

UPPER HUTT CITY

Annual Report 2018 – 2019 Summary

1 JULY 2018 – 30 JUNE 2019



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Foreword

FROM HIS WORSHIP THE MAYOR AND THE CHIEF EXECUTIVE

Thanks for taking the time to look at Upper Hutt City Council's Annual Report for 2018 – 2019.

The remedial work and upgrade of Upper Hutt Central Library was a standout achievement this year. While our library staff made considerable effort to continue service to the community, the building itself was a hallmark moment for resilience for our city. We took the opportunity to make a building that was not up to code, not only meet, but exceed the current requirements for resilience. This will enable use of the building for post disaster recovery service should it be required following a civil defence emergency.

Communities around New Zealand were shocked by the attacks that took place on March 15 in Christchurch. While the incidents themselves were localised in Christchurch, our New Zealand family felt the pain from the top of the North to the bottom of the South, as very few New Zealanders are not connected to each other in some way shape or form throughout the country. This presented us with the opportunity to respond meaningfully and sincerely, to comfort those who mourned, and to bring support and solidarity to those who may have been left feeling vulnerable or isolated. Council was able to hold a vigil on the 'green space' opposite H2O Xtream aquatic centre which was well attended by a broad spectrum of community members. Our Muslim community, who'd been the target of the attacks, felt supported and strengthened as we made sure they knew that this isolated incident was not a part of the broader New Zealand culture.

With some big projects coming online through the Long Term Plan, it's been important for us to continue to gauge what the community is looking for in terms of value. Our redevelopment of Maidstone Max adventure playground is one such example. In order to engage with a wide spectrum of ages we hosted a 'Park Day' with multiple interactive activities that were aimed at teasing out ideas for what new and engaging things we'd include. Maidstone is one of three 'destination' parks in Upper Hutt so we wanted to make sure we'd be creating something of regional significance, that not only provides great activities for people of all ages but that creates a halo effect for the surrounding businesses and city centre as visitors enjoy the new facility. Feedback we gathered from Park Day was unprecedented for our project team and provided a new benchmark for us to aspire to as we engage with the community on other Council matters. As a result, we're confident that the designs we're now working toward will provide for the needs of our community. These are expected to be made public soon.

Business in Upper Hutt is continuing to gain momentum; the last financial year has seen a continuation of net gain for businesses either starting up or moving to Upper Hutt. We've continued to offer incentives through our Economic Development Stimulus Policy and are seeing several developments come to fruition as a result.

Residential growth is also continuing. We've had year-on-year growth of 2% since 2013.

This is reflected in housing developments around the city—most notably Wallaceville Estate. It all points to Upper Hutt increasingly becoming a destination of choice for housing and lifestyle.




Wayne Guppy | MAYOR



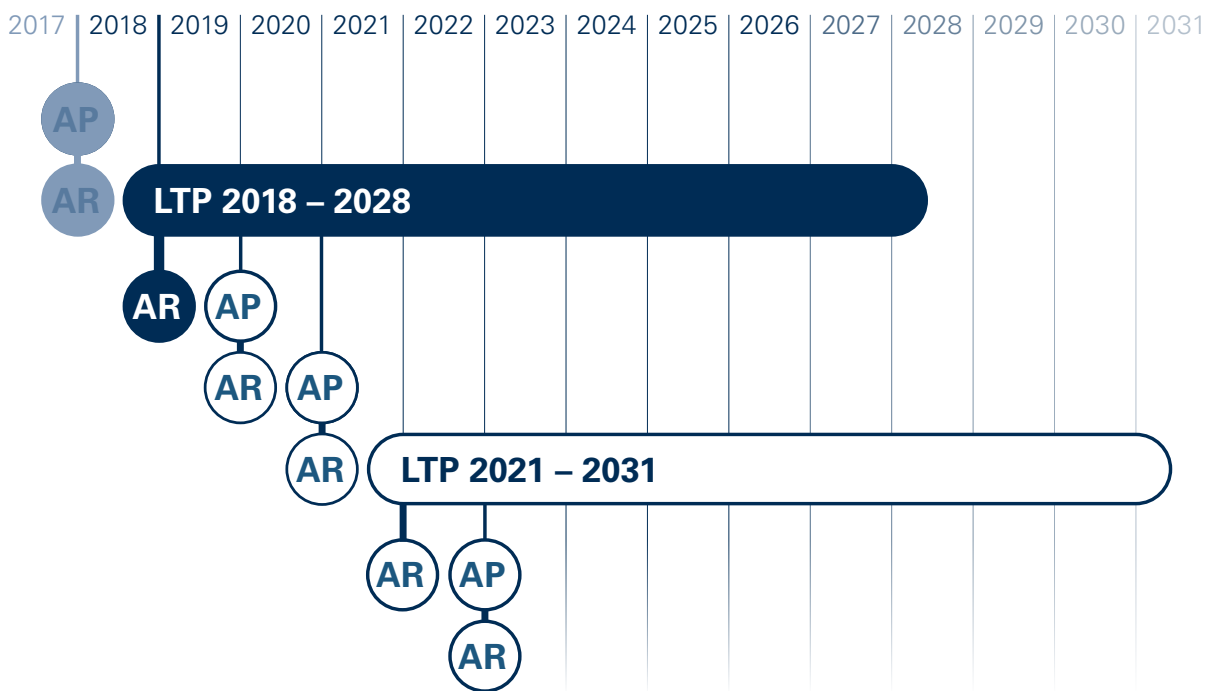

Peter Kelly | CHIEF EXECUTIVE

About the Annual Report

Every year Upper Hutt City Council produces an Annual Report. It is a document that outlines Council's achievements and accountability to the community for decisions made throughout the year.

This summary document provides a snapshot of the performance of Upper Hutt City Council for the period 1 July 2018 to 30 June 2019.

The diagram below demonstrates the relationship between the Annual Reports and the Long Term Plan and Annual Plans. The Long Term Plan (LTP) is a forward-looking plan for activities and financial management for Council over a ten-year period. It includes the Annual Plan (AP) for 'Year 1' and is redeveloped every three years. Between LTP developments, Council produces Annual Plans for Years 2 and 3 of the LTP. An AP will detail any changes made to the corresponding LTP year along with any financial updates. The Annual Report (AR) tells the story of what Council actually did, comparing this actual performance against what was planned in the LTP and AP.



Our vision

LIFE. LEISURE. *LIVE IT!*

Mouri tū. *Mouri ora!*

PRIORITY AREAS FOR OUR CITY

COMMUNITY Hapori	ENVIRONMENT Taiao	CITY CENTRE Te Manawa	ECONOMY Ōhanga	INFRASTRUCTURE Tūāpapa
We celebrate our heritage, culture, heroes, and uniqueness. We're a caring, safe and healthy community.	We're immersed in natural beauty, we love our river, our stunning parks, and we feel alive in our great outdoors.	Our city centre is alive, attractive, and vibrant.	We attract new investment and offer opportunities for people and businesses to prosper.	Built on stable foundations we have reliable and efficient networks supporting growth opportunities.
				
We're Upper Hutt	We're Upper Hutt	We're Upper Hutt	We're Upper Hutt	We're Upper Hutt
We're family.	We're a scenic playground.	We're a centre for opportunity.	We're enabling growth and success.	We're connected.

MEASURING OUR VISION/OUTCOMES

Our vision statements articulate five strategic priority areas. They are focused on goals and aspirations to provide direction for the development of the Long Term Plan. The vision is embodied through the services, initiatives, and projects in Council's nine major activity areas (see pages 16 – 60 of the full Annual Report). Key projects and initiatives that Council carried out in 2018 – 2019 are featured under each of the strategic priority areas within this summary.

A snapshot of the year

COMMUNITY | Hapori

Vigil for Christchurch

We cannot reflect on the year without remembering the lives lost in the Christchurch terrorist attack in March. Vigils were held across the nation, and around 500 people stood together in Upper Hutt City against hate, prejudice, and discrimination. Throughout the gathering were speeches and prayers from Laiq Ali from the Upper Hutt Muslim Community, The Honourable Chris Hipkins—MP for Remutaka, Pancha Narayanan—President of Multicultural New Zealand, and Dean Olsen on behalf of the Upper Hutt Christian Ministers.



Library re-opening

Our beloved City Library reopened its doors following a 13 month closure to carry out building resilience work. With a new Heritage space and display cabinets, community feedback has been overwhelmingly positive. A summary of the strengthening works was put together in a display to tell the story of what had been achieved while the building was closed. While staff maintained its services to the community through the Pop Up Library, the new space sets the scene for an exciting year ahead.



Maidstone Max Park Day

At one of our most exciting engagement events, Council gathered input from the community on the redevelopment of the Maidstone Max playground facility. Illustrators drew young people's concepts and ideas, a vote was taken regarding the future of the flying fox and just under 200 people submitted their ideas. Not only was a fun day had by all, but the input from our community, especially our young people, has played a vital part in what will be a regional asset, here in Upper Hutt.

Deep Café

Deep Café, run by young people for young people, is supported by Capital Training. They provide youth with on-the-job training in a supportive environment as well as great food and coffee to the community. The aims are to develop, educate, and provide experience. Deep Café provides references for trainees to move into further work, with at least five young people requesting references this year—all of whom are now in full-time employment.



ENVIRONMENT | Taiao

Predator-free Upper Hutt

Council has entered into a Memorandum of Understanding with the Upper Hutt branch of Forest and Bird to provide support as part of the Department of Conservation's Predator Free 2050 programme. An initial grant of \$20,000 has been provided to support Forest and Bird over the last year. The purpose of the project is to engage and educate the local community about the importance of eradicating predators that destroy our native flora and fauna. Trapping is carried out by organised groups of local volunteers coordinated by Forest and Bird. Since October 2018, 955 pests have been caught.

Cupcycling campaign

Council supported a business-led initiative with seed-funding which reinforces the messages of reducing and reusing. Cupcycling involves a one-off bond to purchase use of a reusable cup. Once people are in the scheme, they can return their cup for cleaning and are given another one to take away. With ten cafés currently involved in the campaign, our community can easily save up to 10,000 disposable cups from going to landfill each week.



Community and Council collaboration

Council endeavours to support community-led initiatives to keep our eco-systems thriving, and this one was a joy. Children from Premium Preschool in Heretaunga asked for signage indicating that ducks should not be fed bread as it makes them ill. Not only that, but rotting bread in water sources causes surface algae, which kills fish and makes the water smell. Upper Hutt can look forward to cleaner waterways and healthier wildlife thanks to the three signs inspired by the children acting as kaitiaki for Papatuanuku.

Spearhead Leaders programme

The Spearhead Leaders group met with the Mayor, Councillors, and key Council staff to discuss opportunities for increasing youth engagement and to talk about issues affecting young people in the Upper Hutt community. They also organised a sports day for youth and delivered a presentation to Bachelor of Youth Development students at the Wellington Institute of Technology.



Recycling Station

So much work has been done to bring the Park Street Recycling Station from its humble beginnings, to its current user-friendly state. Upgrades included increased accessibility, increased capacity to separate recyclables, and instructional signage to keep people informed of what is currently being collected and best practice for recycling. Now open 24 hours a day, 7 days a week, this station is well utilised by the conscientious residents of Upper Hutt.



CITY CENTRE | Te Manawa

Development of businesses in Upper Hutt

Council offers support to existing businesses and attracts new business to the city in a variety of ways. Support for the business community is offered via the Council website, our Economic Development Manager, and Retail and Business Liaison Officer. This may be via telephone, email or meeting in person with a business owner, landlord or property developer.

Council demonstrates a commitment to the development of small businesses in Upper Hutt. We encourage continual learning through external providers, Council workshops, city centre activities, and one-on-one support for those with a business idea. We do this for both new and established businesses in Upper Hutt.

Business redevelopment

In March 2019, the redevelopment of 226 Main Street was underway, partly funded by the Economic Development Stimulus Policy (EDSP). One of Upper Hutt's proactive landlords undertook earthquake strengthening and a major upgrade to both the interior and exterior of the premises. The building is now home to Tigerlily Giftstore, Main Street Espresso, and Vibe community group on the ground floor, with additional office space upstairs.



Farmers refurbishment

Due to the refurbishment of the Farmers store within The Mall, Farmers have opened a temporary store on Main Street. This is located in the block on Main Street predominantly owned by The Mall between Centre Walk and Logan Street. With a glass frontage on Main Street and Ashford Lane, the shop has a light and contemporary feel.



ECONOMY | Ōhanga

Economic Development Stimulus Policy (EDSP)

Now in its fifth year, the policy has contributed to the attraction, retention, and expansion of several businesses, and has had a positive effect by creating many jobs in our city. Business groups who think the EDSP has made a positive difference has increased from 85% in 2018 to 93% in 2019.

The EDSP which is promoted online, in print, and in one-on-one meetings with the business community, is a key example of how Council can support existing, and attract new businesses to Upper Hutt.

Upskilling opportunities for retailers

Twenty five retailers enjoyed the Council-funded, informative talk from Simon Dickson of Spaceworks. The presentation focused on store design and understanding customer behaviour; two essential elements for a successful retail store.



INFRASTRUCTURE | Tūāpapa

Water reliability

The new regional service delivery alliance between Wellington Water and Fulton Hogan has begun, with the aim of delivering better outcomes for customers. A new contract between Wellington Water Limited (WWL) and Veolia has been signed to progressively bring wastewater treatment under a single regional approach to improve value and services.

This year an issue has been identified with the calculation of water loss. Work being done developing the Sustainable Water Strategy will help us address this.

Flooding

WWL will not achieve as much service goal lift as committed to within the 2018 – 2021 LTP cycle, as Pinehaven Road and Montgomery Crescent projects have been deferred to develop a catchment model and approach. However, the outcomes will be delivered over the 10-year period.

Resource usage

This year saw work on a sustainable water supply plan that will include addressing increasing water usage. Old water meters are being upgraded, and pilot studies undertaken of new technology to better understand water usage.

Public health

With recent changes to the programme WWL have identified a shortfall of projects in the future. Work is being done to close the gaps by progressing more projects from investigations to maintain a supply of work ready for delivery across the outcomes.

Resilience

The Plateau Reservoir seismic strengthening project has been completed.







Non-financial performance

Upper Hutt's Long Term Plan 2018 – 2028 (LTP) sets out our five strategic priority areas: *Community, Environment, City Centre, Economy, and Infrastructure*. Sitting under our five priorities are the nine activities through which we deliver against our priorities. We measure our performance and success against the priority areas and activities through a series of reporting measures, the results of which are summarised below.

In addition to this, we want to ensure that Council is fit for purpose and capable so we have set additional performance measures relating to our provision of services for regulatory requirements, and our reputation.

In total we have 69 non-financial performance measures, of which 19 are new. Ten of these new measures did not have an 'aim' (or target)—relying on the 2018 – 2019 (LTP Year 1) results to set the benchmark going forward.

Priority area	Achieved	Not achieved	Set benchmark
Community	6	4	2
Environment	1	1	4
City Centre	1	3	1
Economy	2	0	0
Infrastructure	24	9	0
Fit for purpose	5	3	3
Total	39	20	10

Community

The number of visits to our library facilities and H2O Xstream were down this year due to facility closures or reduced services which impacted on our ability to achieve our aims. It is promising to see that Expressions Whirinaki continues to attract more visitors each year and maintains a high level of satisfaction with the range and quality of events and exhibitions provided.

Community group satisfaction with our Community Development team continues to be high as this area consistently achieves above the aim.

Environment

There are five new measures for Environment which will set future benchmarks, therefore having no aim to achieve this year. We did not achieve our aim for resident satisfaction with parks, reserves and gardens. There were no verbatim comments provided in our community survey about this measure, however in the year there was some disruption to park access during periods of upgrade.

City Centre

There were five new measures under our City Centre priority area, one of which was a benchmark setting measure. Of the four outcomes we measured, we did not achieve three relating to resident satisfaction on the perception of appearance and safety of our city centre, and safety in residents neighbourhood. The community have asked for increased Police presence and longer Police Station opening hours.

Economy

Satisfaction with Council's support of retail and business has gone from 77% to 100% this year, and there is a high level of satisfaction in relation to Council support of economic development.

Infrastructure

There was a significant non-achievement in relation to road maintenance with only 46% of our programmed work in the Asset Management Plan being achieved. This can be attributed to increased focus on resurfacing Fergusson Drive as this carries approximately 40% of all local road traffic.

We achieved our aim in relation to resident satisfaction in response time service requests for roads and footpaths, however we failed to achieve our aim in terms of resident satisfaction with street lighting and street cleanliness.

A trend toward higher water consumption is visible through reports since 2017. Through new calculation methodology, an issue with reticulated water loss as a region has been identified and investigations underway will be incorporated in next year's report.

Fit for purpose

Whilst we have processed more LIM within statutory timeframes, we have fallen short of achieving our target of 100%. We have however achieved our aims of processing resource and building consents, and response times to complaints of excessive noise and reported dog attacks.

Our measures relating to Council having a positive reputation were new this year and we have received feedback through our community survey which will assist us in setting the benchmark for future measures.

OVERALL PERFORMANCE



3.5 out of 5 people were satisfied with Council's overall performance.

SERVICES AND FACILITIES



4 out of 5 people were satisfied with services and facilities provided by Council.

VALUE FOR MONEY



Over 3 out of 5 residents were satisfied they receive good value for money spent on rates and other fees.

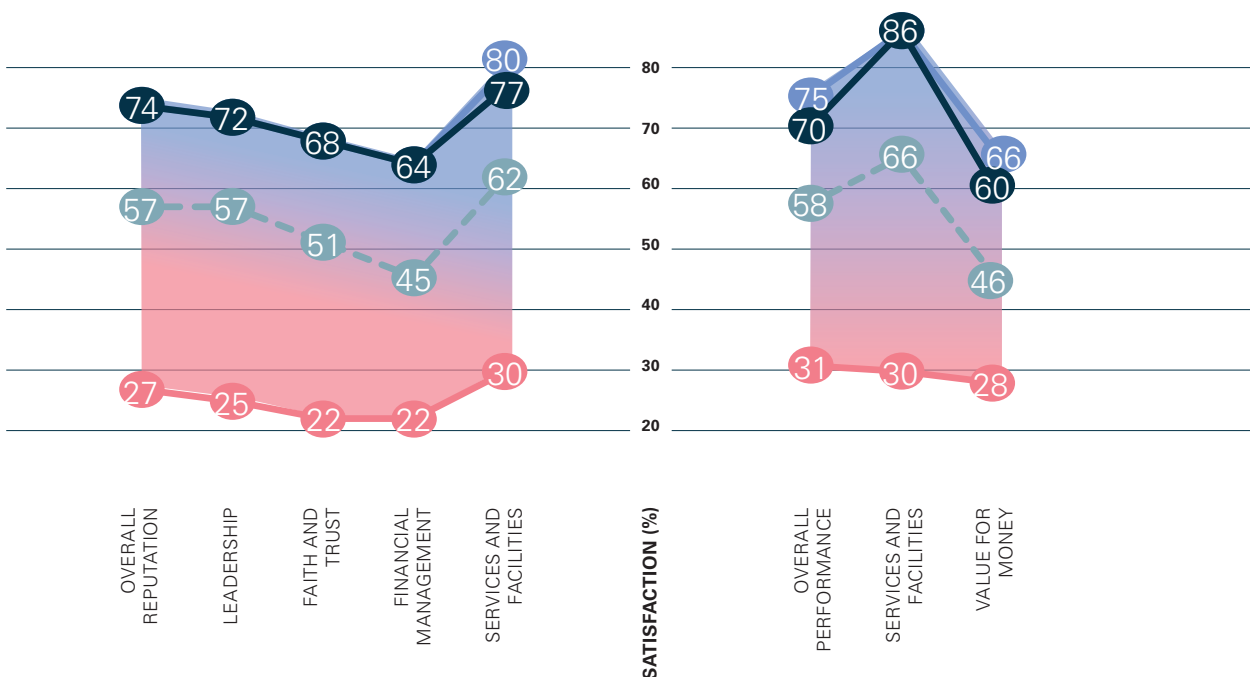
OVERALL REPUTATION



Over 3.5 out of 5 residents deemed Council to have a good overall reputation.

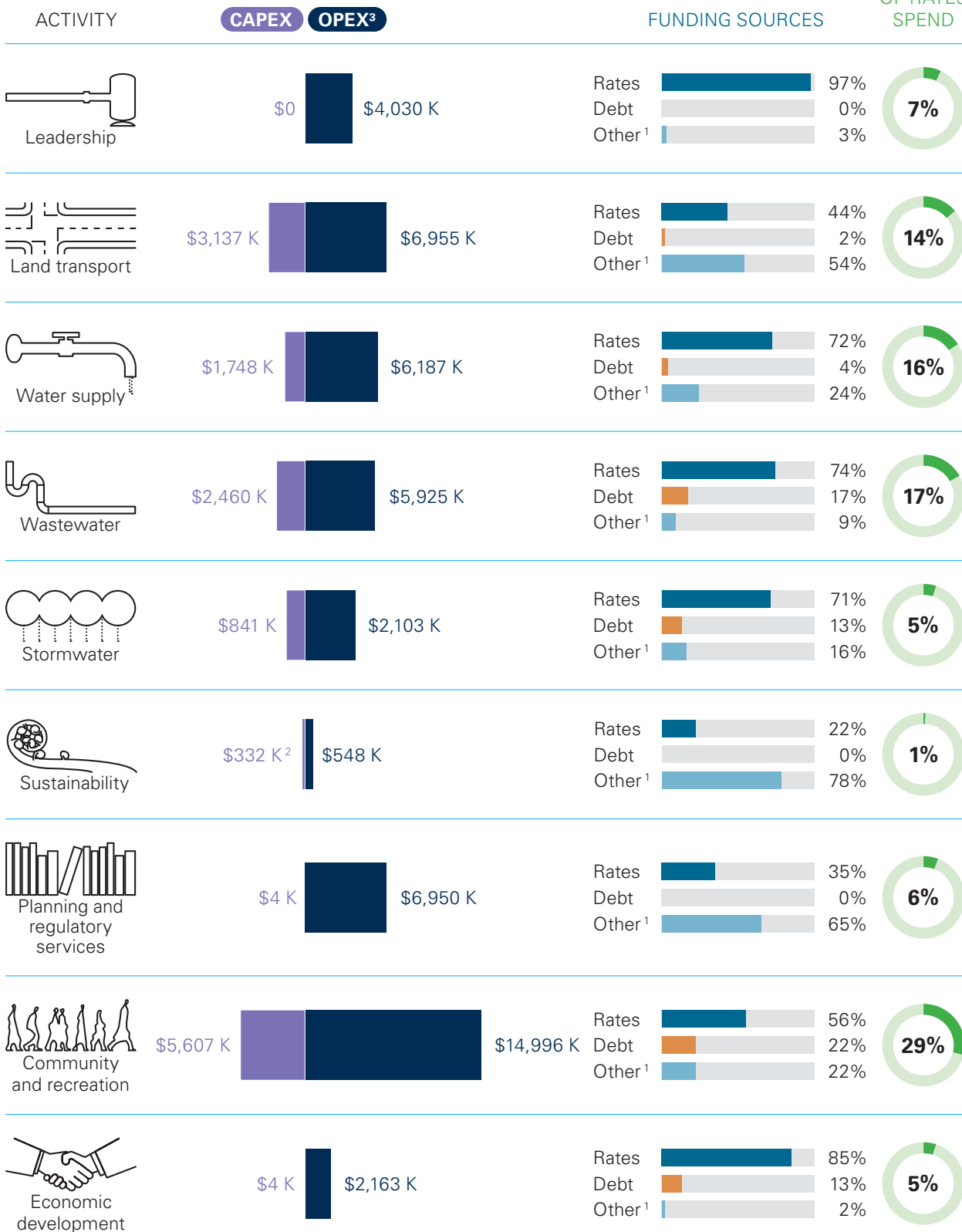
2019 Council Reputation Benchmarking

Min █ Max █ | 18 Council Average █ | Upper Hutt CC 2018 - 2019 █



One year of investment

PORTION
OF RATES
SPEND



1. Includes fees and charges, subsidies and grants, development and financial contributions, and funding from other agencies (NZTA, GWRC, etc).

2. Excludes sustainability initiatives funded under other activities such as Community and recreation (Council property).

3. Operating expenditure excludes depreciation and includes loan repayments and transfer of funds.

A snapshot of 2018 – 2019 finances

The financial information in this document provides a summary of Council's income and expenses, assets and liabilities, and retained funds for the year ended 30 June 2019.

The expenses of Council are funded through a mixture of rates, fees and charges, subsidies, grants, loans, and reserve funds. It is important to note that as the financial statements are prepared using accounting standards, that they include items that are not cash transactions. For example, operating revenue includes the value of assets vested to Council (assets that are given to Council upon the completion of a development). This means that the operating surplus or deficit, is not the same as the increase or decrease in cash balances at the end of the year. To see the actual cash received and spent during the year, refer to the Statement of Cash Flows on page 20.

The Statement of Comprehensive Revenue and Expense on page 19 shows a summary of the income and expenses of Council for the year and the resulting surplus or deficit. For the 2019 financial year, Council had a net operating deficit of \$1.388 million compared to a surplus of \$9.103 million in 2018. The main reasons for the deficit can be attributed to non-cash items such as vested asset income being under budget and depreciation expense being over budget. A full explanation of variances to budget can be found on page 22.

Despite an operating deficit this year, Council remains in a strong financial position with an increase in cash of \$2 million. We also hold \$11 million of term deposits which will serve us well in the event of an unforeseen major event such as an earthquake.

Public debt levels are currently at \$43 million which is an increase of \$6.5 million since last year but still below the predicted level of \$53 million. We borrow to fund capital infrastructure projects and the capital projects approved in the Long Term Plan 2018 – 2028 (LTP). We are behind in the predicted level of debt due to the delay of certain projects. Projects carried over to the 2020 financial year are detailed in the Annual Plan 2019 – 2020. Our debt levels are within the limits of affordability set by Council in the LTP, and meet the covenants of our lender, the Local Government Funding Authority.

Council has had a stable year in terms of finances in 2019 and has managed expenditure within overall budgets.

TABLE 1: STATEMENT OF FINANCIAL POSITION—SUMMARY⁴

AS AT 30 JUNE 2019	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Forecast Parent 30 Jun 2019 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Assets					
Current assets	21,432	16,713	15,787	21,846	17,159
Non-current assets	757,753	748,189	758,741	757,877	748,308
Total assets	779,185	764,902	774,528	779,723	765,467
Liabilities					
Current liabilities	17,865	17,810	12,790	18,053	18,024
Non-current liabilities	37,566	29,655	50,978	37,566	29,655
Total liabilities	55,431	47,465	63,768	55,619	47,679
Net assets/equity	723,754	717,437	710,760	724,104	717,788

TABLE 2: STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE—SUMMARY⁴

YEAR ENDED 30 JUNE 2019	Actual Parent 30 Jun 2019 (\$000)	Actual Parent 30 Jun 2018 (\$000)	Forecast Parent 30 Jun 2019 (\$000)	Actual Group 30 Jun 2019 (\$000)	Actual Group 30 Jun 2018 (\$000)
Total operating revenue	57,334	64,056	59,513	58,010	64,535
Total operating expenditure ⁵	58,722	54,953	57,623	59,399	55,419
Net operating surplus/(deficit)	(1,388)	9,103	1,890	(1,389)	9,116
Increase/decrease in asset revaluation reserves	7,705	15,433	7,265	7,705	15,433
Total comprehensive revenue and expense	6,317	24,536	9,155	6,316	24,549

4. This information has been extracted from the Council's Annual Report 2018 – 2019, which was adopted on 30 October 2019.

5. Finance cost – interest 1,529 1,468 2,044 1,529 1,468

TABLE 3: STATEMENT OF CHANGES IN EQUITY—SUMMARY⁶

AS AT	Actual Parent 30 Jun 2019	Actual Parent 30 Jun 2018	Forecast Parent 30 Jun 2019	Actual Group 30 Jun 2019	Actual Group 30 Jun 2018
30 JUNE 2019	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Equity at the start of the year	717,437	692,901	710,760	717,788	693,239
Total comprehensive income	6,317	24,536	9,155	6,316	24,549
Equity at the end of the year	723,754	717,437	710,760	724,104	717,788
Equity comprises of:					
Accumulated Funds	231,782	233,949	235,195	232,050	234,218
Restricted Reserves	15,082	13,783	11,861	15,139	13,841
Asset Revaluation Reserves	476,890	469,705	463,704	476,915	469,730
Total Equity	723,754	717,437	710,760	724,104	717,788

TABLE 4: STATEMENT OF CASH FLOWS—SUMMARY⁶

YEAR ENDED	Actual Parent 30 Jun 2019	Actual Parent 30 Jun 2018	Forecast Parent 30 Jun 2019	Actual Group 30 Jun 2019	Actual Group 30 Jun 2018
30 JUNE 2019	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Net cashflow from operating activities	13,571	11,454	11,582	13,575	11,482
Net cashflow from investing activities	(18,071)	(12,700)	(38,202)	(18,131)	(12,650)
Net cashflow from financing activities	6,500	2,000	17,896	6,500	2,000
Net cashflow (outflow) for the year	2,000	754	(8,724)	1,944	832
Cash and cash equivalents at 1 July	4,063	3,309	9,419	4,408	3,576
Cash and cash equivalents at 30 June	6,063	4,063	695	6,352	4,408

6. This information has been extracted from the Council's Annual Report 2018 – 2019, which was adopted on 30 October 2019.

TABLE 5: FIVE-YEAR FINANCIAL PERFORMANCE SUMMARY ⁷

	Forecast 2018 – 2019 (\$000)	Actual 2018 – 2019 (\$000)	Actual 2017 – 2018 (\$000)	Actual 2016 – 2017 (\$000)	Actual 2015 – 2016 (\$000)	Actual 2014 – 2015 (\$000)
Gross rates	40,022	40,184	37,932	36,285	34,394	33,112
Net surplus/(deficit)	1,890	(1,388)	9,103	470	1,719	(6,920)
Working capital	2,997	3,562	(1,097)	106	(5,211)	(22)
Public debt	53,417	43,000	36,500	34,500	32,456	30,549
Total net assets	774,528	779,185	764,902	739,374	716,260	714,220

TABLE 6: FIVE-YEAR COUNCIL FINANCIAL STATISTICS ⁷

	Forecast 2018 – 2019 (\$000)	Actual 2018 – 2019 (\$000)	Actual 2017 – 2018 (\$000)	Actual 2016 – 2017 (\$000)	Actual 2015 – 2016 (\$000)	Actual 2014 – 2015 (\$000)
Proportion of gross rates to total income	67.25%	70.09%	59.22%	69.01%	63.93%	77.92%
Average rates per rateable property	\$2,411	\$2,307	\$2,214	\$2,135	\$2,045	\$1,985
Total interest expense on net public debt	3.8%	3.6%	4.0%	4.9%	4.7%	4.6%
External net public debt to gross annual rates	133.5%	107%	96.2%	95.1%	94.4%	92.3%
External net public debt per rateable property	\$3,127	\$2,480	\$2,131	\$2,030	\$1,930	\$1,831
External net public debt to total equity	7.5%	5.9%	5.1%	5.0%	4.8%	4.5%

7. This information has been extracted from the Council's Annual Report 2018 – 2019, which was adopted on 30 October 2019.

MAJOR ESTIMATE VARIATIONS

The following are explanations for major variations from Council's Long Term Plan 2018 – 2028.

Statement of comprehensive revenue and expense

There was a deficit for the financial year of \$1.388 million. This is in comparison to a surplus of \$9.103 million in 2017 – 2018 and an anticipated surplus of \$1.890 million.

Total operating revenue was \$6.722 million less than 2017 – 2018, and \$2.179 million below 2018 – 2019 budget. The following are the main variances.

- Gross rate income was over budget by \$162,000, due to the continued growth of subdivisions within the city.
- Fees and charges were under budget by \$2.533 million, the main components being:
 - Vested assets were \$1.033 million under budget. The vesting depends on when new subdivisions are finished so can be difficult to budget for accurately.
 - Land sales were \$2.170 million under budget due to Council deciding not to sell land parcels.
 - Other charges were over budget by \$974,000 due to additional building revenue.
- Reserve fund and development contributions were over budget by \$440,000 due to the large volumes of development over the year.
- Subsidies and grants were below budget by \$112,000 as follows:
 - NZTA income was over budget by \$81,000 due to footpaths now being subsidised.
 - Council received \$47,000 more in recreational grants than budgeted.
 - Expressions Whirinaki funding was \$238,000 under budget due to the timing of the project.

Total operating expenditure was \$3.769 million higher than 2017 – 2018, and \$1.099 million over 2018 – 2019 budget. The following are the main variances:

- Personnel costs were \$221,000 above budget due to new staff being required as a result of increased volumes of work.
- Depreciation was \$1.566 million above budget. This reflects the impact of asset revaluations and depreciation of the Wastewater project.
- Finance costs for interest expenses were lower than budget by \$515,000 for the following reasons:
 - Lower interest rate percentages during the year against budget expectations.
 - Not all projects have been completed, thus new loan funding has not been drawn down to incur interest costs.
- Bulk drainage levy was \$266,000 below budget due to wastewater projects coming in under budget.

- Other expenses were over budget by \$121,000. This was due to the following differences:
 - Insurance was \$173,000 over budget due to insurance costs increasing internationally.
 - Rent was \$158,000 over budget due to the pop-up library. However library costs overall were within budget due to savings in other areas.
 - Loss on disposal of assets was \$379,000 under budget due to less water network disposals than anticipated this year.
 - Consultants were under budget by \$91,000 and printing and stationery was under budget by \$116,000.
 - Gas and electricity was under budget by \$308,000 across Council.
 - Three waters maintenance was over budget by \$281,000 due to more water leaks.

Statement of financial position

The Council has a strong financial position with net assets up \$6.317 million from last year and \$12.994 million above budget. This means that although we have sustained a loss during the 2019 financial year, we have sufficient reserves to be able to absorb it.

Current assets are \$5.645 million above budget due to higher amounts of cash and term deposits being held than anticipated. This is due to the increase in restricted reserves (including development contributions) waiting to be spent, and due to the timing of when loans have been drawn down relative to when they have been spent. Our cash deposits provide us with security should a natural disaster occur and we need to access liquid funds quickly. It also helps us to maintain our liquidity ratio for borrowing purposes.

Current liabilities are \$5.075 million above budget. This is mainly due to the current portion of our debt being \$6.247 million above budget. This is due to the timing of when loans are repayable varying from what was predicted. Overall, external debt was \$43 million which is \$10.417 million under budget. This is due to delays in projects so the funding has not been drawn down. This is detailed on the Annual Plan as carryovers.

Capital expenditure

Capital expenditure has fluctuated in accordance with projects mentioned in the activities section, and variations in other budgeted works over the past three years.

Statement of changes in equity

The major variations were unbudgeted revenue, expenditure, and operational asset revaluations as explained above.

COMPLIANCE INFORMATION

This is a summary of Upper Hutt City Council's activities for the year 1 July 2018 – 30 June 2019. The information has been extracted from Council's Annual Report 2018 – 2019, which was adopted by Council on 30 October 2019. The Annual Report 2018 – 2019 has been prepared in accordance with paragraph 38 of PBE FRS 43. The summary is compliant with paragraph 42 of PBE FRS 43.

1 The Annual Report 2018 – 2019 (which includes the Council's full financial statements) and the Annual Report 2018 – 2019 Summary (which contains the summary financial statements) were both adopted by the Upper Hutt City Council at an Extraordinary Council meeting on 30 October 2019.

2 The full financial statements of Upper Hutt City Council have been prepared in accordance with the requirements of Local Government Act 2002: Part 6, section 98 and Part 3 of Schedule 10, which include the requirement to comply with New Zealand's generally, accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They comply with IPSAS and other applicable Financial Reporting Standards, as appropriate for public benefit entities, in accordance with Tier 1 PBE accounting standards. The financial statements include a statement of compliance to this effect.

3 The summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements.

4 A copy of the Annual Report 2018 – 2019 (which includes the Council's full financial statements) may be obtained from Upper Hutt City Council at 838 – 842 Fergusson Drive, Upper Hutt 5140 or viewed/downloaded online at www.upperhuttcity.com

5 The full financial statements have been audited by Audit New Zealand and an unqualified opinion issued.

6 The presentation currency of this summary report is New Zealand dollars.

7 Between year-end (30 June 2019) and the signing of the financial statements (30 October 2019) there was nil subsequent events.

Statement of compliance and responsibility

Compliance

The Council and management of the 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 2019 fairly reflect the financial position and operations of Upper Hutt City Council (as at 30 October 2019).



W N Guppy
MAYOR

P Kelly
CHIEF EXECUTIVE

J Fink
CHIEF FINANCIAL OFFICER

Independent Auditor's Report

TO THE READERS OF THE UPPER HUTT CITY COUNCIL'S SUMMARY OF THE ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

The summary of the annual report was derived from the annual report of the Upper Hutt City Council (the City Council) and group for the year ended 30 June 2019.

The summary of the annual report comprises the following summary statements on pages 15 and 16, and 18 to 24:

- the summary statement of financial position as at 30 June 2019;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2019;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of the statement of service provision.

Opinion

In our opinion:

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

Summary of the annual report

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

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2019 in our auditor's report dated 30 October 2019.

Council's responsibility for the summary of the annual report

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

Auditor's responsibility

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

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

In addition to reporting on the summary annual report, we have reported on the full annual report and performed a limited assurance engagement related to the City Council's debenture trust deed. Other than in our capacity as auditor, we have no relationship with, or interests in the City Council or its subsidiary.



Andrew Clark

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand



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