified soil conditioner.

Free hazardous waste drop-off at Silverstream landfill, replaced the annual hazardous waste collection events.

Event Waste Stations at Brewtown are being used to consolidate and collect recyclable material from events as per the the Solid Waste Management and Minimisation Bylaw.

Kate Meads' workshops were held at Upper Hutt College this year, where she talked to female students about different options for personal sanitary items.

In addition to the sustainability strategy use of the Environment and Waste Minimisation Fund, we granted \$6,416.32 to a range of community and Early Childhood Education centres to help them minimise waste.

Development of the 2023 – 2029 Wellington Region Waste Management and Minimisation Plan (WMMP) brought together the region's 8 councils to review, develop, and consult on a WMMP that focuses on transitioning to a circular economy.



Recycling services

The Park Street recycling station collected 809.75 tonnes of recycling, made up of plastics, cans, paper/cardboard, and glass. In addition to this, we've also begun collecting aseptic packaging (Tetra Pak® type) cartons at the station which are fed into the recycling stream by Earthlink.



How we performed

Our performance measures for the **Sustainability** activity group are established in our Long Term Plan 2021 – 2031 on page 84. We are reporting against the Year 2 targets.

LEVEL OF SERVICE

We are sustainably managing the impact of our activities on the natural environment.

- 49** Increasing total tonnage of recycling materials being collected through Council-provided recycling services (measured in tonnes)

KEY CRITERIA	2021 – 2022 RESULT	TARGET	2022 – 2023 RESULT	DATA SOURCE
Sustainability	882.16	≥ previous year	809.75 \ominus (-72.41)	Quarterly provider data

COMMENTARY The glass contamination limit has tightened to 2% (formerly 10%) which has resulted in an 8.8% decrease in acceptable material.

- 50** Percentage of households that use Council-provided recycling services

KEY CRITERIA	2021 – 2022 RESULT	TARGET	2022 – 2023 RESULT	DATA SOURCE
Quality, accessibility	61%	≥ previous year	60% \ominus (-1%)	Community Survey

COMMENTARY There has been a decrease in the central suburbs and an increase in the northern suburbs, but overall use looks mostly the same. Data for this measure has an accuracy of $\pm 15\%$.

- 51** Reduce the level of carbon generated by Council operations

KEY CRITERIA	2021 – 2022 RESULT	TARGET	2022 – 2023 RESULT	DATA SOURCE
Sustainability, safety	N/A ²⁶	≤ 6,269 tCO ₂ e ²⁷	9,051 tCO ₂ e ²⁸ \ominus (+2,782 tCO ₂ e)	3-yearly greenhouse gas inventory (LTP Y2, Y5, Y8) ²⁶

COMMENTARY Our corporate emissions have increased, largely due to increased consumption of goods and services, and increased capital works. The benchmark was also created in a year that Council services, such as H₂O Xtream and the Central Library were not operating at full capacity and adjustments were not made to the baseline to account for these dynamics.

26. There is no result for the 2021 – 2022 year as the greenhouse gas inventory is only calculated every three years. The results are then applied to years 2 (2022 – 2023), 5 (2025 – 2026), and 8 (2028 – 2029) of the Long Term Plan 2021 – 2031.

27. The original baseline, as per the Long Term Plan, was 3,879 tCO₂e. Calculations have since changed and a more accurate figure (using new calculation methods) for the baseline year would now be 6,269 tCO₂e.

28. The result for this measure refers to the period from July 2021 through June 2022. This is because part of the final inventory figure relies on information from the Annual Report 2021 – 2022. We have also employed more up-to-date calculation methods to arrive at this result and provide a more accurate comparison to the baseline year. For more information, please refer to pages 94 – 97 in the Disclosures section.

52 Mean number of indigenous forest bird species counted

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Sustainability, quality	5.9 ²⁹	≥ previous year	7.7 🟢 (+1.8)	Annual bird count report

53 Local residents' awareness of sustainability projects in the community

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Quality, accessibility	31%	≥ 20%	31% 🟢 (±0)	Community Survey

29. In May 2023, it became apparent that some of the data provided in Upper Hutt's independent bird report last year was incorrect. The correct information shows that in 2021 - 2022, the mean number of indigenous forest bird species counted was 5.9.

Funding impact statement (\$000)

For 30 June 2023 for the **Sustainability** group of activities.

LTP Y1 2021 - 2022	SOURCES OF OPERATING FUNDING	LTP Y2 2022 - 2023	ACTUAL 2022 - 2023
492	General rates, uniform annual general charges, rates penalties	449	279
0	Targeted rates	0	0
0	Subsidies and grants for operating purposes	0	0
627	Fees, charges	650	731
0	Internal charges and overheads recovered	0	0
0	Local authority fuel tax, fines, infringement fees, and other receipts	0	0
1,119	Total operating funding (A)	1,099	1,010
APPLICATIONS OF OPERATING FUNDING			
992	Payments to staff and suppliers	959	1,030
4	Finance costs	5	2
116	Internal charges and overheads applied	126	126
0	Other operating funding applications	0	
1,112	Total applications of operating funding (B)	1,090	1,158
7	Surplus (deficit) of operating funding (A - B)	9	(148)

LTP Y1 2021 - 2022	SOURCES OF CAPITAL FUNDING	LTP Y2 2022 - 2023	ACTUAL 2022 - 2023
0	Subsidies and grants for capital expenditure	0	0
0	Development and financial contributions	0	0
38	Increase (decrease) in debt	107	(2)
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Other dedicated capital funding		0
38	Total sources of capital funding (C)	107	(2)
APPLICATIONS OF CAPITAL FUNDING			
	Capital expenditure		
0	- to meet additional demand	0	0
45	- to improve the level of service	116	66
0	- to replace existing assets	0	0
0	Increase (decrease) in reserves	0	(216)
0	Increase (decrease) of investments	0	0
45	Total applications of capital funding (D)	116	(150)
(7)	Surplus (deficit) of capital funding (C - D)	(9)	148
0	FUNDING BALANCE ((A - B) + (C - D))	0	0

Te whakamahere me te whakariterite



Planning and regulatory



6% of the funding we received through rates went towards the **Planning and regulatory** group of activities. This \$2.81 M made up 33% of the group's total funding. The remaining funding came from fees and charges, development and financial contributions, and other sources.

Community outcomes

The **Planning and regulatory** group of activities contributes to two of our community outcomes.



TAIAO
Environment



PAPŌRI ME TE AHUREA
Social and cultural



ŌHANGA
Economy



TŪĀPAPA
Infrastructure



What we do

Sustainably manage natural and physical resources through development of and compliance with the District Plan and relevant central and local government statutes, bylaws, and policies.

Planning policy activities focus on sustainable management of natural and physical resources. We develop the District Plan and other policies in response to a range of external drivers, and facilitate decision-making on urban planning and growth management.

Regulatory services include planning and building control, environmental health, animal management, alcohol licensing, parking enforcement, and bylaw compliance to ensure public safety, health, and wellbeing.

Consent and compliance services also provide information and advice to the public on the legislation we administer and enforce.

The direction for the **Planning and regulatory** activity group is set out in our Long Term Plan 2021 – 2031 on page 87.



What we achieved this year

Plan Changes

Our rolling review of the District Plan this year included:

- ◉ Notification of the *Intensification Planning Instrument* in July 2022 and hearings on this plan change from April to June 2023.
- ◉ Notification of the Natural Hazards Plan Change [47] (excluding flood hazards) in October 2022
- ◉ Variation 1 to the Open Spaces Plan Change [49] was notified in October 2022. This variation dealt specifically with Silverstream Spur.
- ◉ Hearings on Private Plan Change 55 (rezoning of Gabites Block) were held in October 2022 with a decision made in February 2023.

Housing and Business Assessment (HBA)

The regional *Housing and Business Assessment* (HBA) was updated in 2022 and we completed the Upper Hutt chapter just after year-end in July 2023. A HBA is required under the *National Policy Statement on Urban Development*. The updated population projections which have informed the required housing delivery numbers for Upper Hutt show that from 2021 to 2051, Upper Hutt's population is forecast to increase by 24,268 people. This is higher than the 2019 HBA predicted.



How we performed

Our performance measures for the **Planning and regulatory** activity group are established in our Long Term Plan 2021 – 2031 on page 90. We are reporting against the Year 2 targets.

LEVEL OF SERVICE

Service provision meets all regulatory requirements.

54 Process LIMs within statutory timeframe (10 working days)

KEY CRITERIA	2021 – 2022 RESULT	TARGET	2022 – 2023 RESULT	DATA SOURCE
Legislation, responsiveness	100%	100%	100% ✔ (-0)	Internal database

55 Process resource consents within statutory timeframes (20 working days)

KEY CRITERIA	2021 – 2022 RESULT	TARGET	2022 – 2023 RESULT	DATA SOURCE
Legislation, responsiveness	87%	100%	78% ⊖ (-9%)	Internal database

COMMENTARY Processing times for the past year have exceeded statutory requirements, largely because of delays in responses from Wellington Water which provides engineering feedback on all resource consents. Wellington Water assesses applications for most councils in the region and has been impacted by the increased workload (associated with the market pressure for housing and increase in consents being lodged) from all councils. We've used consultant planners to assist us, however their workloads have also been compounded. With additional staffing, Wellington Water has improved response times in 2023.

56 Process building consents within statutory timeframes (20 working days)

KEY CRITERIA	2021 – 2022 RESULT	TARGET	2022 – 2023 RESULT	DATA SOURCE
Legislation, responsiveness	27%	100%	93% ⊖ (+66%)	Internal database

COMMENTARY Processing times for the past year have exceeded the statutory requirements, largely due to a significant increase in building consent applications lodged in response to the market pressures for housing, shortage of suitably qualified staff, residual impacts from COVID-19, and migration to a new digitised end-to-end consenting system.

57 User satisfaction with building consenting service³⁰

KEY CRITERIA	2021 – 2022 RESULT	TARGET	2022 – 2023 RESULT	DATA SOURCE
Satisfaction, quality	100%	92%	83% ⊖ (-17%)	Annual building consents survey

COMMENTARY User satisfaction coincides with extreme workloads impacting the team's ability to process consents within statutory timeframes; Building Code changes created a surge in applications. We've also had to concentrate on regulatory obligations, which has resulted in delays to answering customer queries.

30. Percentage of responses to excessive noise reports within one hour.

- 58 All Health Act 1956 premises requiring registration in the following year are inspected annually by 30 June

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Legislation, responsiveness	100%	100%	100% 🟢 (-0)	Internal database

- 59 Timeliness of officer attendance to complaints of excessive noise³¹

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Responsiveness	77%	90%	81% 🟡 (+4%)	Internal database

COMMENTARY Throughout the year, our noise contractor Allied Security has had challenges with staff recruitment and retention. This has impacted on having warranted officers available to attend complaints within the one-hour threshold.

- 60 Timeliness of initial officer response to reported dog attacks³²

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Responsiveness	80%	100%	90% 🟡 (+10%)	Internal database

COMMENTARY Our response times have improved since employing an Animal Management Team Leader in early 2023. We're also looking at enhancements to our communication tools and systems to assist our officers in receiving these reports in a more reliable way. Despite not meeting the timing target, all jobs were responded to.

- 61 Licensed alcohol premises (excluding special licences or new licences) have one compliance inspection every 3 years (in addition to licensing inspections)

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Legislation, responsiveness	100%	100%	100% 🟢 (-0)	Internal database

- 62 New food businesses are verified within 6 weeks of the date of registration under the Food Act 2014

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Legislation, responsiveness	38%	100%	40% 🟡 (+2%)	Internal database

COMMENTARY This year's similar performance is indicative of the same rationale as last year—that new food businesses frequently want to register as soon as possible—even if they're not yet ready to operate. We altered our operational practice throughout the year to help food businesses meet their verification requirements. Although the onus is on food businesses to be verified by their due date, we've begun assisting new business owners by booking their verification within six weeks of their registration date, rather than waiting for them to arrange this.

31. Percentage of responses to excessive noise reports within one hour.

32. Percentage of reported dog attacks that will receive an initial response within two hours of the complaint being received.

- 63 Existing food businesses are verified in accordance with the Food Act 2014 (ranging from 3 to 18 months and dependent upon previous performance)

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Legislation, responsiveness	21%	100%	54% ⬇️ (+33%)	Internal database

COMMENTARY Throughout the year, the hospitality industry has continued to be affected by the economic impacts of COVID-19. This has had impacts on verification timeliness due to staff turnover and financial strain.

- 64 Inspection of residential pools within statutory timeframes

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Legislation, responsiveness	53%	100%	95% ⬇️ (+42%)	Internal database

COMMENTARY Staff sickness and unprecedented workloads reduced our officers' ability to meet timeframes.

- 65 Process code compliance certificates within statutory timeframes

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Legislation, responsiveness	90%	100%	94% ⬇️ (+4%)	Internal database

COMMENTARY Significant increase in building inspections as a result of a large increase in building works, staff shortages during the early part of the financial year, and impacts from COVID-19 resulted in unprecedented workloads for the inspection team. This dramatically reduced our officers' ability to meet code compliance certification timeframes.

- 66 Land use consents are monitored within 12 months of being granted consent

KEY CRITERIA	2021 - 2022 RESULT	TARGET	2022 - 2023 RESULT	DATA SOURCE
Legislation, responsiveness	100%	100%	100% ✔️ (-0)	Internal database

Funding impact statement (\$000)

For 30 June 2023 for the **Planning and regulatory** group of activities.

LTP Y1 2021 - 2022	SOURCES OF OPERATING FUNDING	LTP Y2 2022 - 2023	ACTUAL 2022 - 2023
3,529	General rates, uniform annual general charges, rates penalties	3,890	2,810
0	Targeted rates	0	0
0	Subsidies and grants for operating purposes	0	0
2,462	Fees, charges	2,660	3,499
0	Internal charges and overheads recovered	0	60
257	Local authority fuel tax, fines, infringement fees, and other receipts	267	311
6,248	Total operating funding (A)	6,817	6,680
APPLICATIONS OF OPERATING FUNDING			
4,043	Payments to staff and suppliers	5,405	4,941
0	Finance costs	0	1
2,202	Internal charges and overheads applied	2,409	2,380
0	Other operating funding applications	0	0
6,245	Total applications of operating funding (B)	7,814	7,322
3	Surplus (deficit) of operating funding (A - B)	(997)	(642)

LTP Y1 2021 - 2022	SOURCES OF CAPITAL FUNDING	LTP Y2 2022 - 2023	ACTUAL 2022 - 2023
0	Subsidies and grants for capital expenditure	0	0
1,800	Development and financial contributions	1,659	1,817
(3)	Increase (decrease) in debt	997	(3)
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Other dedicated capital funding	0	0
1,797	Total sources of capital funding (C)	2,656	1,814
APPLICATIONS OF CAPITAL FUNDING			
	Capital expenditure		
0	- to meet additional demand	0	0
0	- to improve the level of service	0	0
0	- to replace existing assets	0	0
1,800	Increase (decrease) in reserves	1,659	1,172
0	Increase (decrease) of investments	0	0
1,800	Total applications of capital funding (D)	1,659	1,172
(3)	Surplus (deficit) of capital funding (C - D)	997	642
0	FUNDING BALANCE ((A - B) + (C - D))	0	0



Whākinga Disclosures



This section covers additional 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, non-rateable land. We also disclose a summary of our employee levels, and details of our insurance.

Three waters performance

Correction of misstatement of attendance and resolution times

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 and are identified with a footnote to the performance measures on pages 58 and 64.

Greenhouse gas emissions performance

Background

A review of Council’s emissions has resulted in a recalculation of our baseline year (2018 – 2019), due to changes in methodologies, and to bring parity between the baseline and most recent year.

Now that Council has two sets of data, Council will work on an emissions reduction plan as a next step.

The carbon emissions reported in this year’s Annual Report are for the year ending 30 June 2022. This is aligned to the planned timeframes for measuring and reporting our emissions as set out in the Long Term Plan.

A full greenhouse gas inventory for Council’s complete value chain is available on our website.

The following disclosures relate to our greenhouse gas emissions (GHG) measure, reported in the sustainability section of the Annual Report.

Organisational and operating boundaries

Council’s organisational boundary is determined by using an operational control approach. A council using an operational control approach takes responsibility for 100% of emissions from operations or its subsidiaries that it has control over. As such, our greenhouse gas inventory includes all sources and sinks associated with activities where Council has control and full authority to introduce and implement its operating policies.

References for data and methodological choices

The key sources of emissions factors are:

- MfE (2022)—Ministry for the Environment. 2022. Measuring Emissions: A Guide for Organisations. 2022 Detailed Guide. Wellington: Ministry for the Environment.
 - DEFRA (2021)—Department for Environment, Food and Rural Affairs. 2019. Greenhouse gas reporting: conversion factors 2019. United Kingdom.
 - Motu (2014)—Greenhouse Gas Emissions in New Zealand: A Preliminary Consumption-Based Analysis, Motu Working Paper 14-05, Motu Economic and Public Policy Research, Wellington New Zealand.
 - David A. Turner, Ian D. Williams, Simon Kemp (2015)—Greenhouse gas emission factors for recycling of source-segregated waste materials. Resources, Conservation and Recycling, Volume 105, Part A, December 2015, Pages 206 – 197.
 - RBNZ (2020)—Reserve Bank of New Zealand. Inflation calculator.
 - Flight Distances—airport.globefeed.com/New_Zealand_Distance_Between_Airports.asp
 - World Bank (2018)—The World Bank. 2018. What A Waste Global Database. datacatalog.worldbank.org/dataset/what-waste-global-database
-

Uncertainty

There is a level of inherent uncertainty in reporting greenhouse gasses, due to the inherent scientific uncertainty in measuring emissions factors, as well as estimation uncertainty in the measurement of activity quantity data. We have described significant sources of uncertainty.

Motu spend-based emission factors

We have needed to rely on modelling and assumptions to measure emissions for some activities. To measure emissions associated with purchased goods and services and capital goods, Motu’s spend-based emission factors have been applied, based on the category of spending.

This method has some limitations:

- The Motu factors used were from a working paper published in 2014, which measure emissions data and spend from 2007. Although we have adjusted these factors for inflation, the factors do not reflect any changes in the underlying drivers of emissions, which may have occurred in the production of goods and services.
- The factors do not reflect any subsequent methodological changes that may have occurred in how greenhouse gas emissions or national expenditure data sets are measured since that date.
- Motu’s analysis assumes the carbon intensities of imports are the same as their domestic counterparts.
- The model assumes that the output from each industry is homogeneous and hence has the same emissions content per dollar of output. This means any procurement decisions which take emissions into consideration are not reflected in the model.

Reporting boundaries

A full carbon footprint accounts for emissions from Council’s value chain. This means emissions from upstream goods and services received as well as downstream use of the goods and services provided are considered. Below we have disclosed the material sources that we are currently including and those that are excluded from the reported result.

Emissions included

For full details of the data source, please refer to the *Greenhouse Gas Inventory* available on our website. Main sources included are:

CATEGORY 1 Direct emissions		
Mobile combustion Fuel (petrol & diesel) used in our vehicles and equipment	Stationary combustion Natural gas consumption (to heat H ₂ O Xstream complex)	Refrigerant emissions Leakage/top-ups across Council operations

CATEGORY 2 Indirect emission sources
Electricity consumption

CATEGORY 3 Indirect emissions from transportation

Transportation and distribution	Business travel	Employee commuting
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Upstream emissions

From fuel production and distribution

CATEGORY 4 Indirect emissions from products used by an organisation

Purchased Goods and services and capital goods	Imported energy Transmissions and distribution losses	Waste Generated in operations
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Emissions excluded

For full details of the data source, please refer to the Greenhouse Gas Inventory available on our website. Main sources excluded are:

CATEGORY 1 Direct emissions

Fugitive emissions From vehicles	Reason Not applicable
From wastewater (Hutt Valley Wastewater Scheme)	In future, not yet measured

CATEGORY 3 Indirect emissions from transportation

Transportation and distribution From New Zealand Post	Reason Unable to obtain information after many attempts
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CATEGORIES 5 & 6 Indirect emissions associated with the use of products from an organisation and indirect emissions from other sources

Processing of sold products	Reason Not yet measured
Use of sold products	
End of life treatment of sold products	
Downstream leased assets (assets leased to third parties)	
Franchises	
Investments	

Rating information disclosure under the Local Government Act 2002

	AS AT 30 JUN 2023	AS AT 30 JUN 2022
Total land valuations of rateable properties for the city	\$5,978,610,598	\$5,973,222,100
Total capital valuation of rateable properties for the city	\$11,784,079,800	\$11,757,955,300
Total number of rateable properties	17,546	17,547

The above values reflect the revaluation by Quotable Value Limited on 1 August 2019. The city's properties are currently being revalued as at 1 July 2022—the results of which will be applicable to the 2023 – 2024 financial year. The next revaluation is due in August 2025.

Rates remissions

Council's rates remission policy allows Council to remit penalties or postpone rates on condition of Ratepayer's extreme hardship, land used for sport, and land protected for historical or cultural purposes and general rate under selected criteria for the Council Economic Development Policy.

Rates are 'written-off:'

- when remitted in accordance with the Council's rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

In 2023 there were no rates written off under sections 90A or 90B (2022: \$0)

Non-rateable land

Under the Local Government Rating Act 2002 certain properties cannot be rated for general rates. These properties include schools, places of worship, public gardens, and reserves. These non-rateable properties may be subject to targeted rates in respect of sewerage, water, refuse, and sanitation.

Summary of employee levels

2022 - 2023	30 JUN 2023 EMPLOYEE NUMBERS	30 JUN 2023 FTE³³ EMPLOYEE NUMBERS
Total remuneration ≤ \$60,000		
Casual employees	60	5
Part-time employees	54	25
Full-time employees	41	41
	155	71
Total remuneration \$60,001 – \$80,000		
Part-time employees	4	3
Full-time employees	50	50
	54	53
Total remuneration \$80,001 – \$100,000		
Part-time employees	2	1
Full-time employees	37	37
	39	38
Full-time employee total remuneration \$100,001 – \$120,000	17	17
Full-time employee total remuneration \$120,001 – \$160,000	23	23
Full-time employee total remuneration \$160,001 – \$310,000	7	7
Total employee numbers	295	209
	30 JUN 2022 EMPLOYEE NUMBERS	30 JUN 2022 FTE³³ EMPLOYEE NUMBERS
2021 - 2022		
Total remuneration ≤ \$60,000		
Casual employees	43	5
Part-time employees	46	19
Full-time employees	52	51
	141	75
Total remuneration \$60,001 – \$80,000		
Part-time employees	3	2
Full-time employees	55	55
	58	57
Total remuneration \$80,001 – \$100,000		
Part-time employees	1	1
Full-time employees	35	35
	36	36

33. FTE: Full-time equivalent employees, based on a 40-hour working week.

2021 – 2022	30 JUN 2022 EMPLOYEE NUMBERS	30 JUN 2022 FTE ³³ EMPLOYEE NUMBERS
Full-time employee total remuneration \$100,001 – \$120,000	13	13
Full-time employee total remuneration \$120,001 – \$160,000	12	12
Full-time employee total remuneration \$160,001 – \$310,000	8	8
Total employee numbers	268	201

Total remuneration includes all financial and non-financial benefits provided to employees.

Where the number of employees in any band is 5 or fewer, the number for that band is combined with the next highest band.

A full-time employee (FTE) is determined on the basis of a forty-hour working week.

Insurance

Insurance Risk Clause 31A, Schedule 10, Local Government Act 2002

- (A)** *The total value of all above ground assets (excludes land and roads) of the local authority that are covered by insurance contracts is \$237 M. The maximum amount to which they are insured is \$600 M for any one event, including business interruption. (Combined Group limit of five councils).*
- (B)** *The total value of all assets of the local authority that are covered by financial risk sharing arrangements is underground/infrastructure assets with a total value of \$748 M. The maximum amount available to the local authority under those arrangements is \$600 M split 60/40 between Central Government and commercial insurance. (Combined group limit of four councils). The maximum available to Upper Hutt City Council is \$260 M split 60/40 between Central Government and commercial insurance.*
- (C)** *The total value of all assets of the local authority that are self-insured is nil except for any insurance claims below the excess. Council has no funds maintained by the local authority for that purpose.*

Insurance of Council assets

The following information relates to the insurance of Council assets as at 30 June 2023:

	30 JUN 2023 (\$M)	30 JUN 2022 (\$M)
The total value of all Council assets covered by insurance contracts	985	841
○ Above ground assets (excludes land and roads)	237	212
○ Underground/infrastructure assets	748	629
The maximum collective amount to which insured assets are insured	600	600
The total collective value of all Council assets covered by financial risk sharing arrangements	6,836	5225
Maximum amount available to Council under financial risk sharing arrangements	860	860
○ Above ground assets	600	600
○ Below ground assets	260	260
Total value of assets that are self-insured	Nil	Nil
The value of funds maintained for self-insurance	Nil	Nil

In the event of natural disaster, central government may contribute up to 60% towards the restoration of water, drainage, and sewerage assets, and provide a subsidy towards the restoration of roads.

Under Section 33.4.2 of the guide to the National Civil Defence Emergency Management Plan 2006, the Government's policy is to reimburse 60% of other eligible response costs, combined with essential infrastructure recovery repair costs, above a threshold of 0.0075% of the city's net capital value.

Council's threshold excess is \$901,214 (2021: \$901,214).

The logo consists of three stacks of coins of varying heights, rendered in white lines. The tallest stack is on the left, followed by a medium stack, and the shortest stack is on the right.

Ahumoni Financials



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Statement of accounting policies

YEAR ENDED 30 JUNE 2023

NOTE 1 General accounting policies

Reporting entity

Upper Hutt City Council is a territorial local authority established by the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations including the LGA and the Local Government (Rating) Act 2002.

The Upper Hutt City Council '**Group**' consists of Upper Hutt City Council and Whirinaki Whare Taonga—a charitable trust which is 100% owned by Upper Hutt City Council. The '**Parent**,' for the purposes of these financial statements is Upper Hutt City Council.

Upper Hutt City Council (Council) has an interest in the Hutt Valley Wastewater Scheme (refer to Note 9G on page 140 for details of the accounting treatments followed).

Council is a 12.24% shareholder in Wellington Water Limited (WWL). As this is a minority shareholding, the financial results of WWL are not consolidated into the Group's accounts. Instead, the shareholding is held as an investment (included in Note 5). Council contracts WWL to carry out the services and maintenance and development of the *three waters* (water supply, wastewater, and stormwater) infrastructure on its behalf.

The primary objective of Council and Group is the provision of local infrastructure, local public services, and performing regulatory functions for the community. Council does not operate to make a financial return. Accordingly, Council has designated itself and the Group as public benefit entities in Tier 1 entity for the purposes of New Zealand equivalents to International Public Sector Accounting Standards (IPSAS).

The financial statements of Council are for the year ended 30 June 2023. The Annual Report was adopted for issue by Council on 31 October 2023.

Basis of preparation

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

Basis of consolidation

The consolidated financial statements comprise Council, together with Whirinaki Whare Taonga (the 'group') and are prepared by adding together like items of assets, liabilities, equity, income, and expenses on a line-by-line basis. All significant intragroup balances, transactions, revenue, and expenses are eliminated on consolidation.

Council consolidates its subsidiary, Whirinaki Whare Taonga, in the group financial statements as Council has the capacity to control the trust's financing and operating policies so as to obtain benefits from the activities. This power exists where Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by Council or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

The investment in subsidiaries is carried at cost in the Council's parent entity financial statements.

Statement of compliance

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 International Public Sector Accounting Standards (IPSAS), and other applicable financial reporting standards, as appropriate for public benefit entities, in accordance with Tier 1 PBE accounting standards.

Measurement base

The financial statements have been prepared on an historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, and financial instruments (including derivative instruments).

**Presentation
currency and
rounding**

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand (\$'000) apart from the amounts in Note 3A: *Personnel costs and councillor remuneration* and certain amounts in Note 17: *Related party transactions*. The functional currency of Council is New Zealand dollars.

**Foreign currency
transactions**

Foreign currency transactions are translated into 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 surplus or deficit.

**Changes in
accounting policies**

An amendment to PBE IPSAS 2 Cash Flow Statements requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both changes from cash flows and non-cash changes. The new information required by this amendment has been disclosed in Note 15.

Standards issued and not yet effective and not early adopted

**2022 Omnibus
Amendment to
PBE Standards**

This Standard has been issued to amend the relevant Tier 1 and Tier 2 PBE Standards as a result of:

- ⦿ **PBE IPSAS 17 Property, Plant and Equipment:** The amendments change the accounting for any net proceeds earned while bringing an asset into use by requiring the proceeds and relevant costs to be recognised in surplus or deficit rather than being deducted from the asset cost recognised.
- ⦿ **PBE IPSAS 30 Financial Instruments: Disclosures:** The amendment specifically refers to disclosing the circumstances that result in fair value of financial guarantee contracts not being determinable.
- ⦿ **PBE IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets:** The amendments clarify the costs of fulfilling a contract that an entity includes when assessing whether a contract will be loss-making or onerous (and therefore whether a provision needs to be recognised).

The changes are for financial statements covering periods beginning on or after 1 January 2023.

New standards adopted

PBE IPSAS 41 Financial Instruments

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 Financial Instruments, which supersedes both PBE IFRS 9 Financial Instruments and PBE IPSAS 29 Financial Instruments: Recognitions and Measurement. The Council has adopted PBE IPSAS 41 for the first time this year. There has been little change as a result of adopting the new standard, because the requirements are similar to those contained in PBE IFRS 9.

PBE FRS 48 Service Performance Reporting

This standard establishes new requirements for the selection and presentation of service performance information. The Council has adopted PBE FRS 48. PBE FRS 48 requires additional information to be disclosed on the judgements that have the most significant effect on the selection, measurement, aggregation, and presentation of service performance information.

Council has adopted this standard effective from the financial year ended 30 June 2023 without any material impact.

Significant accounting policies

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

Budget figures

The budget figures are those approved by Council at the beginning of the year after a period of consultation with the public as part of the Annual Plan and Long Term Plan process. The budget figures have been prepared in accordance with NZ GAAP that is consistent with the accounting policies adopted by Council for the preparation of financial statements.

Goods and Services Tax (GST)

The Financial Statements have been prepared exclusive of GST, with the exception of trade payables and trade receivables, which are stated as GST inclusive. Where GST is not recoverable as an input tax then it is recognised as part of the related asset or expense.

The net amount for 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 are disclosed exclusive of GST. Contingencies are exclusive of GST.

Critical accounting estimates and assumptions

Critical accounting estimates and assumptions are disclosed within the notes they pertain to. These are:

- ◉ Estimating valuations of infrastructure assets
—Note 9: *Property, plant, and equipment*
- ◉ Estimating the provision for bad debts
—Note 7: *Trade and other receivables*
- ◉ Estimating valuations of financial assets
—Note 5: *Other financial assets*
- ◉ Estimating retirement and long-service leave calculations
—Note 11: *Employee entitlements*

Financial statements

The accompanying accounting policies and notes form part of the financial statements. Explanations of major variances against budget are provided in Note 18.

Statement of comprehensive revenue and expense

REVENUE	NOTE	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)
Rates (net)	2A	49,812	46,119	49,611	49,812	46,119
Fees and charges	2B	8,468	7,756	7,516	8,771	8,062
Reserve fund and financial contributions		1,824	3,908	1,813	1,824	3,908
Subsidies and grants	2C	10,831	13,123	10,676	10,876	13,189
Interest and dividends	2D	1,350	377	309	1,360	378
Gains on investment		0	0	0	0	0
Other Revenue	2E, 20	6,309	15,477	7,098	6,317	15,477
Total revenue		78,593	86,760	77,023	78,960	87,133
EXPENDITURE						
Personnel costs and councillor remuneration	3A	16,665	15,395	18,441	17,466	16,133
Depreciation and amortisation expense	3B	19,649	20,389	23,467	19,694	20,417
Finance costs		4,087	2,196	2,649	4,087	2,196
Water levy		4,901	4,313	4,558	4,901	4,313
Drainage		3,130	2,853	3,156	3,130	2,853
Other expenses	3C, 20	35,282	29,629	31,339	34,772	29,213
Total expenditure		83,713	74,775	83,610	84,050	75,125
SURPLUS/(DEFICIT) BEFORE AND AFTER TAX		(5,120)	11,985	(6,587)	(5,090)	12,008
OTHER COMPREHENSIVE REVENUE AND EXPENSE						
Gains/(losses) on infrastructural property assets revaluations	9F	(513)	66,535	70,455	(513)	66,535
Gains/(losses) on operational and restricted assets revaluations	9A, 9B, 9C, 9E	51,761	(853)	10,612	51,761	(853)
Total other comprehensive revenue and expense		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

The accompanying accounting policies and notes form part of these financial statements. Explanations of major variances against budget are provided in Note 18.

Statement of financial position

EQUITY	NOTE	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)
Accumulated funds	14A	235,002	234,933	231,141	235,353	235,252
Restricted reserves	14B	33,636	32,864	18,561	33,677	32,904
Asset revaluation reserves	14C	701,961	650,713	723,830	701,991	650,743
TOTAL EQUITY		970,599	918,511	973,532	971,021	918,899
CURRENT ASSETS						
Cash and cash equivalents	4	18,973	10,016	1,692	19,240	10,345
Other financial assets	5	13,203	27,000	3,927	13,341	27,039
Derivative Financial Instruments	6, 20	97	32	0	97	32
Receivables	7	7,293	8,305	7,828	7,408	8,305
Inventory		6	11	0	37	35
Non-current assets held for sale	8	590	206	206	590	206
Total current assets		40,162	45,570	13,653	40,713	45,962
NON-CURRENT ASSETS						
Other financial assets	5	2,469	2,116	2,929	2,469	2,116
Derivative financial instruments	6, 20	5,089	4,010	0	5,089	4,010
Receivables	7	19	19	22	19	19
Permanent art collection	9D	0	0	0	59	59
Property, plant, and equipment	9A, 9B, 9C	228,704	158,008	192,362	228,785	158,135
Aquatic assets	9E	18,594	14,126	31,960	18,594	14,126
Infrastructure assets	9F	806,620	800,385	894,149	806,620	800,385
Intangible assets		0	0	(0)	0	0
Total non-current assets		1,061,495	978,663	1,121,422	1,061,635	978,850
TOTAL ASSETS		1,101,657	1,024,233	1,135,075	1,102,347	1,024,812

CURRENT LIABILITIES	NOTE	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)
Payables and deferred revenue	10	16,873	12,702	9,900	17,093	12,848
Derivative financial instruments	6, 20	0	20	217	0	20
Employee entitlements	11	1,944	1,662	684	1,991	1,706
Borrowings and other liabilities	12	11,000	6,000	6,645	11,000	6,000
Total current liabilities		29,817	20,384	17,446	30,084	20,574
NON-CURRENT LIABILITIES						
Derivative financial instruments	6, 20	0	58	2,457	0	58
Employee entitlements	11	241	280	314	241	280
Borrowings and other financial liabilities	12	101,000	85,000	141,326	101,000	85,000
Total non-current liabilities		101,241	85,339	144,097	101,241	85,339
TOTAL LIABILITIES		131,058	105,722	161,543	131,326	105,913
NET ASSETS		970,599	918,511	973,532	971,022	918,899

The accompanying accounting policies and notes form part of these financial statements. Explanations of major variances against budget are provided in Note 18.

Statement of changes in equity

OPERATING ACTIVITIES	NOTE	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)
Balance at 1 July	20	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	20	46,128	77,667	74,480	46,159	77,690
Balance at 30 June	20	970,599	918,511	973,532	971,022	918,899

The accompanying accounting policies and notes form part of these financial statements. Explanations of major variances against budget are provided in Note 18.

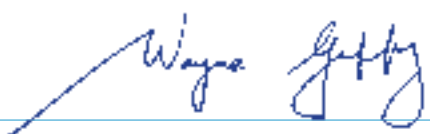
Statement of cash flows

OPERATING ACTIVITIES	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)
Cash was provided from:					
Rates	49,618	46,263	66,420	49,618	46,263
Other receipts	25,587	27,577	0	27,000	29,019
Interest received	1,350	377	309	1,358	378
Dividends received	0	0	0	0	0
Regional Council rates	14,081	12,952	0	14,081	12,952
	90,636	87,169	66,729	92,057	88,612
Cash was applied to:					
Payments to suppliers	(38,276)	(35,912)	(59,642)	(38,929)	(36,612)
Payments to employees	(16,422)	(15,106)	0	(17,217)	(15,835)
Interest paid	(3,296)	(1,928)	(2,649)	(3,296)	(1,928)
Goods and Services Tax (net)	(575)	(253)	0	(575)	(253)
Regional Council rates	(13,138)	(12,894)	0	(13,138)	(12,894)
	(71,707)	(66,093)	(62,291)	(73,155)	(67,522)
Net cash inflow (outflow) from operating activities	18,929	21,076	4,438	18,902	21,090

INVESTING ACTIVITIES	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)
Cash was provided from:					
Proceeds from sale of plant, property, and equipment	(1)	0	0	(1)	0
Interest on term deposits	0	0	0	1	0
Special funds	0	0	0	70	0
Maturity of investments	13,444	0	5,888	13,344	58
	13,443	0	5,888	13,414	58
Cash was applied to:					
Purchase of investments	0	(16,000)	0	0	(16,000)
Purchase of property, plant, and equipment	(44,415)	(29,682)	(71,162)	(44,423)	(29,685)
	(44,415)	(45,682)	(71,162)	(44,423)	(45,685)
Net cash inflow (outflow) from investing activities	(30,972)	(45,682)	(65,274)	(31,009)	(45,627)
FINANCING ACTIVITIES					
Cash was provided from:					
Loan raised	25,985	30,079	62,956	25,985	30,079
Cash was applied to:					
Loan repayments	(4,985)	(5,390)	(4,985)	(4,985)	(5,390)
Net cash inflow (outflow) from financing activities	21,000	24,689	57,971	21,000	24,689
Net increase (decrease) in Cash, Cash Equivalents and Bank Overdrafts	8,957	83	(2,865)	8,894	152
Cash and cash equivalents as at 01 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

The forecast opening balance of budget year 2022 – 2023 may not agree to the closing balance of year 2021 – 2022 due to the budget being finalised before year end.

The accompanying accounting policies and notes form part of these financial statements. Explanations of major variances against budget are provided in Note 18.



Wayne Guppy | MAYOR



Kate Thomson | INTERIM CHIEF EXECUTIVE

NOTE 2 Revenue

Exchange transactions

Exchange transactions are transactions where Council receives assets (primarily cash) or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to another entity in exchange.

Non-exchange transactions

In a non-exchange transaction, Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange.

An inflow of resources from a non-exchange transaction recognised as an asset, is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Specific accounting policies for major categories of revenue

Rates

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which rates have been set. Rates revenue is recognised when each instalment is invoiced.

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

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

Revenue from late payment penalties is recognised when they are incurred.

**Waka Kotahi
roading subsidies**

Council receives government grants from Waka Kotahi—New Zealand Transport Agency (NZTA), which subsidise part of our costs in maintaining the local roading infrastructure and capital expenditure on the roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

**Other grants
received**

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

**Metered water
charges**

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

**Building and
resource consent
revenue**

Fees and charges for building and resource consent services are initially recognised at time of application with any additional charges being recognised prior to completion.

Sale of goods

Revenue from sale of goods is recognised when a product is sold to the customer. Sales are usually in cash or by credit card.

**Vested or donated
physical assets**

For assets received for no or nominal consideration, the asset is recognised at its fair value when Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

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 developments, the fair value is based on construction price information provided by the property developer.

For long-lived assets that must be used for a specific use (e.g. land must be used as a recreation reserve), Council immediately recognises that fair value of the asset as revenue. A liability is recognised only if Council expects that it will need to return or pass the asset to another party.

Commission

Where revenue is derived by acting for another party, the revenue that is recognised is the commission or fees on the transactions.

Interest and dividends

Interest income is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest rate.

Dividends are recognised when the right to receive payment has been established.

Dividends are recognised in surplus or deficit unless the dividend clearly represents a recovery as part of the cost of the investment.

Donations

Permanent collection—Whirinaki Ware Taonga

Donations of works of art are recognised at estimated fair value pending a valuation carried out by an independent registered valuer.

Reserve fund and financial contributions

The revenue is recognised when Council provides, or is able to provide, the service for which the contribution was charged or when the subdivision is substantially complete. Contributions in advance are collected and transferred into their respective special funds. These funds can only be used when the capital works in their respective areas can be fully funded.

2A Non-exchange revenue rates

	ACTUAL PARENT 30 JUN 2023 (\$000)	ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2022 (\$000)
General rates	33,485	29,876	33,485	29,876
Targeted water fire protection rates	1,845	1,659	1,845	1,659
Targeted water supply rates	5,580	4,939	5,580	4,939
Targeted stormwater disposal rates	2,772	2,141	2,772	2,141
Targeted wastewater pan charges	6,203	7,580	6,203	7,580
Rates penalties	237	258	237	258
Total non-exchange gross rates revenue	50,121	46,452	50,121	46,452
LESS REMISSION				
Land used for sport (general rates)	89	110	89	110
Rates penalties remissions	50	53	50	53
Remission Economic Development Stimulus Policy	170	170	170	170
Total remission	309	333	309	333
TOTAL NON-EXCHANGE REVENUE NET OF REMISSION	49,812	46,119	49,812	46,119

The total amount of rates charged on Council-owned properties that have not been eliminated from revenue and expenditure is \$2,445,000 (2022: \$2,216,000). For the group, rates of \$2,445,000 (2022: \$2,216,000) have not been eliminated.

2B Fees and charges revenue

	ACTUAL PARENT 30 JUN 2023 (\$000)	ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2022 (\$000)
Permit and licence fees	2,974	2,710	2,974	2,710
Metered water charges ³⁴	2,002	1,421	2,002	1,421
Property rentals	197	183	197	183
H ₂ O Xtream and Whirinaki Whare Taonga charges	798	747	1,102	1,053
Library, parks, and community charges	85	67	85	67
Other charges ³⁵	714	1,703	714	1,703
Total non-exchange fees and charges revenue	6,770	6,201	7,073	6,507
Solid waste	731	582	731	582
Dog charges	526	514	526	514
Cemetery charges	442	459	442	459
Total exchange fees and charges revenue	1,698	1,555	1,698	1,555
TOTAL FEES AND CHARGES REVENUE	8,468	7,756	8,771	8,062

34. Metered water charges are user charges imposed under Council's Water Supply Bylaw (2008) and thus treated as fees and charges. Under *Metered water charges*, Council has \$24 K of water charges charged to Council properties from income and other operating expenses (2022: \$38 K).

35. Under *Other charges*, Council has \$0 of other internal charges and other operating expenses (2022: \$0).

2C Non-exchange revenue subsidies and grants

	ACTUAL PARENT 30 JUN 2023 (\$000)	ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2022 (\$000)
Roading subsidies (Waka Kotahi)	3,325	3,264	3,325	3,264
Three Waters stimulus funding (DIA)	999	3,938	999	3,938
Social community project grants	246	418	246	418
Crown Infrastructure	6,261	5,403	6,261	5,403
Donations from Whirinaki Whare Taonga for extension	0	100	0	100
Other grants and subsidies	0	0	45	65
Total non-exchange revenue subsidies and grants	10,831	13,123	10,876	13,189

There are no unfilled conditions and other contingencies attached to subsidies and grants recognised.

2D Exchange revenue interest (\$000)

	ACTUAL PARENT 30 JUN 2023 (\$000)	ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2022 (\$000)
Other financial assets	1,350	376	1,350	376
Trade receivables—community loans	1	1	1	1
Dividends	0	0	10	1
Total interest	1,350	377	1,360	378

2E Non-exchange other revenue

	NOTE	ACTUAL PARENT 30 JUN 2023 (\$'000)	RESTATED ACTUAL PARENT 30 JUN 2022 (\$'000)	ACTUAL GROUP 30 JUN 2023 (\$'000)	RESTATED ACTUAL GROUP 30 JUN 2022 (\$'000)
Cost reimbursement from other agencies		763	2,403	763	2,403
Insurance recoveries		0	0	0	0
Petrol tax subsidies		128	89	128	89
Vested assets		3,885	6,043	3,885	6,043
Parking and vehicle infringements		310	307	310	307
Profit on disposal of assets		0	0	0	0
Gain on remeasurement of derivatives	20	1,223	6,634	1,231	6,634
Total other revenue		6,309	15,477	6,317	15,477

2F Non-cancellable operating lease commitment as a lessor

Council has no investment property, however it does hold some property for strategic purposes in the development of the city. These properties, while being held for development, are leased under operating leases. The majority of these leases have a non-cancellable term of up to five years.

The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	ACTUAL PARENT 30 JUN 2023 (\$'000)	ACTUAL PARENT 30 JUN 2022 (\$'000)	ACTUAL GROUP 30 JUN 2023 (\$'000)	ACTUAL GROUP 30 JUN 2022 (\$'000)
Not later than one year	374	248	374	248
Later than one year and not later than five years	1,025	479	1,025	479
Later than five years	1,678	1,068	1,678	1,068
Total non-cancellable operating leases	3,078	1,795	3,078	1,795

No contingent rents have been recognised in the *Statement of comprehensive revenue and expense* during the period (2022: \$0).

NOTE 3 Expenses

Borrowing costs	All borrowing costs are recognised as an expense in the period in which they are incurred. Council does not capitalise its interest on borrowings.
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 the 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 the Council's decision.
Allocation of overheads to significant activities	The gross costs of Support Services have been allocated to individual significant activities. These overheads have been allocated at the most appropriate pre-determined basis such as actual usage, staff numbers, rates contribution, floor area, etc—applicable to the service provided to each significant activity.
Internal transactions	Each cost centre is stated with the inclusion of internal costs and revenues. In order to present a true and fair view in the financial statements, these transactions have not been eliminated. This method has no effect on the operating result for the year.
Income taxation	Council has a tax exemption in relation to the surplus or deficit for the period.
Personnel costs	Salaries and wages Salaries and wages are recognised as an expense as employees provide services. Superannuation schemes Employer contributions to KiwiSaver and the Government Superannuation Fund are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

3A Costs and remuneration for personnel and elected representatives

BREAKDOWN OF COSTS AND REMUNERATION	ACTUAL PARENT 30 JUN 2023 (\$000)	ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2022 (\$000)
Salaries and wages	15,998	14,720	16,695	15,391
Defined contributions plan employee contributions	425	387	442	387
Increase/decrease employee entitlements	242	288	246	293
Other	0	0	83	62
Total costs and remuneration for personnel and elected representatives	16,665	15,395	17,466	16,133

Remuneration of the former Chief Executive

Council's Chief Executive is appointed under section 42(1) of the Local Government Act 2002. The former Chief Executive's remuneration package as at 30 June was:

FORMER CHIEF EXECUTIVE'S ACTUAL REMUNERATION	30 JUN 2023 (\$)	30 JUN 2022 (\$)
Salary	310,320	299,426
Private use of a car	11,374	11,374
Total actual remuneration, including fringe benefit tax	321,694	310,800

Remuneration of elected representatives

During the year Upper Hutt City Council paid total costs, including meeting allowances of \$612,887 (2022: 564,418) to elected representatives, as follows:

	30 JUN 2023 (\$)	30 JUN 2022 (\$)
His Worship the Mayor, Wayne Guppy	143,704	134,123
Deputy Mayor Hellen Swales	59,595	54,688
Cr. Dave Wheeler	51,743	47,417
Cr. Blair Griffiths	49,061	47,398
Cr. Chris Carson	49,061	47,398
Cr. Heather Newell	50,606	43,751
Cr. Dylan Bentley	45,650	36,460
Cr. Tracey Ultra	40,285	36,460

	30 JUN 2023 (\$)	30 JUN 2022 (\$)
Cr Matt Carey (elected October 2022)	28,915	0
Cr Bill Hammond (elected October 2022)	28,915	0
Cr Emma Holderness (elected October 2022)	28,969	0
Cr. Steve Taylor (not re-elected October 2022)	13,643	43,803
Cr. Paul Lambert (not re-elected October 2022)	11,370	36,460
Cr. Angela McLeod (not re-elected October 2022)	11,370	36,460
Total remuneration of elected representatives	612,887	564,418

Included in the payments above are resource consent hearing fees and liquor licensing/hearing fees to the following elected members. These fees are recoverable from applicants. Note these payments are to the nearest dollar.

	30 JUN 2023 (\$)	30 JUN 2022 (\$)
His Worship the Mayor, Wayne Guppy	8,346	3,081
Cr. Dave Wheeler	0	20
Total resource consent and liquor licencing hearing fees	8,346	3,101

Severance payments

For the year ending 30 June 2023, Council made no severance payment to employees (2022: \$0).

3B Depreciation and amortisation expense by group of activity group

	ACTUAL PARENT 30 JUN 2023 (\$000)	ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2022 (\$000)
Leadership	0	0	0	0
Community and recreation	4,774	5,218	4,774	5,245
Economic development	7	7	7	7
Water supply	2,438	2,438	2,438	2,438
Wastewater	4,373	4,683	4,373	4,683
Stormwater	2,584	2,584	2,629	2,584
Land transport	5,444	5,433	5,444	5,433
Sustainability	27	23	27	23
Planning and regulatory	3	3	3	3
Total depreciation and amortisation expenses	19,649	20,389	19,694	20,417

3C Other expenses

	NOTE	ACTUAL PARENT 30 JUN 2023 (\$000)	RESTATED ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	RESTATED ACTUAL GROUP 30 JUN 2022 (\$000)
Audit NZ fees for audit of financial statements and performance information		192	162	209	162
Audit NZ fees for audit of Long Term Plan 2021 – 2031		0	0	0	0
Grants		1,206	1,055	1,206	1,055
Consultants		1,363	1,519	1,363	1,519
Disaster Fund Insurance		736	546	736	546
Electricity and gas energy		404	550	404	550
Fringe benefit tax (FBT)		77	68	77	68
IT maintenance and support		2,006	1,835	2,006	1,835
Insurance		1,136	939	1,146	939
Land transport general maintenance		3,666	2,604	3,666	2,604
Loss on disposal of assets		4,078	700	4,078	700
Parks, reserves, and sportsground maintenance		3,056	2,193	3,056	2,193
Rates on Council properties		2,445	2,216	2,445	2,216
Rental charges		672	391	838	391
Stormwater (drain) maintenance		670	657	670	657
Wastewater (sewer) maintenance		926	478	926	478
Water (supply) maintenance		2,392	1,119	2,392	1,119
Wellington Water contract/management fees		1,270	1,172	1,270	756
Three Waters Stimulus		328	3,878	328	3,878
Other operating expenses	20	8,658	7,548	7,955	7,548
Total other expenses		35,282	29,629	34,772	29,213

Internal charges

Upper Hutt City Council rates on Council properties and metered water charges are included as part of the revenue and expenses.

	ACTUAL PARENT 30 JUN 2023 (\$000)	ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2022 (\$000)
Upper Hutt City Council rates on Council properties	2,068	1,876	2,068	1,876
Metered water charges on Council properties	24	38	24	38
Total internal charges	2,092	1,914	2,092	1,914

3D Operating leases

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

Operating leases as lessee

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$0 (2022: \$0).

Leases are mostly for either a 12, 24 or 36 month term which can be renewed at the end of that term at Council's option with rents set by reference to current market rates for items of equivalent age and condition.

On some contracts Council does have the option to purchase the asset at the end of the lease term but does not exercise that right.

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

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

NON-CANCELLABLE OPERATING LEASE COMMITMENT AS A LESSEE FOR PROPERTY, PLANT, AND EQUIPMENT	ACTUAL PARENT 30 JUN 2023 (\$000)	ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2022 (\$000)
Not later than one year	433	418	433	418
Later than one year and not later than five years	624	761	624	761
Later than five years	30	46	30	46
Total non-cancellable operating leases	1,088	1,225	1,088	1,225

NOTE 4 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with bank, and other short-term highly liquid investments with original maturities of three months or less.

Bank overdrafts Bank overdrafts are shown within borrowing in current liabilities in the Statement of financial position.

Short term-deposits The carrying value of short term-deposits with maturity dates of three months or less approximates their fair value.

Unspent funds Council holds unspent funds included in cash at bank, and term deposits (see Note 5: *Other financial assets*) that are subject to restrictions. These unspent funds relate to monies which are received or levied for a specific purpose or benefit a discrete group of users. These are contained within our restricted reserves and are detailed in Note 14: *Equity*.

CASH AND CASH EQUIVALENTS	ACTUAL PARENT 30 JUN 2023 (\$000)	ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2022 (\$000)
Cash on hand	2	2	2	2
Bank balances	1,972	1,014	2,238	1,343
Call account	17,000	9,000	17,000	9,000
Total cash and cash equivalents	18,973	10,016	19,240	10,345

Although cash and cash equivalents at 30 June 2023 are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised because the estimated allowance is trivial.

NOTE 5 Other financial assets

Classifications

Council classifies its financial assets into the following three categories:

- financial assets at fair value through surplus or deficit;
- financial assets at amortised cost; and
- financial assets at fair value through other comprehensive revenue and expense.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets at fair value through surplus or deficit

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so, designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in surplus or deficit.

Financial assets in this category include shares, bonds, and derivatives.

Financial assets at amortised cost

These 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.

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

Investments in this category include term deposits and borrower notes.

Financial assets at fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense 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 share investments within 12 months of balance date or if the debt instrument is not expected to be realised within 12 months of balance date.

This category encompasses:

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

After initial recognition these investments are measured at their fair value.

Gains and losses are recognised directly 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 expense is reclassified from equity to surplus or deficit.

Impairment of financial assets

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

Financial assets at amortised cost and held-to-maturity investments

Impairment is established when there is evidence that Council and Group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor 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 assets 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 an allowance account, and the amount of the loss is recognised in the surplus or deficit.

When the receivable is uncollectible, it is written off against the allowance account.

Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

Impairment of term deposits, local authority stock, government bonds, and community loans, are recognised directly against the instrument's carrying amount.

Financial assets at fair value through other comprehensive revenue and expense

For shares, a significant or prolonged decline in the fair value of the shares below its cost is considered to be objective evidence of impairment. For listed bonds, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments is considered to be objective evidence of impairment. If impairment evidence exists, the cumulative loss recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

Impairment losses on shares recognised in the surplus or deficit are not reversed through the surplus or deficit. If in a subsequent period the fair value of listed bonds increases and the increase can be objectively related to an event after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Breakdown of other financial assets

	ACTUAL PARENT 30 JUN 2023 (\$000)	ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2022 (\$000)
CURRENT PORTION				
Financial assets at amortised cost				
Term deposits	13,000	27,000	13,138	27,039
Fair value through surplus or deficit				
LGFA ³⁶ borrower notes	203	0	203	0
Total current portion	13,203	27,000	13,341	27,039

36. Local Government Funding Agency.

NON-CURRENT PORTION	ACTUAL PARENT 30 JUN 2023 (\$000)	ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2022 (\$000)
Fair value through surplus or deficit				
LGFA borrower notes	2,300	1,942	2,300	1,942
Fair value through Equity—unlisted shares:				
NZLG Insurance Corporation Ltd (trading as Civic Assurance)	47	51	47	51
Smartlinx3 Ltd	43	43	43	43
Wellington Water Ltd	80	80	80	80
Total non-current portion	2,469	2,116	2,469	2,116

Fair value The carrying value of other financial assets approximates their fair value.

Impairment There were no impairment provisions for other financial assets (2022: \$0).

NOTE 6 Derivative financial instruments

Council's derivative financial instruments are interest rate swaps.

Council enters into contracts to swap floating interest rates for fixed interest rates. Council uses derivative financial instruments to manage exposure to interest rate risks arising from financial activities. In accordance with its Treasury Policy, Council does not hold or issue derivative financial instruments for trading purposes. Council has not adopted hedge accounting.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The associated gains or losses on derivatives that are not hedge accounted are recognised in the surplus or deficit.

Interest rate swaps—fair value

The fair values of interest rate swaps have been determined by calculating the expected future cash flows under the terms of the swaps and discounting these values to present values. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

Amounts

The notional principal amounts of the interest rate swap contracts for the Council as at 30 June 2023 is \$94 M (2022: \$68 M).

6A Financial instruments

INTEREST RATE SWAPS NOT HEDGE ACCOUNTED	NOTE	ACTUAL PARENT 30 JUN 2023 (\$000)	RESTATED ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	RESTATED ACTUAL GROUP 30 JUN 2022 (\$000)
Current asset portion	20	97	32	97	32
Non-current asset portion	20	5,089	4,010	5,089	4,010
Current liability portion	20	0	(20)	0	(20)
Non-current liability portion	20	0	(58)	0	(58)

6B Timing of nominal principal amounts and average fixed rates of interest rate swaps

COUNCIL 2023	< 1 YEAR	1 - 2 YEARS	3 - 5 YEARS	> 5 YEARS
Interest rate swaps—not hedge accounted				
Nominal amount (\$000)	4,000	8,000	39,000	43,000
Average fixed rate	3.60%	3.68%	3.06%	3.33%

GROUP 2023

Interest rate swaps—not hedge accounted				
Nominal amount (\$000)	4,000	8,000	39,000	43,000
Average fixed rate	3.60%	3.68%	3.06%	3.33%

Fair value

The fair values of interest rate swaps have been determined by calculating the expected future cash flows under the terms of the swaps and discounting these values to present value. The inputs into the

valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

NOTE 7 Receivables

Effective this financial year 2022 – 2023 Council has implemented the new standard PBE IPSAS 41 Financial Instruments for Receivables recognition and measurement. The new standard is effective for annual periods beginning on or after 1 January 2022 and replaces PBE IFRS 9 and PBE IPSAS 29. It requires a new forward-looking simplified approach to calculating the allowance for doubtful debts for receivables. This allowance is called the Expected Credit Loss (ECL).

Council has applied a simplified ECL calculation model to aged non-rates receivables to recognise actual losses plus possible future defaults and non-recoverability. Previous accounting standards provided for doubtful debts based on actual losses incurred only.

Expected Credit Loss allowance

The ECL allowance has been calculated based on rate of actual bad debts written off plus forward adjustment factors to derive the forecast default rate. The forward adjustment factors used were the average Treasury forecasted unemployment rate, inflation rate, and GDP growth rate.

Impairment of receivables

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

Council does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances.

Community loans

The fair value of community loans is \$19,000 (2022: \$23,000). Fair value has been determined using cash flows discounted at a rate of 1 – 3% (2022: 1 – 3%).

The face value of community loans is \$19,000 (2022: \$23,000).

The Council's community loan scheme is designed to help not-for-profit organisations in the Upper Hutt community to develop or improve new or existing facilities and other major projects. Only organisations with the ability to repay are granted loans. Council may at its discretion require a qualifying body to provide security for a loan. Interest in the first year is 0%, year 2 is 1%, year 3 is 2%, and year 4 and subsequent years is 3%. The fair value of loans at initial recognition has been determined using cashflows at a rate based on the loan recipient's assessed financial risk factors.

The carrying value of trade and other receivables (excluding community loans) approximates their fair value.

There is no concentration of credit risk with respect to receivables outside the group, as the group has a large number of customers.

As of 30 June 2023 and 2022, all overdue receivables (except for rates receivables) have been assessed for impairment and appropriate provisions applied. Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The impairment provision has been calculated based on expected losses for Council's pool of debtors.

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

RECEIVABLES	ACTUAL PARENT 30 JUN 2023 (\$000)	ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2022 (\$000)
Rates receivables	995	813	995	813
Sundry debtors	1,083	1,705	1,100	1,724
Related party receivables	0	69	(69)	0
Crown Infrastructure funding	0	1,239	0	1,239
Community loans	19	23	19	23
GST	1,393	818	1,408	818
Accrued revenue	1,509	1,850	1,512	1,810
Prepayments	2,453	1,857	2,602	1,947
	7,452	8,374	7,567	8,374
Less provision for impairment of receivables	(140)	(50)	(140)	(50)
TOTAL TRADE AND OTHER RECEIVABLES	7,312	8,324	7,427	8,324
Less non-current portion(s)—community loans	(19)	(19)	(19)	(19)
Total current portion	7,293	8,305	7,408	8,305
Receivables from non-exchange transactions: Includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	7,005	8,126	7,120	8,126
Receivables from exchange transactions: Includes outstanding dog charges, and cemetery and solid waste transactions	307	198	307	198
	7,312	8,324	7,427	8,324

The allowance for credit losses for Parent is determined as follows:

30 JUNE 2023	RECEIVABLE DAYS PAST DUE				TOTAL
	CURRENT	> 30 DAYS	> 60 DAYS	> 90 DAYS	
Expected credit loss rate	0.2%	0.5%	10.3%	41.8%	12.9%
Gross carrying amount (\$000)	518	227	11	327	1,083
Lifetime expected credit loss (\$000)	1	1	1	137	140
30 JUNE 2022					
Expected credit loss rate	0.9%	12.6%	33.7%	6.1%	2.8%
Gross carrying amount (\$000)	1,478	110	41	145	1,774
Lifetime expected credit loss (\$000)	14	14	14	9	50

Movements in the allowance for credit losses are as follows:

	2023 (\$000)	2022 (\$000)
Balance as at 1 July	50	50
Increase/(decrease) in loss allowance made during the year	91	14
Receivables written off during the year	(1)	(14)
Balance as at 30 June	140	50

The above ECL tables are allowances for credit losses on receivables for Parent only. No credit loss allowances were calculated for the Group as the value of the subsidiary's receivables are not material and the credit loss allowance information was not available.

The age of rates receivable overdue that have not been impaired are as follows:

AGE OF RATES RECEIVABLES	ACTUAL PARENT 30 JUN 2023 (\$000)	ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2022 (\$000)
Current 90 days over	832	658	832	658
1 to 2 years old	111	88	111	88
2 to 3 years old	43	60	43	60
Greater than 3 years old	9	7	9	7
Carrying amount as at 30 June	995	813	995	813

The age of sundry debtors, including related party receivables, are as follows:

AGE OF SUNDRY DEBTORS	ACTUAL PARENT 30 JUN 2023 (\$000)	ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2022 (\$000)
Past due 1 – 30 days	518	1,478	467	1,428
Past due 31 – 60 days	227	110	227	110
Past due 61 – 90 days	11	41	11	41
Past due greater than 90 days	327	145	327	145
Carrying amount as at 30 June	1,083	1,774	1,032	1,724

The expected credit loss rates for receivables at 30 June 2022 and 30 June 2023 are based on the payment profile of revenue on credit over the prior two years at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the recoverability of receivables. Given the short period of credit risk exposure, the effect of macroeconomic factors is not considered significant.

There have been no changes during the reporting period in the estimation techniques or significant assumptions used in measuring the loss allowance.

NOTE 8 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, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less cost of sales.

Impairment losses Any impairment losses for writedown of non-current assets held for sale are recognised in the surplus or deficit.

Increases in fair value Any increases in fair value (less cost 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. Council has identified a parcel of land at Duncraig Street as being made available for sale. The increase in fair value of land is attributed to revaluation movement.

NON-CURRENT ASSETS HELD FOR SALE	ACTUAL PARENT 30 JUN 2023 (\$000)	ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2022 (\$000)
Land	590	206	590	206
Total non-current assets held for sale	590	206	590	206

NOTE 9 Property, plant, and equipment, and intangible assets

Intangible assets

Software acquisition and development Acquired computer software licences are capitalised on the basis of the costs to acquire, and bring to use, the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by Council, are recognised as intangible assets. Direct costs include software development, employee costs, and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and maintenance of Council's website are recognised as an expense when incurred.

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 Statement of Comprehensive Revenue and Expense.

The useful life and associated amortisation rate of computer software has been estimated as 3 years (33%).

Property, plant, and equipment

THIS IS SPLIT INTO FOUR SECTIONS:

- ① **Operational property, plant, and equipment**—which includes land, buildings, improvements, street trees, library books, plant and equipment, and motor vehicles.
- ② **Restricted property, plant, and equipment**—which is mainly parks and reserves owned by Council which provide a benefit or service to the community and cannot be disposed of because of legal restrictions.
- ③ **Aquatic Assets**—building, plant, and equipment relating to the H₂O Xstream pool facility.
- ④ **Infrastructure assets**—assets are the fixed utility network systems owned by Council and include roading, water, stormwater, and wastewater assets. Each asset class includes all items that are required for the network to function.

Infrastructure assets (except land under roads) are measured at fair value less accumulated depreciation and impairment losses. Land under roads is held at cost.

All property, plant, and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

REVALUATION

Council accounts for revaluations of property, plant, and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset in other comprehensive revenue and expenses. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus or deficit. Any subsequent increase or revaluation that offset a previous decrease in value is recognised in the surplus or deficit up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset under other comprehensive revenue and expenses.

Those asset classes that are revalued are valued on a valuation cycle as described below. All other asset classes are carried at depreciated historical costs. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

Operational assets

Land and buildings were revalued as at 30 June 2023 by Martin Veale FNZIV & FPINZ, a Senior Director at Telfer Young.

The land component of the valuation is derived from market-based evidence based on its highest and best correlation with reference to sales of comparably zoned land in surrounding areas.

Adjustments are made to land values where there is a designation against the land or the use of the land is restricted because of reserve status.

The revalued operational building assets are valued either on a depreciated replacement cost or optimised depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. These include:

- The replacement costs of the specific assets are adjusted where appropriate for optimisation due to over-design or surplus capacity. There have been no optimisation adjustments for the most recent valuations.
- The replacement cost is derived from recent construction contracts of modern equivalent assets and Property Institute of New Zealand cost information. Construction costs range from \$350 to \$5,000 per square metre, depending on the nature of the specific asset valued.

- The remaining useful life of assets is estimated after considering factors such as the condition of the asset, future maintenance and replacement plans, and experience with similar buildings.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Infrastructure assets

Roading assets were independently valued as at 30 June 2021 by WSP Opus. The asset valuation was completed using the *RAMM Asset Valuation Module*. Roothing assets were valued using the optimised depreciated replacement cost method.

Water, stormwater, and wastewater assets were valued by AON Valuation Services Ltd as at 30 June 2022. The assets are valued under the depreciated replacement cost method and in accordance with the *New Zealand Infrastructure Asset Valuation and Depreciation Guidelines 2006*. The valuer was Roger Khoo MPINZ. These assets are due to be revalued again in June 2025.

Infrastructure assets are revalued at least every 3 years.

Hutt Valley Wastewater Scheme

These assets were valued by AON Valuation Services Limited as at 31 May 2022. The majority of these assets are valued at *optimised depreciated replacement cost* (ODRC), and the remaining at *depreciated replacement cost*. The valuer was Roger Khoo MPINZ. These assets are due to be revalued again in May 2025.

Land under roads

Under PBE IPSAS reporting standards Upper Hutt City Council has elected to use the fair value of land under roads as 30 June 2004 as deemed cost. Land under roads is no longer revalued.

Restricted assets

These are operational assets that cannot be disposed of because of legal and other restrictions. These assets have been revalued as at 30 June 2023 by Martin Veale FNZIV & FPINZ, a Senior Director at Telfer Young. These assets are valued under the depreciated replacement cost method.

Parks plant and equipment assets were revalued as at 30 June 2023 by Martin Veale FNZIV & FPINZ, a Senior Director at Telfer Young.

Street trees

Street trees have been valued as at 30 June 2018 by Peter Ollivier Bsc BE (Civil) FIPENZ CPEng, IntPE MICE an independent valuer of Calibre Consulting Ltd. Street trees typically have a long life and increase in size over this period. It is not generally possible to replace a large mature street tree on a like for like basis. Thus, Council has chosen to value all street trees on the typical cost that would be incurred for a young replacement tree. For this reason, street trees will not be depreciated and revaluations will be carried out five-yearly.

Library collection

Council's library collection has been revalued at depreciated replacement cost as at 30 June 2019 in accordance with guidelines released by the New Zealand Library Association and the National Library of NZ using the readily available market prices to determine fair value. Council's library collection and heritage book collection was revalued as at 30 Jun 2019 by the Upper Hutt City Library Content Team Leader. The valuation was independently peer reviewed by Shannon Simpson, Content Manager at Palmerston North City Council. Revaluations are carried out four-yearly. The next revaluation will take place during the 2023 – 2024 year.

Works of art

Works of Art are revalued every five years based on an estimate of current market value by an independent registered valuer. The Pumpkin Cottage collection was independently revalued on 20 July 2022 by Art+Object Limited. Revaluations are conducted more frequently if, at any balance date, the fair value differs materially from the carrying amount.

ADDITIONS

Recognition

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 of the item will flow to Council and the cost of the item can be measured reliably. In most instances, an item of property, plant, and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

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

DISPOSALS

Gains and losses

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included 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

Timing and reliable measurement

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 Council 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.

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

Assets not subject to amortisation

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

Assets subject to amortisation

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

Impairment loss

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. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets

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

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost 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.

Depreciation

All assets, except for land, road formations, and street trees, have been depreciated on either a straight-line or diminishing value (DV) basis at rates estimated to write off the cost of the assets over their estimated useful life.

Hutt Valley Wastewater Scheme assets are controlled by Hutt City Council. Council is entitled to a share in any sale proceeds of these assets. The Seaview wastewater treatment plant is depreciated at 20 years and sewerage pipelines at 40 – 80 years.

The specific rates of depreciation applied to major classes of assets are:

OPERATIONAL ASSETS	YEARS	INFRASTRUCTURE ASSETS	YEARS
Buildings	10 – 100	Telemetry	
Buildings fit-out and services	10 – 40	Civil works	80 – 100
Furniture and office equipment	5 – 15	Mechanical and electrical plant, outlets, pumps	20 – 50
Library books	3 – 5	Pipework, appurtenances, and associated structures	50 – 100
Motor vehicles	5 – 25	Electronic equipment	10 – 20
Parks and reserves services	10 – 100	Roading	
Plant and equipment	4 – 50	Bridges	20 – 100
		Car parks	50
INFRASTRUCTURE ASSETS	YEARS	Culverts	50 – 80
Water supply		Footpaths/accessways	30 – 60
Civil works	80 – 100	Roads (except land and formation)	4 – 30
Mechanical and electrical plant, outlets, pumps	20 – 50	Roundabouts	50
Pipework, appurtenances, and associated structures	50 – 100	Stormwater channels	15 – 60
Reservoirs, intake structure	100	Street and traffic lights	5 – 50
Wastewater		Street furniture and other features	12 – 25
Civil works	80 – 100	Subways	80
Electronic equipment	10 – 20	Sumps	60
Mechanical and electrical plant, outlets, pumps	15 – 50		
Pipework, wastewater mains	50 – 100	DIMINISHING VALUE DEPRECIATION	YEARS
Stormwater		Furniture and office equipment	5
Civil works	80 – 100	Plant and equipment	4 – 50
Mechanical and electrical plant, outlets, pumps	20 – 50	Vehicles and plant	5 – 105
Pipe work, appurtenances, and associated structures	50 – 100		

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

Critical accounting estimates and assumptions

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

Infrastructure assets

There are a number of assumptions and estimates used when performing Depreciated Replacement Cost valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example stormwater, wastewater, and water supply pipes those 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.
- 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 the 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 surplus or deficit. To minimise this risk Council infrastructural asset useful lives have been determined with reference to the *New Zealand Infrastructure 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 Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

Council has no flood protection or control works to disclose as this is covered by Greater Wellington Regional Council. Water has no treatment plants and facilities. Council's wastewater treatment plant and facilities are shared under a joint arrangement with Hutt City called the Hutt Valley Wastewater Scheme.

Council's three waters data is continuously improving as better information is obtained through the maintenance and replacement of assets. As part of completing the valuation, the expert valuer must therefore apply professional judgement to aspects of the data where required. Our water data has a confidence rating of 'B' which is regarded as reliable but has minor shortcomings.

The expert valuer also applies professional judgement in determining asset replacement rates, the valuer makes these judgements based on consideration of recent replacement costs, knowledge of the network, and other information available at the time of the valuation.

9A Council operational assets, property, plant, and equipment

	LAND INCLUDING STREET TREES (\$'000)	BUILDINGS (\$'000)	FURNITURE & EQUIPMENT (\$'000)	LIBRARY BOOKS (\$'000)	MOTOR VEHICLES (\$'000)	PLANT & EQUIPMENT (\$'000)	WORK IN PROGRESS (\$'000)	TOTAL (\$'000)
Cost or valuation								
Balance 1 July 2021	27,165	39,200	1,183	1,651	870	1,144	1,951	73,164
Additions	0	303	19	216	297	66	2,026	2,928
Revaluation increase/(decrease)	0	0	0	0	0	(0)	0	(0)
Disposals /write-offs	(26)	0	0	0	(6)	(7)	0	(38)
Transfers	0	0	0	0	0	0	(1,170)	(1,170)
Cost or valuation at 30 June 2022	27,140	39,503	1,203	1,868	1,161	1,203	2,807	74,884
Add 2022 - 2023 movements								
Additions	0	1,870	247	226	0	88	3,942	6,371
Revaluation increase/(decrease)	16,846	2,580	0	0	0	0	0	19,426
Disposals/write-offs	0	0	(0)	0	0	0	0	(0)
Transfers	0	0	0	0	0	0	(1,055)	(1,055)
Cost or valuation at 30 June 2023	43,986	43,952	1,449	2,093	1,161	1,291	5,694	99,626
Accumulated depreciation and impairment losses								
Balance 1 July 2021	0	(387)	(1,022)	(571)	(496)	(121)	0	(2,597)
Depreciation expense	0	(1,327)	(17)	(369)	(36)	(122)	0	(1,871)
Disposals/write-offs	0	0	0	0	1	1	0	3
Transfers	0	0	0	0	0	0	0	0
Revaluation increase/(decrease)	0	(779)	0	0	0	0	0	(779)
Accumulated depreciation and impairment losses at 30 June 2022	0	(2,493)	(1,039)	(940)	(532)	(243)	0	(5,247)
Add 2022 - 2023 movements								
Depreciation expense	0	(1,365)	(32)	(265)	(41)	(130)	0	(1,833)
Disposals/write-offs	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Revaluation increase/(decrease)	0	3,431	0	0	0	0	0	3,431
Accumulated depreciation and impairment losses at 30 June 2023	0	(427)	(1,071)	(1,205)	(573)	(373)	0	(3,649)
CARRYING AMOUNTS PER ASSET CLASS								
At 30 June 2022	27,140	37,010	164	928	629	960	2,807	69,638
At 30 June 2023	43,986	43,525	378	888	588	918	5,694	95,977

9B Council restricted assets, property, plant, and equipment

	LAND (\$000)	BUILDINGS (\$000)	PARKS & RESERVES SERVICES (\$000)	WORK IN PROGRESS (\$000)	TOTAL (\$000)
Cost or valuation					
Balance 1 July 2021	52,599	4,157	25,905	1,208	83,869
Additions	0	8	793	6,200	7,002
Revaluation increase/(decrease)	0	0	0	0	0
Disposals /write-offs	0	0	(109)	0	(109)
Transfers	0	0	0	(252)	(252)
Cost or valuation at 30 June 2022	52,599	4,165	26,589	7,156	90,510
Add 2022 - 2023 movements					
Additions	0	71	1,007	11,892	12,969
Revaluation increase/(decrease)	23,988	2,764	2,774	0	29,526
Disposals/write-offs	0	(41)	(38)	0	(79)
Transfers	0	0	0	(132)	(132)
Cost or valuation at 30 June 2023	76,587	6,958	30,332	18,916	132,794
Accumulated depreciation and impairment losses					
Balance 1 July 2021	0	0	(0)	0	0
Depreciation expense	0	(85)	(2,060)	0	(2,145)
Disposals/write-offs	0	0	7	0	7
Transfers	0	0	0	0	0
Revaluation increase/(decrease)	0	0	0	0	0
Accumulated depreciation and impairment losses at 30 June 2022	0	(85)	(2,053)	0	(2,138)
Add 2022 - 2023 movements					
Depreciation expense	0	(168)	(2,233)	0	(2,401)
Disposals/write-offs	0	0	0	0	0
Transfers	0	0	0	0	0
Revaluation increase/(decrease)	0	232	4,240	0	4,471
Accumulated depreciation and impairment losses at 30 June 2023	0	(21)	(46)	0	(67)
CARRYING AMOUNTS PER ASSET CLASS					
At 30 June 2022	52,599	4,080	24,536	7,156	88,371
At 30 June 2023	76,587	6,937	30,286	18,916	132,727

9C Summary of assets, property, plant, and equipment

	TOTAL OPERATIONAL (\$000)	TOTAL RESTRICTED (\$000)	SUBSIDIARY (\$000)	TOTAL GROUP (\$000)
Cost or valuation				
Balance 1 July 2021	73,164	83,869	264	157,297
Additions	2,928	7,002	0	9,930
Revaluation increase/(decrease)	(0)	0	0	(0)
Disposals /write-offs	(38)	(109)	0	(147)
Transfers	(1,170)	(252)	0	(1,422)
Cost or valuation at 30 June 2022	74,884	90,510	264	165,658
Add 2022 - 2023 movements				
Adjustment for prior year additions ³⁷	0	0	2	2
Additions	6,371	12,969	0	19,341
Revaluation increase/(decrease)	19,426	29,526	0	48,952
Disposals/write-offs	(0)	(79)	0	(79)
Transfers	(1,055)	(132)	0	(1,187)
Cost or valuation at 30 June 2023	99,626	132,794	266	232,687
Accumulated depreciation and impairment losses				
Balance 1 July 2021	(2,597)	(0)	(137)	(2,734)
Depreciation expense	(1,874)	(2,145)	0	(4,018)
Disposals/write-offs	3	7	0	9
Transfers	0	0	0	0
Revaluation increase/(decrease)	(779)	0	0	(779)
Accumulated depreciation and impairment losses at 30 June 2022	(5,247)	(2,138)	(137)	(7,522)
Add 2022 - 2023 movements				
Adjustment for prior year depreciation ³⁷	0	0	(20)	(20)
Depreciation expense	(1,833)	(2,401)	(28)	(4,262)
Disposals/write-offs	0	0	0	0
Transfers	0	0	0	0
Revaluation increase/(decrease)	3,431	4,471	0	7,902
Accumulated depreciation and impairment losses at 30 June 2023	(3,649)	(67)	(185)	(3,902)

³⁷ Adjustments for prior year additions and depreciation movements for subsidiary was required due to late completion of the Whirinaki Whare Taonga Annual Report for 2021 - 2022.

	TOTAL OPERATIONAL (\$000)	TOTAL RESTRICTED (\$000)	SUBSIDIARY (\$000)	TOTAL GROUP (\$000)
CARRYING AMOUNTS PER ASSET CLASS				
At 30 June 2022	69,637	88,372	127	158,135
At 30 June 2023	95,977	132,727	81	228,784

9D Permanent art collection

	ACTUAL PARENT 30 JUN 2023 (\$000)	ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2022 (\$000)
Pumpkin Cottage Art Collection	0	0	59	59

9E Aquatic assets—H₂O Xtream

	BUILDINGS (\$000)	PLANT (\$000)	WORK IN PROGRESS (\$000)	TOTAL (\$000)
Cost or valuation				
Balance 1 July 2021	14,140	750	0	14,890
Additions	6	26	2,795	2,827
Revaluation increase/(decrease)	0	0	0	0
Disposals /write-offs	(7)	0	0	(7)
Transfers	0	0	(16)	(16)
Cost or valuation at 30 June 2022	14,139	776	2,779	17,694
Add 2022 - 2023 movements				
Additions	1,002	0	7,171	8,173
Revaluation increase/(decrease)	0	0	0	0
Disposals/write-offs	(4,814)	(510)	0	(5,325)
Transfers	0	0	0	0
Cost or valuation at 30 June 2023	10,327	266	9,949	20,542
Accumulated depreciation and impairment losses				
Balance 1 July 2021	(2,156)	(189)	0	(2,343)
Depreciation expense	(1,075)	(151)	0	(1,226)
Disposals/write-offs	1	0	0	1
Transfers	0	0	0	0
Revaluation increase/(decrease)	0	0	0	0
Accumulated depreciation and impairment losses at 30 June 2022	(3,229)	(339)	0	(3,567)
Add 2022 - 2023 movements				
Depreciation expense	(540)	(36)	0	(576)
Disposals/write-offs	1,977	220	0	2,197
Transfers	0	0	0	0
Revaluation increase/(decrease)	0	0	0	0
Accumulated depreciation and impairment losses at 30 June 2023	(1,792)	(156)	0	(1,947)
CARRYING AMOUNTS PER ASSET CLASS				
At 30 June 2022	10,910	437	2,779	14,127
At 30 June 2023	8,535	110	9,949	18,594

9F Council infrastructure assets

	LAND UNDER ROADS AT COST	ROADS AND FOOTPATHS	STORMWATER	TELEMETRY	WASTEWATER	WATER SUPPLY	HUTT VALLEY WASTEWATER (NOTE 9G)	WORK IN PROGRESS	TOTAL
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Cost or valuation									
Balance 1 July 2021	101,155	236,337	136,015	425	102,913	97,671	41,402	19,056	734,973
Additions	1,209 ³⁸	7,291 ³⁹	13,157 ⁴⁰	172	1,038 ⁴¹	4,723 ⁴²	8	7,034	34,633
Revaluation increase/(decrease)	0	0	21,561	19	16,583	13,371	(2,739)	0	48,795
Disposals /write-offs	0	(412)	(26)	0	0	(120)	0	0	(559)
Transfers	0	0	0	0	0	0	0	(11,767)	(11,767)
Cost or valuation at 30 June 2022	102,364	243,216	170,708	616	120,534	115,645	38,671	14,324	806,078
Add 2022 – 2023 movements									
Additions	539 ⁴³	8,197 ⁴⁴	442 ⁴⁵	1	1,379 ⁴⁶	3,097 ⁴⁷	1,005	11,347	26,008
Revaluation increase/(decrease)	0	0	0	0	0	0	0	0	0
Disposals/write-offs	0	(920)	0	0	0	0	0	0	(920)
Transfers	0	0	0	0	0	0	0	(4,063)	(4,063)
Cost or valuation at 30 June 2023	102,903	250,493	171,150	617	121,913	118,742	39,676	21,608	827,102
Accumulated depreciation and impairment losses									
Balance 1 July 2021	0	0	(2,213)	(50)	(2,361)	(2,215)	(1,754)	0	(8,593)
Depreciation expense	0	(5,433)	(2,577)	(51)	(2,609)	(2,399)	(2,068)	0	(15,137)
Disposals/write-offs	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
Revaluation increase/(decrease)	0	0	4,777	101	4,969	4,513	3,677	0	18,038
Accumulated depreciation and impairment losses at 30 June 2022	0	(5,433)	(13)	0	(1)	(101)	(145)	0	(5,693)

For year ended 30 June 2022

38. Additions include vested assets of \$1,208,880

39. Additions include vested assets of \$1,965,580

40. Additions include vested assets of \$1,106,502

41. Additions include vested assets of \$881,610

42. Additions include vested assets of \$880,355

For year ended 30 June 2023

43. Additions include vested assets of \$539,254

44. Additions include vested assets of \$1,458,010

45. Additions include vested assets of \$359,218

46. Additions include vested assets of \$1,119,701

47. Additions include vested assets of \$408,865

	LAND UNDER ROADS AT COST	ROADS AND FOOTPATHS	STORMWATER	TELEMETRY	WASTEWATER	WATER SUPPLY	HUTT VALLEY WASTEWATER (NOTE 9G)	WORK IN PROGRESS	TOTAL
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Add 2022 – 2023 movements									
Depreciation expense	0	(5,444)	(2,577)	(51)	(2,609)	(2,399)	(1,758)	0	(14,839)
Disposals/write-offs	0	50	0	0	0	0	0	0	50
Transfers	0	0	0	0	0	0	0	0	0
Revaluation increase/(decrease)	0	0	0	0	0	0	0	0	0
Accumulated depreciation and impairment losses at 30 June 2023	0	(10,827)	(2,590)	(51)	(2,610)	(2,500)	(1,903)	0	(20,482)

CARRYING AMOUNTS PER ASSET CLASS

At 30 June 2022	102,364	237,783	170,695	616	120,533	115,544	38,526	14,324	800,385
At 30 June 2023	102,903	239,666	168,560	565	119,302	116,242	37,773	21,608	806,620

9G Hutt Valley Wastewater Scheme

The Local Government (Wellington Region) Reorganisation Order 1989 transferred the functions of the Hutt Valley Drainage Board to the Hutt City Council. In so doing, the reorganisation provided for a joint committee to be established between Upper Hutt City Council (UHCC) and Hutt City Council (HCC) to consider the coordination of the two councils in respect of matters affecting the Hutt Valley as a whole, and the disposal of wastewater via the wastewater treatment plant. The joint Hutt Valley Wastewater Scheme has been constructed to improve the operation of the system and the quality of the discharge.

Upper Hutt City Council's contribution

UHCC pays an annual levy to the HCC, which manages the wastewater system, based on an apportionment of between 26% and 32% for UHCC. UHCC is funding the Hutt Valley Wastewater Scheme in line with the Strategic Plan Funding model. While UHCC does not have any direct control over the scheme it is entitled to a share of the proceeds from any sale of the scheme's assets.

Scheme value

The Hutt Valley Wastewater Scheme was valued on the depreciated replacement value basis as at 31 May 2022. The valuation of these assets was independently carried out by Aon Valuation Services Limited.

Upper Hutt City Council's ownership

UHCC now has an interest of \$37.772 M (2022: \$38.526 M) in the scheme's total assets, recognised as part of our infrastructure assets. This is the assessed net book value of the UHCC share.

HUTT VALLEY WASTEWATER SCHEME TRANSACTIONS	ACTUAL PARENT 30 JUN 2023 (\$000)	ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2022 (\$000)
Drainage levy	3,130	2,853	3,130	2,853
Capital contributions	8,505	3,810	8,505	3,810
Trade waste income	(220)	(300)	(220)	(300)

9H Capital commitments

Capital expenditure contracted for at balance date but not yet incurred for property, plant, and equipment, and infrastructure assets.

Breakdown of capital commitments	ACTUAL PARENT 30 JUN 2023 (\$000)	ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2022 (\$000)
Roading	6,455	2,826	6,455	2,826
Property	51,138	17,999	51,138	17,999
Capital commitments approved and contracted	57,593	20,825	57,592	20,825

NOTE 10 Payables and deferred revenue

Payables

Short-term creditors and other payables are measured at the amount payable.

Provisions

A provision is recognised 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.

Breakdown of payables and deferred revenue	ACTUAL PARENT 30 JUN 2023 (\$000)	ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2022 (\$000)
Trade payables and accruals	8,790	7,936	9,079	7,936
Rates in advance	1,049	1,061	1,049	1,061
Greater Wellington Regional Council Rates	1,461	518	1,461	521
Fees in advance	1,982	764	1,982	764
Amounts due to related parties	0	0	(69)	(69)
Accrued interest payable	1,212	421	1,212	421
Payroll liability	53	190	53	402
Other liabilities (see included provisions below)	299	153	299	153
Three Waters Stimulus funding	91	0	91	0
Deposits and trust accounts	1,935	1,659	1,935	1,659
Payables and deferred revenue	16,873	12,702	17,093	12,848
Payables and deferred revenue from non-exchange transactions	16,873	12,531	17,093	12,677
Payables and deferred revenue from exchange transactions	0	171	0	171
Payables and deferred revenue	16,873	12,702	17,093	12,848

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

Provisions included as part of Other liabilities above	ACTUAL PARENT 30 JUN 2023 (\$000)	ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2022 (\$000)
Provision for internal process	(62)	(62)	(62)	(62)
Provision for District Plan	0	0	0	0
Weathertightness claims	0	0	0	0

Weathertightness claims

There are no longer any claims lodged with the Weathertight Homes Resolution Service (WHRS) under the Financial Assistance Package (FAP) scheme as at 30 June 2023 (2022: 0).

The WHRS is a Central Government service established under the Weathertightness Homes Resolution Services Act 2006. The FAP is only available to eligible homeowners. Council has opted into the FAP scheme.

NOTE 11 Employee entitlements

Short-term employee entitlements

Wages and salaries, annual leave, and other entitlements that are expected to be settled within twelve months of reporting date are measured at nominal values on an actual entitlement basis at current rates of pay. Council recognises 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.

Long-term employee entitlements

Entitlements that are payable beyond twelve months, such as long service leave and retirement gratuity, 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 balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Critical accounting estimates and assumptions

Estimating retirement and long service leave obligations

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

Expected future payments are discounted using forward discount rates derived from the 90-day call rate from NZ Treasury. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary. A weighted average discount rate of 0.25% (2022: 0.25%) and an inflation factor of 3.3% (2022: 3.3%) were used.

Superannuation schemes

KIWISAVER

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

BREAKDOWN OF EMPLOYEE BENEFIT LIABILITIES	ACTUAL PARENT 30 JUN 2023 (\$000)	ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2022 (\$000)
Accrued pay	375	264	423	309
Annual leave	1,537	1,366	1,537	1,366
Sick leave	31	31	31	31
Retirement and long service leave	241	280	241	280
Total employee benefit liabilities	2,185	1,942	2,233	1,986
Current	1,944	1,662	1,991	1,706
Non-current	241	280	241	280
Total employee benefit entitlements	2,185	1,942	2,233	1,986

NOTE 12 Borrowings and other financial liabilities

Borrowings

Borrowings are initially recognised at their fair value net of transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless Council or Group has an unconditional right to defer settlement of the liability for at least twelve months after balance date or if the borrowings are expected to be settled within twelve months of balance date.

Fixed-rate debt

Council's secured debt of \$11 M (2022: \$11 M) is issued at fixed rates of interest.

Floating-rate debt

Council's secured debt of \$101 M (2022: \$80 M) is issued at floating rates of interest.

Interest-free loan Council has no interest free loans.

Security

The overdraft is unsecured. The maximum amount that can be drawn down against the overdraft facility is \$600,000 (2022: \$600,000). There are no restrictions on the use of this facility.

Council has two Westpac multi-option credit line facilities and one Local Government Funding Agency (LGFA) credit line facility available; current use is \$0 (2022: \$0). Westpac facilities available are \$5.2 M limit expiry on 30 June 2026, and \$5.0 M limit expiry on 31 July 2023. LGFA facility available is \$5.0 M limit with an evergreen maturity, with next maturity on 31 August 2024 on a 15-month rolling term notice to terminate by LGFA.

Council also has with Westpac a business Mastercard facility limit \$250,000 (2022: \$250,000).

From 27 June 2001, all current fixed-term loan facilities are secured by Council's Debenture Trust Deed with security over rates income.

Council has issued security stock to the value of \$155.2 M (2022: \$136.2 M), under its Debenture Trust Deed. This security stock has been issued to the five main banking institutions and the Local Government Funding Agency (LGFA) as security for existing facilities totaling committed funds of \$112 M (2022: \$82.5 M) and uncommitted facilities available to the value of \$nil M (2022: \$8.5 M).

Council manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management Policy.

These policies have been adopted as part of Council's Long Term Plan.

BREAKDOWN OF BORROWINGS	ACTUAL PARENT 30 JUN 2023 (\$000)	ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2022 (\$000)
Current				
Secured loans	11,000	6,000	11,000	6,000
Total current borrowings	11,000	6,000	11,000	6,000
Non-current				
Secured loans	101,000	85,000	101,000	85,000
Total non-current borrowings	101,000	85,000	101,000	85,000
TOTAL BORROWINGS	112,000	91,000	112,000	91,000

Interest rates

The weighted average effective interest rate on loans outstanding (current and non-current) at 30 June 2023 was 5.78% (30 June 2022: 2.55%). The loans are secured by a rate made pursuant to Section 115 of the Local Government Act 2002 upon the rateable property in the City of Upper Hutt.

Internal borrowings

Council borrows on a whole-of-Council basis, hence statements of internal borrowing are not appropriate.

NOTE 13 Financial instruments

13A Financial instrument categories

FINANCIAL ASSETS AT FAIR VALUE THROUGH SURPLUS OR DEFICIT	NOTE	ACTUAL PARENT 30 JUN 2023 (\$000)	RESTATED ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	RESTATED ACTUAL GROUP 30 JUN 2022 (\$000)
Derivative financial instrument assets not hedge accounted	20	5,186	4,042	5,186	4,042
LGFA ⁴⁸ borrower notes		2,503	1,942	2,503	1,942
Total financial assets at Fair value through surplus or deficit		7,689	5,984	7,689	5,984
FINANCIAL ASSETS AT AMORTISED COST					
Cash at bank and cash equivalents		18,973	10,016	19,239	10,345
Debtors and other receivables		7,293	8,305	7,408	8,414
Other financial assets					
Term deposits		13,000	27,000	13,138	27,038
Community loans		19	23	19	23
Total financial assets at amortised cost		39,285	45,344	39,804	45,820
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE					
Other financial assets					
Unlisted shares		169	174	169	174
Total financial assets at fair value through other comprehensive revenue and expense		169	174	169	174

48. Local Government Funding Agency.

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH SURPLUS OR DEFICIT	ACTUAL PARENT 30 JUN 2023 (\$000)	RESTATED ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	RESTATED ACTUAL GROUP 30 JUN 2022 (\$000)
Financial liabilities at fair value through surplus and deficit	0	78	0	78
Derivative financial instrument liabilities not hedge accounted	20	0	0	78
FINANCIAL LIABILITIES AT AMORTISED COST				
Creditors and other payables	16,873	12,702	17,093	12,917
Borrowings				
Secured loans	112,000	91,000	112,000	91,000
Total financial liabilities at amortised cost	128,873	103,702	129,093	103,917

13B Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- (A) Quoted market price [LEVEL ONE]:** Financial instruments with quoted prices for identical instruments in active markets.
- (B) Valuation technique using observable inputs [LEVEL TWO]:** Financial instruments with quoted price for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- (C) Valuation techniques with significant non-observable inputs [LEVEL THREE]:** 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 in the Statement of Financial Position.

COUNCIL (PARENT) 30 JUNE 2023	TOTAL (\$000)	VALUATION TECHNIQUE		
		QUOTED (\$000)	OBSERVABLE (\$000)	NON-OBSERVABLE (\$000)
Financial assets				
Derivatives	5,186	5,186	0	0
Shares	169	0	169	0
Financial liabilities				
Derivatives	0	0	0	0

GROUP 30 JUNE 2023	TOTAL (\$000)	VALUATION TECHNIQUE		
		QUOTED (\$000)	OBSERVABLE (\$000)	NON-OBSERVABLE (\$000)
Financial assets				
Derivatives	5,186	5,186	0	0
Shares	169	0	169	0
Financial liabilities				
Derivatives	0	0	0	0

COUNCIL (PARENT) 30 JUNE 2022	NOTE	TOTAL (\$000)	VALUATION TECHNIQUE		
			QUOTED (\$000)	OBSERVABLE (\$000)	NON-OBSERVABLE (\$000)
Financial assets					
Derivatives	20	4,042	0	4,042	0
Shares		174	0	174	0
Financial liabilities					
Derivatives	20	78	78	0	0

GROUP 30 JUNE 2022					
Financial assets					
Derivatives	20	4,042	0	4,042	0
Shares		174	0	174	0
Financial liabilities					
Derivatives	20	78	78	0	0

13C Financial instrument risks

Council has policies to manage the risks associated with financial instruments. Council is risk adverse and seeks to minimise exposure from its treasury activities. Council has established Council Approved Liability Management and Investment Policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risks

Price risk

Price risk is the risk that the fair value of future cashflows of a financial instrument will fluctuate as a result of changes in market prices. Equity securities price risk arises on listed share investments, which are classified as financial assets held at fair value through other comprehensive revenue and expense. This price risk arises due to market movements in listed shares. Equity securities price risk is not managed as all share investments are unlisted. These shares are held for strategic purposes.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. Council does not currently enter into arrangements from which significant currency risk arises. Purchases denominated in foreign currency are of a one-off nature made using the rate at the time of the transaction.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose Council and Group to fair value interest rate risk. The Council's Treasury Risk Management policy requires the use of a '*corridor approach*,' whereby the percentage of fixed rate lending is required to stay within set minimum and maximum amounts for current and future years. Fixed to floating interest rate swaps are entered into to hedge the fair value interest rate risk.

Cash flow interest rate risk

Cash flow Interest rate risk is the risk that cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Council to cash flow interest rate risks.

Generally, Council and Group raises long-term borrowings at floating rates and swaps them into fixed rates using interest rate swaps in order to manage the cashflow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rate that are generally lower than those available if Council or Group agrees with other parties to exchange, at specific 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 obligations to Council causing Council to incur a loss. Due to the timing of its cash inflows and outflows, Council invests surplus cash into term deposits which gives rise to credit risk. Council's Investment policy limits the amount of credit exposure to any one financial institution or organisation. Council only invests with entities that have a S&P Global credit rating of at least A+ for short-term and A- for long-term investments.

Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

Council's maximum credit exposure for each class of financial instrument is as follows.

MAXIMUM EXPOSURE TO CREDIT RISK	NOTE	ACTUAL PARENT 30 JUN 2023 (\$000)	RESTATED ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	RESTATED ACTUAL GROUP 30 JUN 2022 (\$000)
Cash at bank and term deposits		31,973	37,016	32,377	37,383
Debtors and other receivables		7,293	8,305	7,475	8,414
Community and related party loans		19	23	19	23
Derivative financial instrument assets	20	5,186	4,042	5,186	4,042
Total credit risk		44,471	49,386	45,057	49,862

13D Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to S&P Global credit ratings (if available) or to historical information about counterparty default rates.

COUNTERPARTIES WITH CREDIT RATINGS	ACTUAL PARENT 30 JUN 2023 (\$000)	ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2022 (\$000)
Cash at bank and term deposits				
AA+ (S&P Global)	2,503	1,942	2,503	1,942
AA (S&P Global)	2,000	8,000	2,000	8,000
AA- (S&P Global)	29,971	29,014	30,377	29,381
A (S&P Global)	0	0	0	0
Total cash at bank and term deposits	34,474	38,956	34,880	39,323

DERIVATIVE FINANCIAL INSTRUMENT ASSETS	NOTE	ACTUAL PARENT 30 JUN 2023 (\$000)	RESTATED ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	RESTATED ACTUAL GROUP 30 JUN 2022 (\$000)
A+ (S&P Global)	20	5,186	4,042	5,186	4,042
Total derivative financial instrument assets		5,186	4,042	5,186	4,042

COUNTERPARTIES WITHOUT CREDIT RATINGS

Community and related party loans					
Existing counterparty with defaults in past		0	0	0	0
Existing counterparty with no defaults in past		19	23	19	23
Total community and related party loans		19	23	19	23

Debtors and other receivables

Debtors and other receivables mainly arise from Council's statutory functions, therefore there are no procedures in place to monitor or report the credit quality and other receivables with reference to internal or external credit ratings.

Council has no significant concentrations of credit risk in relation to debtors and other receivables, it has a large number of credit customers, mainly ratepayers and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

13E Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Council aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, Council maintains a target level of investments that must mature within the next twelve months. Council manages its borrowings in accordance with its funding and financial policies, which include a Liability Management policy. These policies have been adopted as part of Council's Long Term Plan.

Council has a maximum amount that can be drawn against its overdraft facility of \$600,000 (2022: \$600,000). There are no restrictions on the use of this facility.

13F Contractual maturity analysis of financial liabilities

The table below analyses Council's financial liabilities into 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 on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

COUNCIL 2023	CARRYING AMOUNT (\$000)	CONTRACTUAL CASH FLOWS (\$000)	< 1 YEAR (\$000)	1 - 2 YEARS (\$000)	2 - 5 YEARS (\$000)	> 5 YEARS (\$000)
Creditors and other payables	16,873	16,873	16,873	0	0	0
Secured loans	112,000	140,812	17,368	17,478	64,438	41,529
Total	128,873	157,685	34,241	17,478	64,438	41,529
GROUP 2023						
Creditors and other payables	17,093	17,093	17,093	0	0	0
Secured loans	112,000	140,812	17,368	17,478	64,438	41,529
Total	129,093	157,905	34,461	17,478	64,438	41,529
COUNCIL 2022						
Creditors and other payables	12,702	12,702	12,702	0	0	0
Secured loans	91,000	103,409	8,287	13,161	32,577	49,384
Total	103,702	116,111	20,989	13,161	32,577	49,384
GROUP 2022						
Creditors and other payables	12,917	12,917	12,917	0	0	0
Secured loans	91,000	103,409	8,287	13,161	32,577	49,384
Total	103,917	116,326	21,204	13,161	32,577	49,384

13G Contractual maturity analysis of financial assets

The following table analyses Council's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

COUNCIL 2023	CARRYING AMOUNT (\$000)	CONTRACTUAL CASH FLOWS (\$000)	< 1 YEAR (\$000)	1 - 2 YEARS (\$000)	2 - 5 YEARS (\$000)	> 5 YEARS (\$000)
Cash and cash equivalents	18,973	18,973	18,973	0	0	0
Debtors and other receivables	7,293	7,293	7,293	0	0	0
Other financial assets						
Term deposits	13,000	13,303	13,303	0	0	0
Community and related party loans	19	19	5	4	10	0
Derivative financial instruments	5,186	5,780	1,820	1,490	2,270	200
Total	44,471	45,368	41,393	1,494	2,280	200

GROUP 2023

Cash and cash equivalents	19,239	19,239	19,239	0	0	0
Debtors and other receivables	7,408	7,408	7,408	0	0	0
Other financial assets						
Term deposits	13,138	13,341	13,341	0	0	0
Community and related party loans	19	19	5	4	10	0
Derivative financial instruments	5,186	5,780	1,820	1,490	2,270	200
Total	44,990	45,787	41,813	1,494	2,280	200

COUNCIL 2022

Cash and cash equivalents	10,016	10,016	10,016	0	0	0
Debtors and other receivables	8,305	8,305	8,305	0	0	0
Other financial assets						
Term deposits	27,000	27,511	27,511	0	0	0
Community and related party loans	23	25	5	4	13	3
Restated derivative financial instruments	4,042	4,598	495	1,011	2,365	727
Total	49,386	50,455	46,331	1,015	2,378	730

GROUP 2022

Cash and cash equivalents	10,345	10,345	10,345	0	0	0
Debtors and other receivables	8,305	8,305	8,305	0	0	0
Other financial assets						
Term deposits	27,038	27,549	27,549	0	0	0
Community and related party loans	23	25	5	4	13	3
Restated derivative financial instruments	4,042	4,598	495	1,011	2,365	727
Total	49,753	50,822	46,699	1,015	2,378	730

13H Sensitivity analysis

The table below illustrates the potential surplus or deficit and equity (excluding accumulated funds) impact for reasonably possible market movements, with all other variables held constant, based on Council's financial instrument exposures at the balance date. There is no equivalent table for the Group, as all of the financial instrument exposure is held with the parent (Council).

COUNCIL INTEREST RATE RISK		2023 (\$000)		2022 (\$000)	
		+100 BPS	-100 BPS	+100 BPS	-100 BPS
Financial assets					
Cash and cash equivalents	A	170	(170)	90	(90)
Financial liabilities					
Term loans (floating rates)	B	1,010	(1,010)	800	(800)
Derivative financial instruments	C	2,426	(2,552)	2,141	(2,284)
Total sensitivity to interest rate risk		3,606	(3,732)	3,031	(3,174)

Explanation of sensitivity analysis—Council

- Ⓐ **Cash and cash equivalents** include deposits at call totaling \$17.0M (2022: \$9.0 M) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$170,000 (2022: \$90,000).
- Ⓑ **Secured loans**—Council has floating rate debt with a principal amount of \$101M (2022: \$80 M). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$1,010,000 (2022: \$800,000).
- Ⓒ **Derivatives**—The sensitivity for derivatives (interest rate swaps) has been calculated using a derivative valuation model based on parallel shift in interest rates and -100 bps/+100 bps.

NOTE 14 Equity

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

Managing our finances

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investment, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's funds are largely managed 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 today and not expecting them to meet the full costs of long term assets that will benefit ratepayers in future generations.

Provision of finances in Long Term Plans and Annual Plans

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

The components of equity are:

- Accumulated funds
- Restricted reserves (Special funds and other accounts restricted by law)
- Asset revaluation reserve

14A Breakdown of accumulated funds

	NOTE	ACTUAL PARENT 30 JUN 2023 (\$000)	RESTATE ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	RESTATE ACTUAL GROUP 30 JUN 2022 (\$000)
Opening balance 01 July		234,933	235,573	235,252	235,868
Net Surplus (deficit)	20	(5,120)	11,984	(5,087)	12,048
		229,813	247,557	230,165	247,916
TRANSFER TO					
Restricted reserves		(6,181)	(7,400)	(6,181)	(7,400)
Accounts restricted by law		(48)	(4,246)	(48)	(4,246)
Accumulated reserve transfer		0	(4,574)	0	(4,613)
Net revaluation gains and losses		0	0	0	0
Asset revaluation reserve on disposal of property, plant, and equipment		0	0	0	0
		(6,229)	(16,220)	(6,229)	(16,259)

TRANSFER FROM	NOTE	ACTUAL PARENT 30 JUN 2023 (\$000)	RESTATED ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	RESTATED ACTUAL GROUP 30 JUN 2022 (\$000)
Restricted reserves		4,105	2,172	4,105	2,172
Accounts restricted by law		1,351	1,053	1,351	1,053
Accumulated reserve transfer		0	0	0	0
Asset revaluation reserve on disposal of property, plant, and equipment		5,960	371	5,960	371
		11,417	3,596	11,417	3,596
CLOSING BALANCE 30 JUNE	20	235,002	234,933	235,353	235,252

14B Restricted reserves

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council. We have the following restricted reserves:

Special funds

Special funds are set up where Council has defined a specific purpose. Interest is added to these reserves where applicable and deductions are made where funds have been used for the purpose they were created. Special funds are reserves established by Council decision. Council is legally allowed to alter them without reference to any third party. Transfers to and from these reserves are at the discretion of Council.

Other accounts restricted by law

Other accounts restricted by law 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. Conditions applying to these reserves may not be revised by Council without reference to the Courts or third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

RESTRICTED RESERVES (\$000)	ACTUAL PARENT 30 JUN 2023 (\$000)	ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2022 (\$000)
Special funds	20,406	18,330	20,447	18,369
Other accounts restricted by law	13,230	14,534	13,230	14,534
Closing balance 30 June	33,636	32,864	33,677	32,903

Special funds

SPECIAL FUNDS FOR 2022 - 2023	PURPOSE (PAGE 172)	BALANCE 1 JULY 2022 (\$000)	TRANSFERS INTO FUND (\$000)	TRANSFERS OUT OF FUND (\$000)	BALANCE 30 JUNE 2023 (\$000)
General reserve fund	1	6,751	3,434	(1,952)	8,233
Amenities fund	2	576	28	0	604
Civic amenities fund	2	1	0	0	1
Plant renewal	3	355	76	0	431
Reserve fund contribution	4	7,297	2,132	(2,153)	7,276
Cash in lieu parking fund account	5	3	0	0	3
Council property sales	6	52	2	0	54
Akatārawa roading levy	7	267	11	0	278
Alexander Road levy	7	26	3	0	29
Blue Mountains roading levy	7	66	3	0	69
Kaitoke roading levy	7	30	1	0	31
Katherine Mansfield roading levy	7	152	6	0	158
Mangaroa roading levy	7	296	18	0	314
Moonshine Hill Road levy	7	25	1	0	26
Sierra Way subdivision	7	146	6	0	152
Swamp Road levy	7	395 ⁴⁹	16	0	411
Harcourt Park maintenance fund	8	5	4	0	9
Cemetery development fund	9	0 ⁴⁹	0	0	0
Library redevelopment fund	9	0	0	0	0
Trench resealing levy	10	12 ⁴⁹	1	0	13
Kurth Crescent stormwater levy	11	51	2	0	53
H ₂ O Xtream plant renewal reserve	12	628	232	0	860
Maidstone turf renewal	13	1,197	204	0	1,401
Total special funds for 30 June—Parent		18,331	6,180	(4,105)	20,406
Arts scholarship fund	14	39	2	0	41
Total special funds for 30 June—Group		18,370	6,182	(4,105)	20,447

49. The opening balances for Swamp Road levy, Cemetery development fund, and Trench resealing levy, differ from the closing balances 2021 - 2022 because the amounts were misallocated to the incorrect funds and levy lines last year.

SPECIAL FUNDS FOR 2021 - 2022	PURPOSE (PAGE 172)	BALANCE 1 JULY 2021 (\$000)	TRANSFERS INTO FUND (\$000)	TRANSFERS OUT OF FUND (\$000)	BALANCE 30 JUNE 2022 (\$000)
General reserve fund	1	4,024	2,934	(208)	6,750
Amenities fund	2	565	11	0	576
Civic amenities fund	2	1	0	0	1
Plant renewal	3	335	64	(44)	355
Reserve fund contribution	4	5,615	3,602	(1,920)	7,297
Cash in lieu parking fund account	5	3	0	0	3
Council property sales	6	51	1	0	52
Akatārawa roading levy	7	264	3	0	267
Alexander Road levy	7	21	5	0	26
Blue Mountains roading levy	7	65	1	0	66
Kaitoke roading levy	7	30	0	0	30
Katherine Mansfield roading levy	7	150	2	0	152
Mangaroa roading levy	7	292	4	0	296
Moonshine Hill Road levy	7	25	0	0	25
Sierra Way subdivision	7	144	2	0	146
Swamp Road Levy	7	0	395	0	395
Harcourt Park maintenance fund	8	1	4	0	5
Cemetery development fund	9	0	0	0	0
Library redevelopment fund	9	0	0	0	0
Trench resealing levy	10	12	0	0	12
Kurth Crescent stormwater levy	11	50	1	0	51
H ₂ O Xstream plant renewal reserve	12	421	207	0	628
Maidstone turf renewal	13	1,033	164	0	1,197
Total special funds for 30 June—Parent		13,102	7,400	(2,172)	18,331
Arts scholarship fund	14	38	1	0	39
Total special funds for 30 June—Group⁵⁰		13,140	7,401	(2,172)	18,370

50. The transfers in and closing balance for the Arts scholarship fund have been adjusted for a \$1 K rounding difference in 2021 - 2022.

SPECIAL FUND PURPOSES

The Council and Group special funds in the above tables cover the following situations:

- ① **General reserve**—available for any appropriate purpose.
- ② **Amenity fund(s)**—available for lending at concessional rates to community groups for the development/construction of assets that will generate a benefit for the overall community.
- ③ **Plant renewal**—funds allocated from rates to replace/upgrade plant assets in the activity charged with the original allocation.
- ④ **Reserve fund contributions**—contributions levied on the developers of sub-divisions which are used to maintain and increase Council-provided community assets or fund interest costs and loan repayments in relation to providing such assets.
- ⑤ **Cash in lieu of parking**—funds collected instead of requiring the provision of parking by developers and used for parking purposes.
- ⑥ **Property sales**—profits generated by the sale of property and available to assist in the funding of Council's work programme.
- ⑦ **Roading levies**—funds raised from sub-divisions in specific catchments and available for roading projects only in the catchment that provide the funds.
- ⑧ **Harcourt Park maintenance**—funds collected from this activity and only available for approved maintenance purposes in that park.
- ⑨ **Library and cemetery development**—funds collected for or generated by the specific activity and only available for projects in that activity.
- ⑩ **Trench resealing levy**—funds collected to ensure the correct re-instatement of trenching work by third parties.
- ⑪ **Kurth Crescent development levy**—funds to be collected from developers to provide stormwater upgrade in Kurth Crescent.
- ⑫ **H₂O Xtream plant renewal reserve**—funds allocated from rates to replace/upgrade H₂O Xtream plant and equipment.
- ⑬ **Maidstone Park artificial turf renewal**—funds allocated from rates and fees and charges to replace/upgrade the artificial turf.
- ⑭ **Arts scholarship**—funds collected to provide an annual scholarship.

Other accounts restricted by law

OTHER ACCOUNTS RESTRICTED BY LAW FOR 2022 – 2023	BALANCE 1 JULY 2022 (\$000)	TRANSFERS INTO FUND (\$000)	TRANSFERS OUT OF FUND (\$000)	BALANCE 30 JUNE 2023 (\$000)
Dog control account	66	48	0	114
Water rate account	1,975	0	(31)	1,944
Water Rate Wellington Water Contingency Reserve	95	0	(95)	0
Stormwater rate account	4,574	0	(120)	4,454
Stormwater Rate Wellington Water Contingency Reserve	0	0	0	0
Wastewater rate account	7,622	0	(904)	6,719
Wastewater Rate Wellington Water Contingency Reserve	201	0	(201)	0
Closing balance 30 June	14,534	48	(1,351)	13,230

OTHER ACCOUNTS RESTRICTED BY LAW FOR 2021 – 2022	BALANCE 1 JULY 2021 (\$000)	TRANSFERS INTO FUND (\$000)	TRANSFERS OUT OF FUND (\$000)	BALANCE 30 JUNE 2022 (\$000)
Dog control account	0	66	0	66
Water rate account	1,213	761	0	1,975
Water Rate Wellington Water Contingency Reserve	7	89	0	95
Stormwater rate account	2,429	2,440	(295)	4,574
Stormwater Rate Wellington Water Contingency Reserve	0	0	0	0
Wastewater rate account	7,491	889	(758)	7,622
Wastewater Rate Wellington Water Contingency Reserve	201	0	0	201
Closing balance 30 June	11,341	4,426	(1,053)	14,534

Purpose of each fund

The income from fees or rates for each of these activities can only be expended on each specific activity.

Any surpluses are transferred into these accounts and applied in future periods to mitigate income requirements.

14C Asset revaluation reserves

This reserve relates to the revaluation of property, plant, and equipment to fair value.

BREAKDOWN OF ASSET REVALUATION RESERVES	ACTUAL PARENT 30 JUN 2023 (\$000)	ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2022 (\$000)
Opening balance 01 July	650,713	585,031	650,743	585,093
Revaluation gains (losses)	57,206	66,053	57,206	66,021
Transfer of revaluation reserve to/from accumulated reserve on disposal of property, plant, and equipment	(5,958)	(371)	(5,958)	(371)
Closing balance 30 June	701,961	650,713	701,991	650,743

CONSISTS OF

General asset revaluation reserve	61,016	50,473	61,046	50,503
Land and street trees asset revaluation reserve	104,532	63,314	104,532	63,314
Roading asset revaluation reserve	152,913	153,425	152,913	153,425
Stormwater asset revaluation reserve	151,216	151,216	151,216	151,216
Hutt Valley Wastewater Scheme revaluation reserve	31,694	31,694	31,694	31,694
Wastewater asset revaluation reserve	109,637	109,637	109,637	109,637
Water asset revaluation reserve	90,954	90,954	90,954	90,954
	701,961	650,713	701,991	650,743

NOTE 15 Reconciliation

15A Reconciliation of surplus/(deficit) after tax to net cashflow from operating activities

	NOTE	ACTUAL PARENT 30 JUN 2023 (\$000)	RESTATED ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	RESTATED ACTUAL GROUP 30 JUN 2022 (\$000)
Surplus/(deficit) after tax	20	(5,120)	11,985	(5,090)	12,008
ADD/(LESS) NON-CASH ITEMS					
Depreciation		19,649	20,389	19,685	20,417
Vested assets		(3,885)	(6,043)	(3,885)	(6,043)
Impairment of receivables		90	0	90	0
Loss (profit) on derivative	20	(1,223)	(6,636)	(1,223)	(6,636)
Rates remission		309	333	309	333
		14,940	8,043	14,976	8,071
ADD/(LESS) ITEMS CLASSIFIED AS INVESTING OR FINANCING ACTIVITIES					
Loss on disposal of property, plant, and equipment		4,078	700	4,078	700
		4,078	700	4,078	700
MOVEMENTS IN WORKING CAPITAL ITEMS					
(Increase)/decrease in trade receivable		612	491	547	566
(Increase)/decrease in inventories		5	(2)	(2)	(2)
Increase/(decrease) in trade and other payables		4,171	(430)	4,146	(577)
Increase/(decrease) in employee benefits		243	289	247	324
		5,031	348	4,938	311
Net cash inflow/(outflow) from operating activities		18,929	21,076	18,902	21,090

15B Reconciliation of liabilities arising from financing activities

BORROWINGS	CASH MOVEMENTS (\$000)	NON-CASH MOVEMENTS (\$000)	TOTAL (\$000)
Opening Balance			91,000
Proceeds from borrowings	25,985	0	25,985
Repayment of borrowings	(4,985)	0	(4,985)
Balance as at 30 June 2023	21,000	0	112,000

BORROWINGS			
Opening Balance			66,311
Proceeds from borrowings	30,079	0	30,079
Repayment of borrowings	(5,390)	0	(5,390)
Balance as at 30 June 2022	24,689	0	91,000

NOTE 16 Contingencies

Guarantees

The value of guarantees disclosed as contingent liabilities reflects Council's assessment of any loans guaranteed by Council to local sporting groups.

Local Government Funding Agency

Council is a guarantor of the New Zealand Government Funding Agency (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 S&P Global credit rating of AAA. There are 30 local authority shareholders (80%), New Zealand Government (20%), and 70 local authority guarantors of the LGFA.

The uncalled capital of shareholders is \$20 M (2022: \$20 M) and that is available in the event that an imminent default is identified. Also, together with the shareholder's uncalled capital and guarantors, the Council is a guarantor of all of the LGFA's borrowings.

At 30 June 2023, the LGFA had borrowings totalling \$17.68 B (2022: \$15.79 B).

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 defaults events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligation if further funds were required.

Unquantified claims

Council has one claim outstanding and two proceedings issued (2022: no outstanding claims or proceedings issued).

Contingent assets

Council operates a scheme whereby sports clubs are able to construct facilities (e.g. club rooms on reserve land).

The clubs control the use of these facilities and Council will only gain control of the asset if the club vacates the facility.

Until this event occurs these assets are not recognised as assets in the Statement of financial position.

As at 30 June 2023, there are 32 facilities, having an approximate value of \$5.919 M (2022: 33 facilities—\$7.033 M). This estimate has been based on government valuations for the area.

NOTE 17 Related party transactions

Key management personnel

Key management personnel includes the Mayor, councillors, Chief Executive, and department directors.

During the year, key management, as part of a normal customer relationship, were involved in minor transactions with Council (such as payment of rates, purchase of rubbish bags, etc).

No provision has been required, nor expense recognised for impairment of receivables for any loans or other receivables to related parties (2022: \$0).

Close family members

Close family members of key management personnel are employed by Council. The terms and conditions of those arrangements are no more favourable than Council would have adopted if there was no relationship to key management personnel.

17A Whirinaki Whare Taonga

① During the year Council had the following transactions with Whirinaki Whare Taonga trust.

	ACTUAL 30 JUN 2023 (\$000)	ACTUAL 30 JUN 2022 (\$000)
Grants	977	952
Maintenance Management Fee	22	22
Other	101	70
Total with Whirinaki Whare Taonga	1,100	1,044

- ② At year-end, \$69,167 was owed by Whirinaki Whare Taonga to Council (2022: \$67,563). Also, Council owed \$3,058 to Whirinaki Whare Taonga (2022: \$4,801).
- ③ Council received discounted or free venue hire and related service from Whirinaki Whare Taonga.
- ④ Whirinaki Whare Taonga has entered into a 3-year operating lease with Council for the building that they operate from. The lease agreement expires on 30 June 2024. The lease payments incurred by Whirinaki Whare Taonga for the building are \$1 per annum, which is well below market related rate.

17B Related parties

	ACTUAL PARENT 30 JUN 2023 (\$000)	ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2022 (\$000)
Upper Hutt Concert Grand Piano Trust (Net)	0	0	3	0
Total	0	0	3	0

Whirinaki Whare Taonga

There were no related party transactions by senior staff for this year for Whirinaki Whare Taonga (2022: \$0).

Council subsidiary Whirinaki Whare Taonga paid piano rental of \$3,200 (2022: \$0) to the Upper Hutt Concert Grand Piano Trust, well below normal market rates, and provided the Upper Hutt Concert Piano Trust with free event hire. The Upper Hutt Concert Piano Trust is a related party to Whirinaki Whare Taonga due to Trustees in common.

17C Key management personnel compensation

	ACTUAL PARENT 30 JUN 2023 (\$000)	ACTUAL PARENT 30 JUN 2022 (\$000)	ACTUAL GROUP 30 JUN 2023 (\$000)	ACTUAL GROUP 30 JUN 2022 (\$000)
The Mayor and Councillors				
Remuneration	612,887	564,418	612,887	564,418
Full-time equivalent members	11	11	11	11
Senior Management Team, including the Chief Executive				
Remuneration	1,533,805	1,451,187	1,677,403	1,590,207
Full-time equivalent members	7	7	8	8
Total key management personnel compensation	2,146,692	2,015,605	2,290,290	2,154,625
Total full-time equivalent personnel	18	18	19	19

17D Hutt Valley Youth Health Trust

Upper Hutt City Council and Hutt City Council appoint all seven Hutt Valley Youth Health Trust trustees and thus under section 6 of the Local Government Act 2002. The trust is classified as a Council Controlled Organisation. Other than its role in the appointment of trustees Upper Hutt City Council does not have influence over the operations of the trust nor does it provide funding. Upper Hutt City Council does not require any form of accountability from the trust.

NOTE 18 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 Xstream 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.

Statement of changes in equity

The major variations were unbudgeted revenue, expenditure, and operational asset revaluations as explained above.

NOTE 19 Discontinued activities

There are no discontinued activities for 2023 (2022: nil).

NOTE 20 Prior year adjustments

Derivative financial instruments

During financial year 2022 – 2023, we identified that derivative financial instruments were not correctly accounted for in 2021 – 2022. Council had recognised the re-measured fair value movements as liabilities instead of assets. As a result, we recognised a loss instead of a gain on remeasurement of derivatives in the statement of comprehensive revenue and expenses. Therefore, we have adjusted the comparative year financial statements for the Parent and Group for the year ending 30 June 2022. The adjustments to the statements are shown in the table below. These have also been reflected in the associated notes to the financial statements (Notes 2E, 3C, 6, 13, 14, 15)

ADJUSTMENT TO PRIOR YEAR (2021 – 2022) STATEMENTS	PARENT ORIGINAL (\$000)	GROUP ORIGINAL (\$000)	GAIN/LOSS ON DERIVATIVES (\$000)	PARENT RESTATE (\$000)	GROUP RESTATE (\$000)
Impact on statement of comprehensive revenue and expenses for the year ended 30 June 2022					
Revenue					
Other Revenue	8,918	8,918	6,558	15,477	15,477
Total Revenue	80,201	80,574	6,558	86,760	87,133
Expenses					
Other expenses	30,720	30,304	(1,091)	29,629	29,213
Total Expenses	75,866	76,216	(1,091)	74,775	75,125
Surplus/(Deficit) after tax	4,335	4,358	7,650	11,985	12,008
Total Comprehensive Revenue and Expense	70,017	70,040	7,650	77,667	77,690

ADJUSTMENT TO PRIOR YEAR (2021 - 2022) STATEMENTS	PARENT ORIGINAL (\$000)	GROUP ORIGINAL (\$000)	GAIN/LOSS ON DERIVATIVES (\$000)	PARENT RESTATED (\$000)	GROUP RESTATED (\$000)
Impact on statement of financial position for the year ended 30 June 2022					
Equity					
Accumulated funds	227,284	227,603	7,650	234,933	235,252
Total Equity	910,861	911,249	7,650	918,511	918,899
Assets					
Current Assets—Derivative Financial Instruments	20	20	12	32	32
Total current assets	45,558	45,950	12	45,570	45,962
Non-current assets—Derivative Financial Instruments	58	58	3,952	4,010	4,010
Total non-current assets	974,712	974,898	3,952	978,663	978,850
Total Assets	1,020,270	1,020,848	3,964	1,024,233	1,024,812
Liabilities					
Current Liabilities—Derivative Financial Instruments	32	32	(12)	20	20
Total current liabilities	20,396	20,586	(12)	20,384	20,574
Non-current liabilities—Derivative Financial Instruments	3,733	3,733	(3,674)	58	58
Total non-current liabilities	89,013	89,013	(3,674)	85,339	85,339
Total Liabilities	109,409	109,599	(3,686)	105,722	105,913
Net Assets	910,861	911,249	7,650	918,511	918,899
Impact on statement of changes in equity for the year ended 30 June 2022					
Balance at 1 July	840,471	840,866	0	840,471	840,866
Transfer of revaluation reserve from asset revaluation reserve on disposal of property	371	343	0	371	343
Total comprehensive revenue and expense for the year	70,017	70,040	7,650	77,667	77,690
Total equity	910,861	911,249	7,650	918,511	918,899
Impact on notes to the financial statements for the year ended 30 June 2022					
Note 2E					
Gain on measurement of derivatives	76	76	6,558	6,634	6,634
Note 3C					
Other operating expenses	8,638	8,638	(1,090)	7,548	7,548

NOTE 21 Post balance date events

The following events that took place subsequent to balance date have had no impact on the financial statements.

Water services reform programme

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. 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.

Funding impact statement

Funding impact statement for 30 June 2023 for **all of Council** (See pages 31 – 92 for individual activity group statements).

SOURCES OF OPERATING FUNDING	2021 - 2022 LTP Y1 (\$000)	2021 - 2022 ACTUAL (\$000)	2022 - 2023 AP (\$000)	2022 - 2023 ACTUAL (\$000)
General rates, uniform annual general charges, rates penalties	29,705	30,133	33,242	33,412
Targeted rates	16,219	16,319	16,127	16,400
Subsidies and grants for operating purposes	1,324	4,869	1,798	1,209
Fees, charges	7,231	7,882	7,576	8,705
Interest and dividends from investments	201	377	309	1,350
Local authority fuel tax, fines, infringement fees, and other receipts	1,218	435	622	535
Total operating funding (A)	55,898	60,015	59,674	61,611
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	50,529	51,525	57,490	39,461
Finance costs	2,512	2,197	2,646	4,090
Other operating funding applications	48	0	48	16,193
Total applications of operating funding (B)	53,089	53,722	60,184	59,744
Surplus (deficit) of operating funding (A - B)	2,809	6,293	(510)	1,867

APPLICATIONS OF CAPITAL FUNDING	2021 - 2022 LTP Y1 (\$000)	2021 - 2022 ACTUAL (\$000)	2022 - 2023 AP (\$000)	2022 - 2023 ACTUAL (\$000)
Subsidies and grants for capital expenditure	13,369	8,255	9,766	9,621
Development and financial contributions	2,018	3,907	1,813	1,824
Increase(decrease) in debt	41,806	24,690	56,691 ⁵¹	21,000
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	1,604	2,402	0	392
Other dedicated capital funding	0	0	0	274
Total sources of capital funding (C)	58,797	39,254	68,270⁵¹	33,111
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
to meet additional demand	376	7,239	567	692
to improve the level of service	44,279	10,874	49,607 ⁵¹	26,750
to replace existing assets	16,963	10,075	19,793 ⁵¹	16,424
Increase (decrease) in reserves	(12)	7,770	(2,207)	(2,002)
Increase (decrease) of investments	0	9,589	0	(6,886)
Total applications of capital funding (D)	61,606	45,547	67,760⁵¹	34,978
Surplus (deficit) of capital funding (C - D)	(2,809)	(6,293)	510	(1,867)
FUNDING BALANCE ((A - B) + (C - D))	0	0	0	0

51. The numbers published in the Annual Plan 2022 - 2023 for these items were incorrect due to typographical errors. The numbers presented above are correct.

Benchmarks

The following benchmarks serve as Council's Annual Report disclosure statement for year ending 30 June 2023. Council is required to include this statement in the Annual Report in accordance with the Local Government (Financial Reporting and Prudence) Regulations Act 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in the statement.

The purpose of this statement is to disclose Council's financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenue, expenses, assets, liabilities, and general financial dealings.

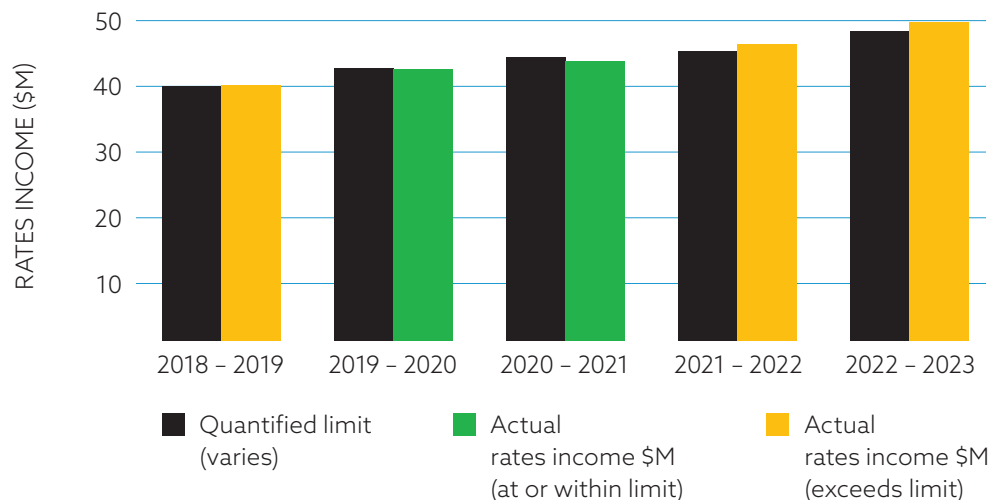
Rates affordability benchmark

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.

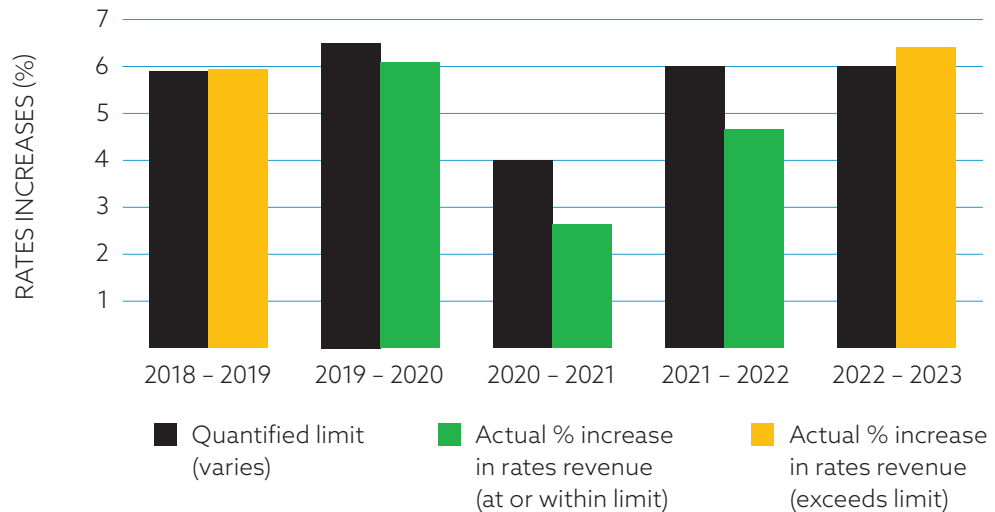
Rates (income) affordability

The following graph compares Council's actual rates with a quantified limit on rates contained in the financial strategy included in our Long Term Plans. Up until 2020 – 2021, the quantified limit was the previous year's planned rates, plus the Local Government Cost Index (LGCI) annual average percentage change (as provided by Business and Economic Research (BERL) plus 2% growth to the actual rates increases in dollar terms, plus the annual allowance of growth in the rates database. From 2021 – 2022 the limit is the previous year's planned rates plus 6% (net of the estimated growth in the rates database).



Rates (increases) affordability

The following graph compares Council's actual rates increases with a quantified limit on previous year planned rates increases contained in the financial strategy included in our Long Term Plans. As above, from 2021 – 2022 the limit is the previous year's planned rates plus 6% (net of the estimated growth in the rates database).⁵²



Debt affordability benchmark

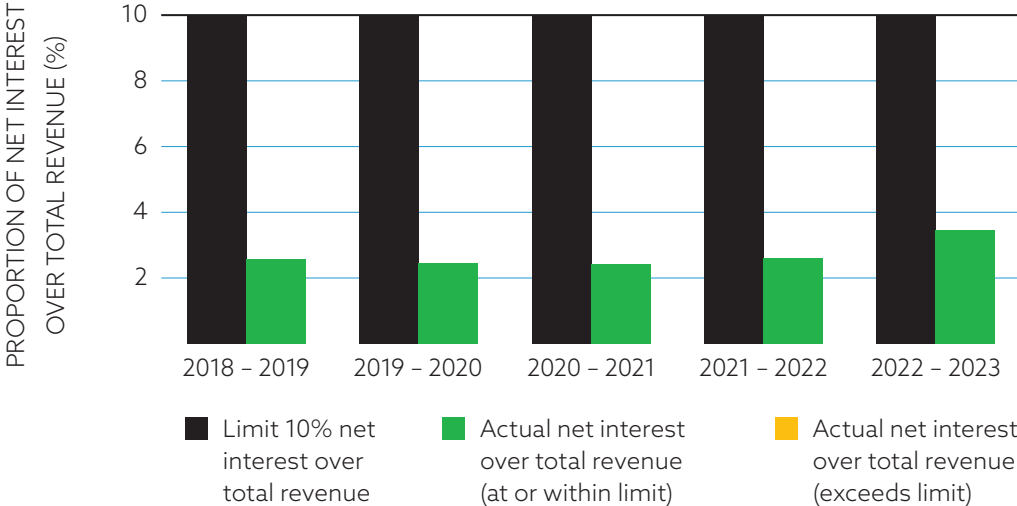
Council meets the debt affordability benchmark if its actual borrowing is within these limits:

- ⦿ Net interest over total revenue will not exceed 10%
- ⦿ Net debt over total revenue will not exceed 280% of total revenue (previously 140% and 175%)
- ⦿ Net interest over rates income will not exceed 15%
- ⦿ Liquidity (external, term debt + committed loan facilities + available liquid investment to existing external debt) will exceed 110%

52. The rates increase for 2021 – 2022 was previously disclosed incorrectly at 6.16%. We have restated this figure at 4.66%.

Net interest and total revenue

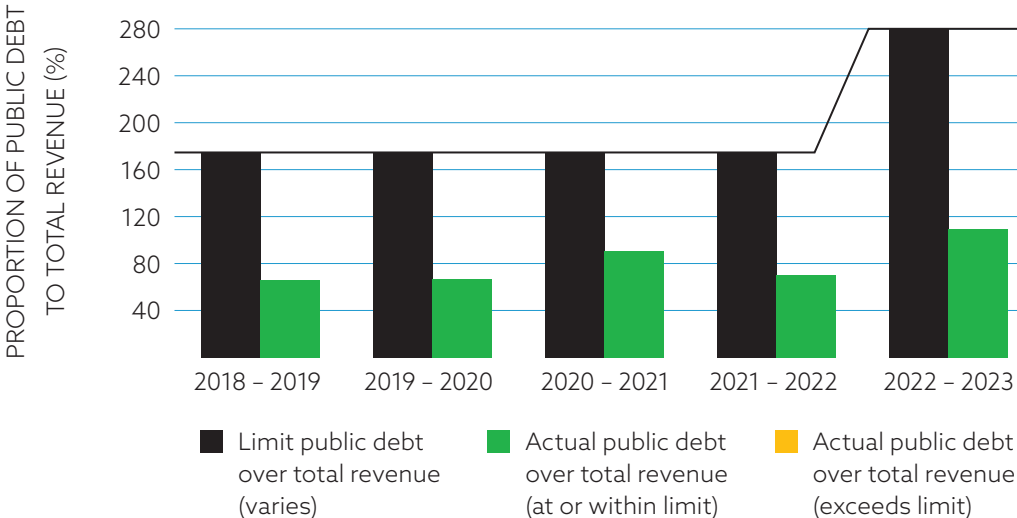
The following graph compares Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the LTP. The quantified limit is interest expense over total revenue and will not exceed 10% of the total revenue.



Net public debt and total revenue

The following graph compares Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the LTP. The quantified limit is net external public debt over total revenue will not exceed 280%.

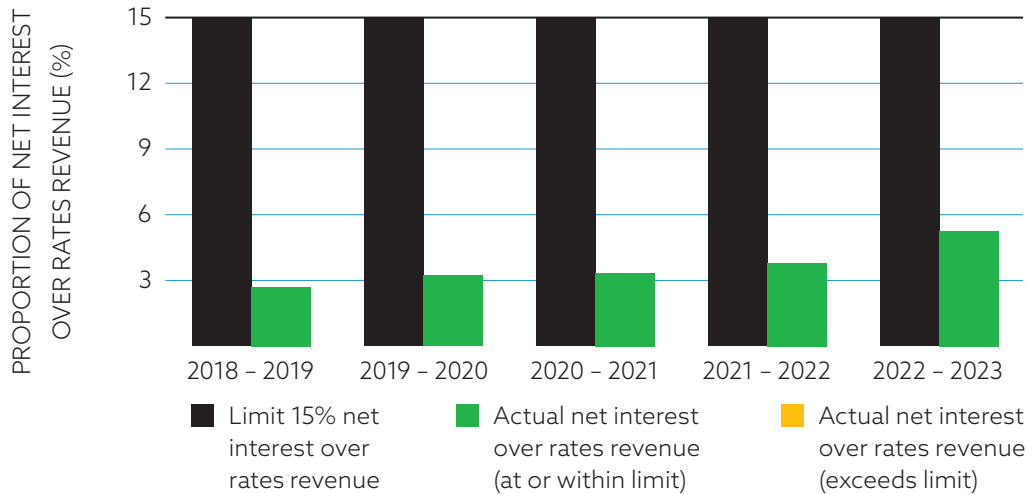
A credit rating was obtained in October 2021 to support an increase of quantified limit on borrowing from 175% to 280% with effect from Year 2 of the Long Term Plan 2021 - 2031 (financial year 2022 - 2023). The previous Council approved limit of 175% was applied to the four financial years 2018 - 2022.⁵³



53. The proportion for 2021 - 2022 was previously disclosed incorrectly at 76.8%. We have restated this figure at 70.3%.

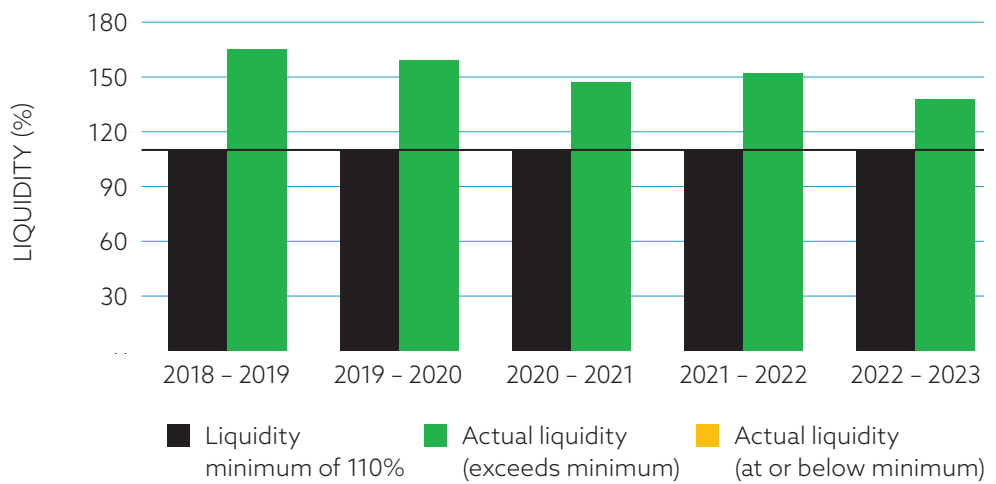
Net interest and rates revenue

The following graph compares Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the LTP. The quantified limit is interest expense on public debt will not exceed 15% of the annual rates revenue.



Liquidity minimum

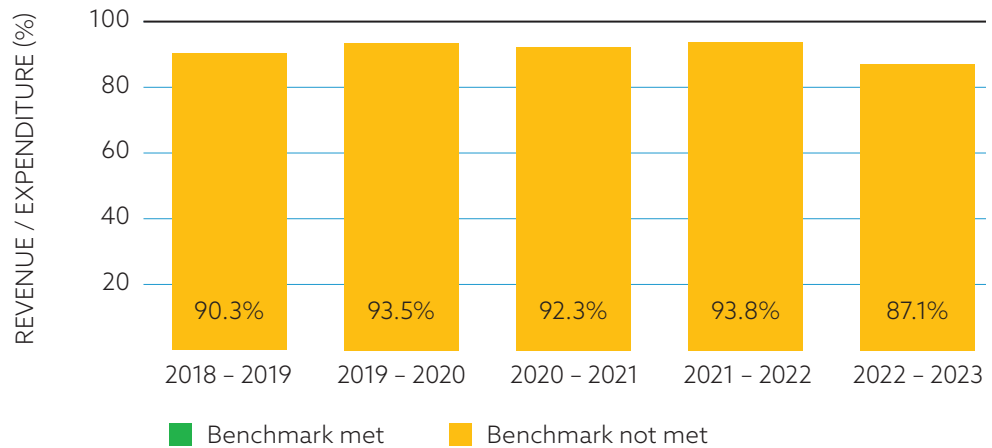
The following graph compares Council's actual borrowing with a quantified minimum stated in the financial strategy included in the LTP. The quantified minimum is liquidity (external term debt + committed loan facilities + available liquid investments) over existing external debt will exceed 110%.



Balanced budget benchmark

Revenue and operating expenses

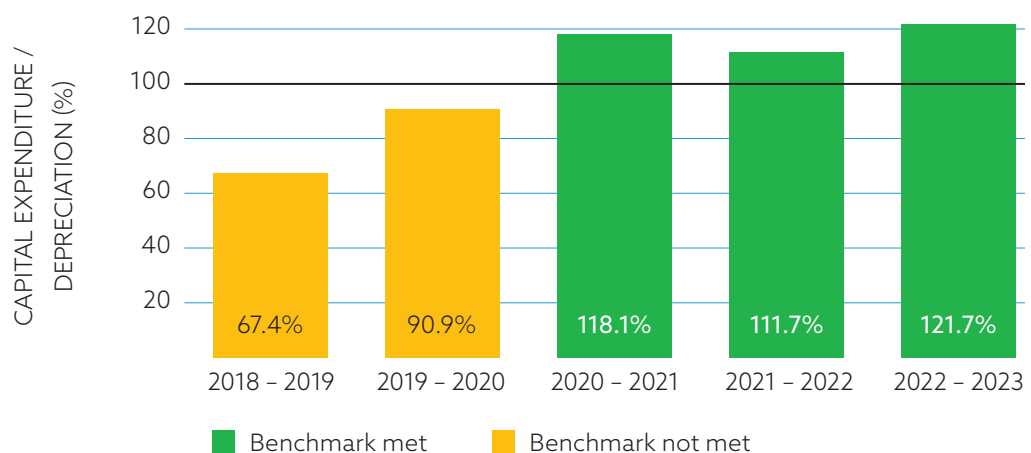
The following graph displays Council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of actual operating expenses (excluding losses on derivative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



Essential services benchmark

Capital expenditure and depreciation on network services

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

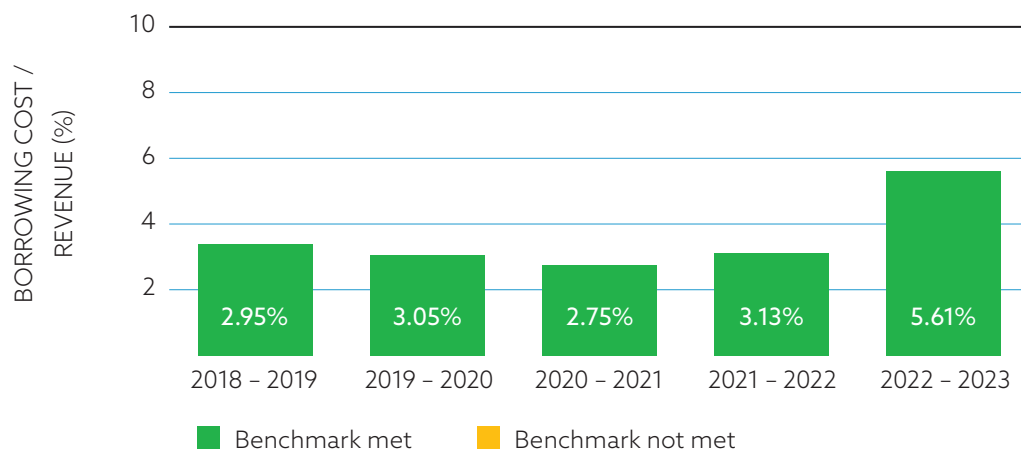


Debt servicing benchmark

Borrowing costs and revenue

The following graph displays Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, and equipment).

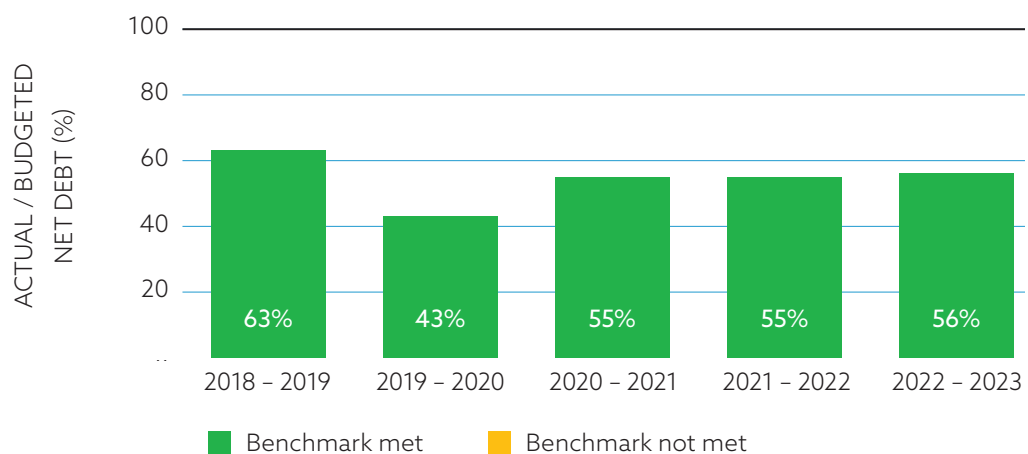
Because Statistics New Zealand projects Council's population will grow as fast as the national population is projected to grow, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



Debt control benchmark

Actual versus planned net debt

The following graph displays Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.⁵⁴

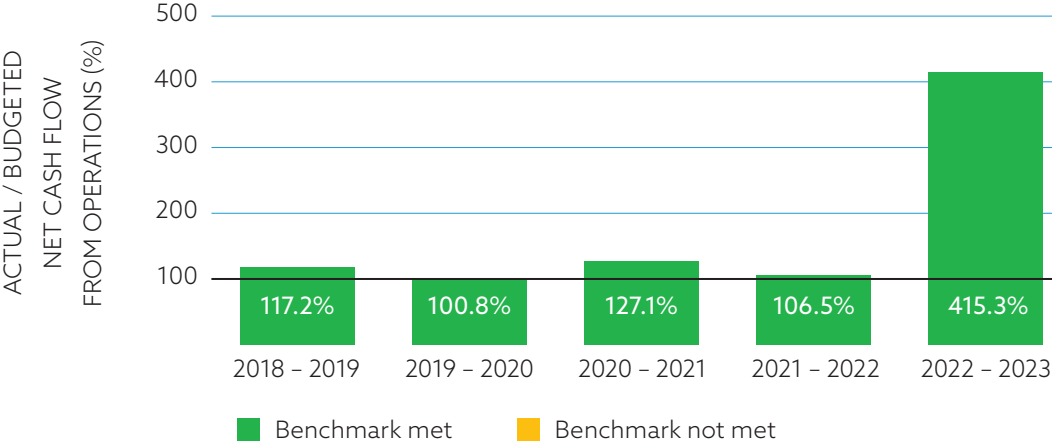


54. Note that the three years 2018 - 2021 were previously disclosed incorrectly. Net debt had been disclosed without taking into account cash and cash equivalents. The proportions have now been correctly applied.

Operations control benchmark

Actual versus planned cash flow

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



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



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Te Awa Kairangi ki Uta
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Kate Thomson

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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's annual report for the year ended 30 June 2023

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

We are also required to report on:

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

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

We completed our work on 31 October 2023. This is the date on which we give our report.

Opinion on the audited information

Unmodified opinion on the audited information, excluding the statements of service provision

In our opinion:

- the financial statements on pages 99 to 100, and 105 to 184:
 - present fairly, in all material respects:
 - the City Council and Group's financial position as at 30 June 2023;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on pages 185 to 186, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's annual plan;

- the statement about capital expenditure for each group of activities on pages 31 to 92 presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 31 to 92, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's Long-term plan.

Qualified opinion on the statement of service provision

In our opinion, except for the possible effects of the matters described in the "Basis for our opinion on the audited information" section of our report, the statement of service provision on pages 13 to 20 and 24 to 97:

- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2023, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand.

Report on the disclosure requirements

We report that the City Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 187 to 193, which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council's audited information and, where applicable, the City Council's Long-term plan and annual Plan.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

Basis for our opinion on the audited information

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.

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 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 to 96 of the 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.

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

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

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

Emphasis of matter - uncertainty over the water services reform programme

Without further modifying our opinion, we draw attention to Note 21 on page 184, which outlines developments in the Government's water services reform programme.

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 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.

Responsibilities of the Council for the audited information

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

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

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

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

Responsibilities of the auditor for the audited information

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

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

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

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

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

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

- ◉ We determine the appropriateness of the reported intended levels of service in the statement of service provision, as a reasonable basis for assessing the levels of service achieved and reported by the City Council.
- ◉ We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the City Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City Council and the Group to cease to continue as a going concern.
- ◉ We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- ◉ We obtain sufficient appropriate audit evidence regarding the audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 12, 21 to 23, and 194 to 197 but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

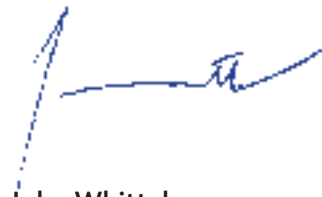
Our opinion on the audited information and our report on the disclosure requirements do not cover the other information, and we do not express any form of audit opinion or assurance conclusion thereon.

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

Independence

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



John Whittal

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand