

UPPER HUTT CITY

Annual Report 2017 – 2018 Summary

1 JULY 2017 – 30 JUNE 2018



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Upper Hutt City Council

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Foreword

FROM HIS WORSHIP THE MAYOR AND THE CHIEF EXECUTIVE

Welcome to Upper Hutt City Council's Summary Annual Report for 2017 – 2018. It's been an eventful year in our journey as a city, adopting another Long Term Plan and continuing toward our Life. **Leisure. Live it!** vision. This financial year has positioned us well to begin our new Long Term Plan projects and increase our momentum toward our vision outcomes.

The completion of work around Upper Hutt Station and Princes Street has certainly achieved the desired outcomes. Commuters are now greeted with an open view and welcoming social space—and businesses in the area are flourishing and expanding.

In addition to the completed works around Upper Hutt Station, we partnered with Greater Wellington Regional Council to have murals installed through the underpass from Station Crescent to Park Street. This is just one more of the mural projects completed through our ongoing painted environment programme, making the space brighter, safer, and more enjoyable to use. This painted environment programme has been extremely successful in building civic pride and ownership in areas around the city and reducing the occurrence of graffiti. As a region, we launched the Wellington Regional Graffiti Prevention Strategy in December 2017, bringing 14 agencies and councils together to ensure we have a proactive and collaborative approach to minimise graffiti around the entire region.

Business investment in our city is continuing to grow. 28 new businesses started in Upper Hutt during the financial year. We partnered with PopUp Business School Aotearoa in March to help new entrepreneurs get started. Dzine Signs and LEDA expanded and moved into Alexander Business Park—continuing to validate the area as a robust and viable location for industrial activity. Retail spending in Upper Hutt is demonstrating year-on-year increases with the May – June period up 5.8% from the same time last year.

A significant issue for Council this year has been the closure of the Central Library building in February. Remedial works to bring this building up to an acceptable standard continue to progress toward completion in December. Despite the disruptions and cost, Council's prudent financial management has left us in a strong financial position even after remedial works are taken into account. We are extremely proud of the way our library staff have been able to creatively re-engineer how some programmes were offered and minimise disruption to service.




Wayne Guppy | MAYOR




Chris Upton | CHIEF EXECUTIVE

Our vision

PRIORITY AREAS FOR OUR CITY

Environment

We're immersed in natural beauty, we love our river, our stunning parks, and we feel alive in our great outdoors.



We're Upper Hutt

We're a scenic playground.

Community

We celebrate our heritage, culture, heroes, and uniqueness. We're a caring, safe and healthy community.



We're Upper Hutt

We're family.

City Centre

Our city centre is alive, attractive, and vibrant.



We're Upper Hutt

We're a centre for opportunity.

Economy

We attract new investment and offer opportunities for people and businesses to prosper.



We're Upper Hutt

We're enabling growth and success.

Infrastructure

Built on stable foundations we have reliable and efficient networks supporting growth opportunities.



We're Upper Hutt

We're connected.

LIFE. LEISURE. *LIVE IT!*

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. Key projects and initiatives that Council carried out in 2017 – 2018 are identified under each of the strategic priority areas in this report.

About the Annual Report

Each year Upper Hutt City Council produces an Annual Report. The purpose of the Annual Report is to compare actual performance against the planned activities and performance, as set out in the in the Long Term Plan and Annual Plan. 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 2017 to 30 June 2018.



A snapshot of the year



ENVIRONMENT

We're immersed in natural beauty, we love our river, our stunning parks, and we feel alive in our great outdoors.

We're Upper Hutt. We're a scenic playground.



Hazardous waste collection

The annual hazardous waste collection took place on 28 October 2017, a hot and busy day at the Council depot. 234 vehicles dropped off hazardous waste including: oil, petrol, batteries, chemicals, DDT, lightbulbs and gas cylinders for recycling and safe disposal.



Be the Change—Sustainability in our Community

'Be the Change—Sustainability in our Community' was a pilot programme for year 7 and 8 students. This Sustainability Strategy education project was delivered in partnership with Maidstone Intermediate School, Upper Hutt Forest & Bird, Activation, Ōrongomai Marae and other community groups. The project emphasised the power of working together for positive change for people and our environment, and encouraged students to have the confidence and skills to take action for sustainability in their own lives and in their community. Students learnt about the limited carrying capacity of our planet, the impacts of consumption, and some ways we can take action to make a difference. Activities included a visit to Ōrongomai Marae and the maara kai, planting with Forest & Bird, making reusable cloth bags, and concluded with a visit to the rainforest at Kaitoke Regional Park.



World Water Day Forum

Upper Hutt City Council held a forum on United Nations World Water Day in March this year, to promote discussion and action for protecting Te Awa Kairangi (Hutt River). Presentations from councils and community based organisations demonstrated how they are taking action to protect the river and highlighted opportunities for people to get involved with local projects.



March Madness – community volunteers for zero waste events

In February community volunteers attended training with the Para Kore programme facilitator at Orongomai Marae to learn about zero waste events. Volunteers from Upper Hutt College and Orongomai Marae then took what they learned back to the community and used their new skills at the March Madness fair.



Choose to Reuse campaign

Council's reusable bag campaign was very well received by our community and retailers, sparking interest from other councils and community groups around the country. The project was an action under Council's Sustainability Strategy, and Waste Management and Minimisation Plan (WMMP). The project aimed to raise awareness of the long-term environmental impact of plastics on our environment and to support the WMMP goals of reducing waste to landfill.



Mangaroa River Restoration Project

The streamside planting programme in the Mangaroa Valley is now in its fifth year and has contributed to 10,000 native trees being planted on private land. The scheme contributes to improved water quality, and increased awareness of the impact of land-use on water quality. Participating landowners have been very supportive of this initiative. One landowner said, "It's about being a decent human being and doing the right thing for present and future generations."





COMMUNITY

We celebrate our heritage, culture, heroes, and uniqueness.
We're a caring, safe, and healthy community.

We're Upper Hutt. We're family.



Upper Hutt City Library

In early February 2018 an engineer's report identified parts of the Upper Hutt Central Library structure as being earthquake prone. Council took the precautionary measure of closing the library immediately.

Council and community alike were extremely proud of the adaptable team at the library during this time. The library team worked tirelessly to ensure minimal disruption by creating alternative means to deliver services to customers during the closure. On 26 April 2018 the Pop-Up Library opened on Level 1 of the CBD Towers containing a part of all of the Library's significant collections.

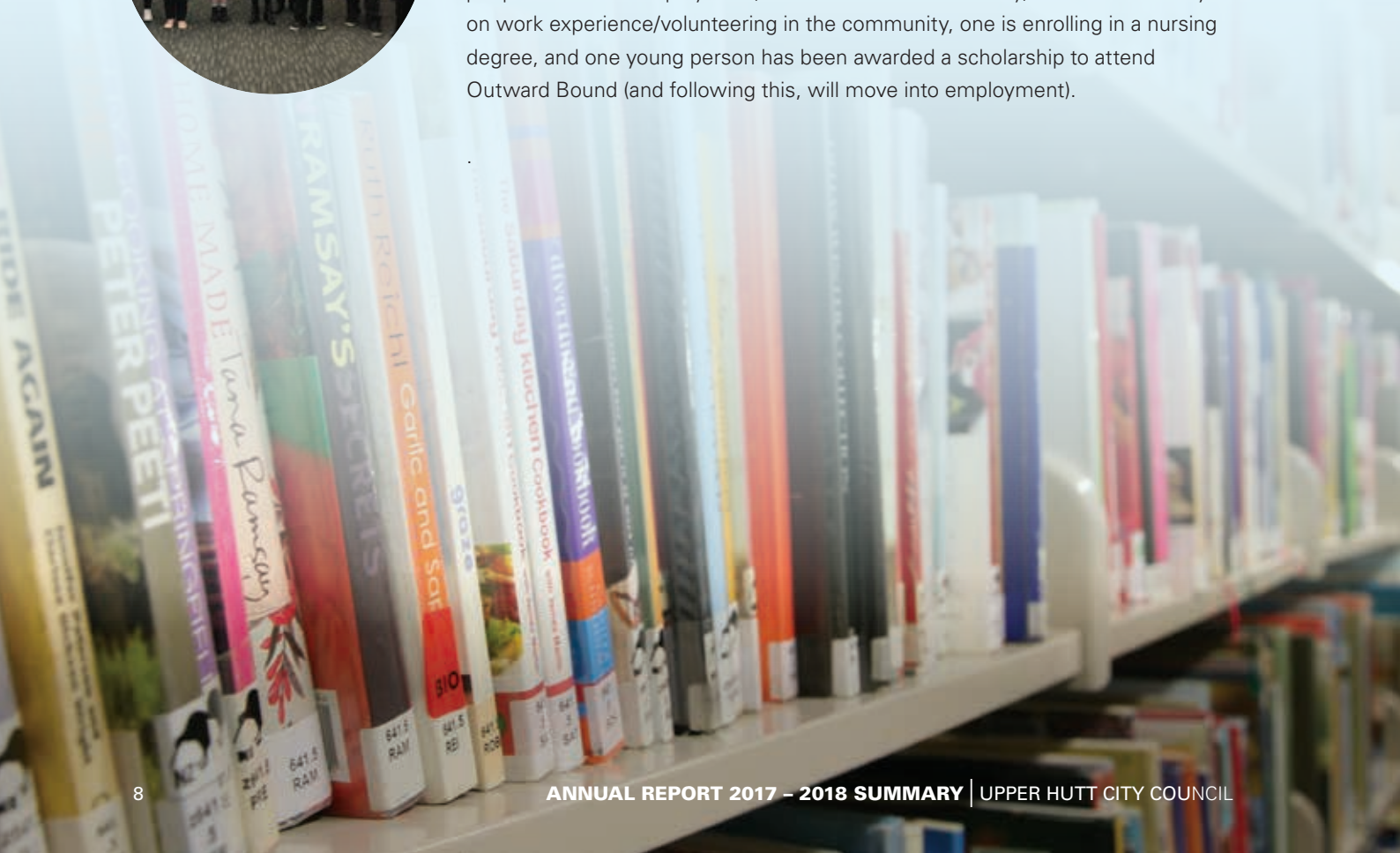
Youth Employment Programme: Keeping it REAL

A new youth employment programme was developed in April this year and is being delivered by the Community Development team.

The Keeping it R.E.A.L programme (Realistic Employment Aspirations Locally) is an eight week collaborative project with Work and Income and a number of local stakeholders, including businesses and community groups.



A member of the Community Development team has been working with groups of young people between the ages of 18 and 24. Of the initial intake, six young people now have employment, two have moved into study, three are currently on work experience/volunteering in the community, one is enrolling in a nursing degree, and one young person has been awarded a scholarship to attend Outward Bound (and following this, will move into employment).



Free child safety car seat check

Upper Hutt City Council worked to help families and whānau ensure their children were travelling safely by providing a free car seat check. Anecdotal findings suggest that up to 80% of child car seats are not installed correctly and safely. Qualified restraint technicians from the national charity Cheeks in Seats checked car seats were suitable and installed correctly.

Hutt Science

Hutt Science is an exciting initiative that aims to inspire young people and make them enthusiastic about science and technology, while contributing to educational outcomes and promoting careers in science. Council worked in collaboration with Upper Hutt principals to deliver the programme to all primary and intermediate schools in Upper Hutt in 2018. Young people found out about the science of bubbles and made their own (safe!) explosions along with many other exciting science experiments.



Reporting, preventing and removing graffiti vandalism

Council's Community Development Team developed and published a new resource for those affected by graffiti vandalism.

The publication, 'Reporting, preventing, and removing graffiti vandalism' aims to support the eradication and prevention of graffiti vandalism throughout the city, and increase knowledge and awareness of when and how to report crime.



Activation

The Activation team had another full year encouraging our residents to get more active more often with a wide range of exciting programmes and events for all ages. Standout events included:

- The 11-week *Parks & Places* summer programme attended by 3,300 people
- Buggy Walks
- ALIVE and GOLD (*Growing Old Living Dangerously*) programmes
- The annual Month of Wheels (formerly Breakaway)





UPPER HUTT CITY COUNCIL'S ACTIVATION TEAM







CITY CENTRE

Our city centre is alive, attractive and vibrant.

We're Upper Hutt. We're a centre for opportunity.



Supporting retailers

Council's dedicated Retail and Business Liaison Officer, Sarah Garnham, works in partnership with Upper Hutt retailers and city centre businesses to encourage growth, sustainability, and resilience. Council conducts a survey of retailers and businesses each year to gauge satisfaction with the support and services provided. Feedback again highlighted how integral it is to have Sarah acting as a conduit between Council and the retail and business community, and representing the interests of the city centre across Council decisions. Satisfaction with the support and service remained over 90% for 2017 – 2018.



Supporting new or relocating businesses

Council is committed to supporting the establishment of businesses new to Upper Hutt while also, through the Economic Development Stimulus Policy, enabling the refurbishment of empty buildings to a level where businesses needing to relocate can move to. Cameron Harrison Butchery and Delicatessen, Salute Hair and Day Spa, Avison's Living and Leisure, Created, and Print Big are examples of some of the new businesses and recent relocations that Upper Hutt City Council supported in 2017 – 2018.

City centre upgrade

Our community is delighted with the new-look area between the Upper Hutt Station and Princes Street. The exciting upgrade, along with the relocation of two of our popular statues, has succeeded in the redirection of foot traffic into Main Street, while giving the surrounding area a modern open feel, bringing a new vibe to the city.

Delays to the project created some hurdles for local businesses, Council and contractors. However the upgrade, the redevelopment of several retail premises, and leasing of vacant spaces, has resulted in a more attractive proposition for new retailers to come and set up businesses. The many cafés in the city centre provide a very *European Al Fresco* feel with the outdoor tables and umbrellas.



ECONOMY

We attract new investment and offer opportunities for people and businesses to prosper.

We're Upper Hutt. We're enabling growth and success.



Engaging with developers, businesses, and landowners

Council is focussed on building an understanding across the region that Upper Hutt is 'open for business,' and is working hard to attract and retain investment in projects which benefit the people and economy of the city. In 2017 – 2018, our stimulus policy provided incentives to a broad spectrum of businesses, including specialty retail, commercial services, industrial manufacturing, and export. Development grants totalling \$250,000 have encouraged these diverse businesses to invest over \$5.2 million in capital development, directly benefiting Upper Hutt through job creation and economic growth.



Brewtown

In late March 2018, Council hosted 150 delegates from around the world at Brewtown, the site previously used by Dunlop. All were involved in the brewing industry and were in Wellington for a global conference. The delegates chose to experience Upper Hutt craft beer on the day prior to their departure.



Growth has continued at Brewtown with the number of award-winning craft breweries growing each year. It is certainly becoming a destination for lovers of craft beer and food. Council has maintained its support of this initiative, by providing a range of grants to help establish a strong craft-brewing industry in Upper Hutt. Since 2015, more than 70 full-time jobs have been created through this precinct development.



Tourism

Upper Hutt City Council has developed the Hutt Valley Tourism Action Plan 2018 – 2021 in collaboration with Hutt City Council. The plan provides a framework for a collaborative approach to tourism across Hutt City and Upper Hutt City. It identifies ways in which our two councils can work together, and with other partners, to manage the Hutt Valley as a unified destination.



PopUp Business School

HELPING BUDDING ENTREPRENEURS ACHIEVE EARLY SUCCESS

In March 2018, Upper Hutt City Council partnered with the business community to bring the PopUp Business School Aotearoa to the city as part of its economic and social development initiatives.

Over ten days, the PopUp Business School delivered twenty workshops designed to equip participants with the tools they need to start their own business. Topics included building a website for free, the quickest way to find a customer, and how to start a business with little money.

The PopUp Business School has given our community an opportunity to gain some key business skills that they might not otherwise be able to access. The programme was described by candidates as “life-changing.”



Council-supported regional events

Council supported a number of regional events for the period 2017 – 2018, awarding more than \$30,000 in grants to community groups, local event organisers, and major event organisers. Grants were awarded for a range of events, such as the Just So Festival, Spring Festival, Karapoti Classic, and Round 1 of the NZ Xtreme Motorsports Series at Max Motors Wellington Speedway. Funded events attracted over 60,000 people, including locals, regional visitors, and national visitors to Upper Hutt.



INFRASTRUCTURE

Built on stable foundations we have reliable and efficient networks supporting growth opportunities.

We're Upper Hutt. We're connected.



Overview of water supply, wastewater, and stormwater (3 waters) activities

RESILIENCE UPDATE FROM WELLINGTON WATER

Wellington Water, a council-controlled organisation, is jointly owned by Upper Hutt, Hutt, Porirua, and Wellington city councils and Greater Wellington Regional Council. Wellington Water's role is to manage drinking water, stormwater, and wastewater services in the Wellington region with a focus on promoting water conservation and sustainability.



Following the Christchurch and Kaikoura earthquakes, Wellington Water has developed three key approaches to resilience:

- 1. Your home:** 20 litres of stored water, per day, for up to 7 days. The concept is to encourage people to think about their water storage, and to get prepared.
- 2. Your community:** The region has been divided into 17 isolated 'islands'. Wellington Water are establishing at least 22 water stations across the 'islands'. Of the 22 water stations, 12 are now either under construction or have been constructed. More than 300 water collection points will be regularly supplied from water stations and existing reservoirs.
- 3. Our region:** Wellington Water has developed a long-term programme of projects to improve the resilience of network infrastructure and the service they provide.



Investment for three waters includes the maintenance and renewal of existing assets that provide essential services, with new initiatives that support urban growth, resilience, public health and environmental quality.



Road safety improvements

LED UPGRADE OF STREETLIGHTS AND PEDESTRIAN CROSSINGS

The Upper Hutt LED street light upgrade programme reached completion ahead of time, with Mayor Wayne Guppy installing one of the final LED fittings on 28 June 2018. The LED lights provide brighter and more natural light, which improves visibility, safety, and security. They also use up to 65% less power and will cost up to 70% less to maintain.



ROADWORKS

Improvements were made to a number of roads and bridges through the year:



- Karapoti Road storm damage: Following heavy rain on 26 September 2017, part of Karapoti Road was significantly damaged. The road was closed to the public. However residents were allowed through, initially on foot only. A retaining wall was constructed, and the road was resealed allowing public access again in time for the Christmas holiday period.
- Akatarawa Road storm damage: Following heavy rain on 22 February 2018, a slip occurred that required a retaining wall to be constructed. This has improved the resilience of the road, and provided a section where there are now two lanes.
- Blue Mountains Road retaining wall: Work has been completed to improve the safety of a section of the road where an accident occurred last year.
- Council has constructed a new footpath linking Akatarawa Road to Sunnyview Drive, and replaced the existing path across private property through the Brown Owl shopping centre.
- City centre upgrade: Following pipe renewals between Main Street and Wakefield Street, the kerb and channel at the edge of the road were replaced, footpaths repaved, and the road resurfaced.
- A section of Fergusson Drive, south of the city centre, was resurfaced.



Non-financial performance

Here we summarise our non-financial performance results, as described in the Long Term Plan 2015 – 2025. Overall results for the 2017 – 2018 financial year have remained fairly consistent with the previous financial year. 74% (46 of the 62) measures have been achieved. Full details of all performance measures can be viewed in the *Level of service objectives and performance measures* section within the full Annual Report 2017 – 2018.

LAND TRANSPORT

Satisfaction with street lighting, and cleanliness of the city’s streets (as measured by the Community Survey) were not achieved. However, both results were within the margin of error ($\pm 4.9\%$).

The road maintenance target (area of sealed local road network that is resurfaced) was not achieved. Roads with high traffic volumes such as Fergusson Drive, are more expensive to maintain. Therefore the total quantity of resurfacing was adjusted to match available budget.

In 2016 – 2017 there were 11 crashes involving serious injury or fatalities. In 2017– 2018 we saw a significant reduction, with 4 crashes involving serious injury or fatalities.

WATER SUPPLY, WASTEWATER, AND STORMWATER

Two fault response time targets were not met for water supply due to a significant increase in water network bursts and leaks over the extended summer. This was a region-wide issue that compromised initial response times to all jobs. All wastewater and stormwater targets were achieved in 2017 – 2018.

PLANNING AND REGULATORY SERVICES

Whilst the LIMs target was not achieved, we had a 6% improvement on the previous year.

The parking enforcement satisfaction target was not achieved. Council’s objective continues to be to promote and enforce the efficient use of parking spaces in the city centre.

COMMUNITY AND RECREATION

The unplanned library closure impacted on the visitor numbers for 2017 – 2018, with a total of 215,021 visits to library facilities. This is approximately 55,000 less than the previous year.

ECONOMIC DEVELOPMENT

The retailer satisfaction target was not achieved in 2017 – 2018 with 77% satisfaction. This is primarily attributed to retail vacancies. Council is working to improve this through the Economic Development Stimulus Policy.

ACTIVITY	2017 – 2018		2016 – 2017	
	ACHIEVED	NOT ACHIEVED	ACHIEVED	NOT ACHIEVED
Leadership	2	0	2	0
Land transport	4	3	4	3
Water supply	6	4	9	1
Wastewater	8	0	8	0
Stormwater	8	0	8	0
Solid waste	2	0	1 ¹	0
Planning and regulatory services	6	4	4	6
Community and recreation	9	4	9	4
Economic development	1	1	1	1
TOTAL	46	16	46	15

NOTE

1. The information for one of the Solid waste measures was incomplete and unable to be reported in 2016 – 2017.

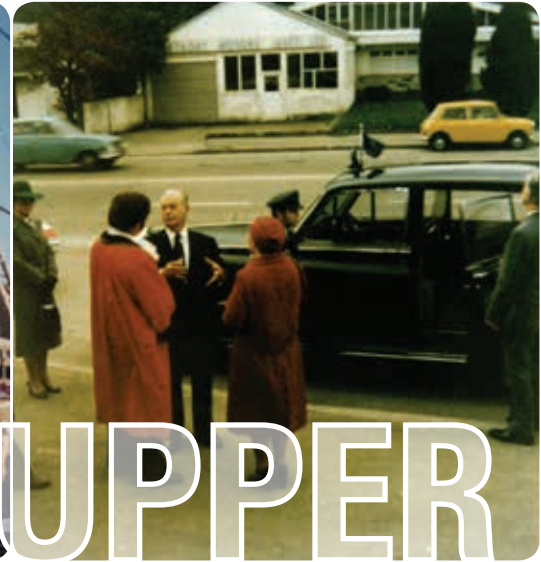
1ST LIBRARY (PRE-1956)



2ND LIBRARY (1956)



3RD LIBRARY (1970s)



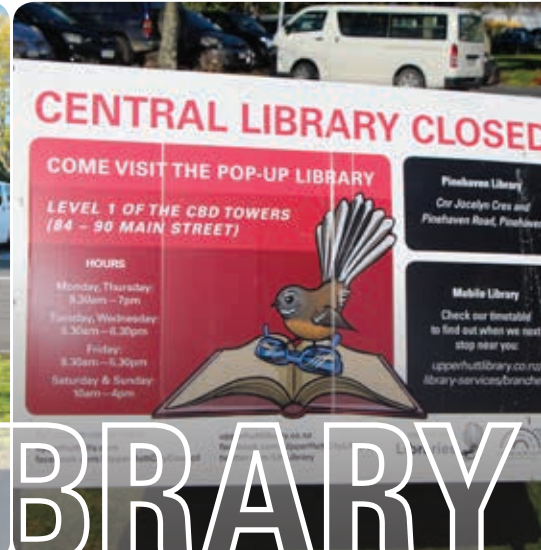
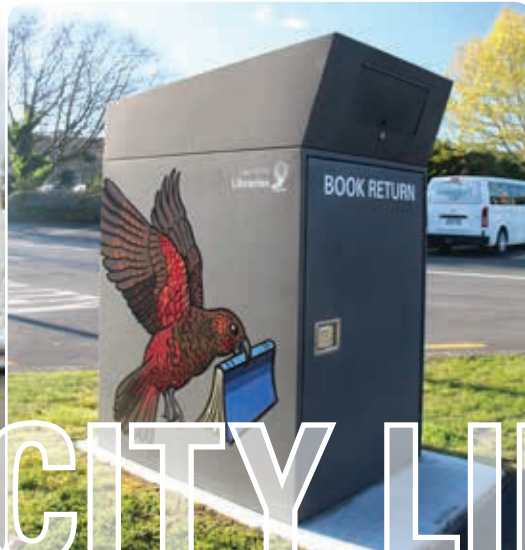
HISTORY OF UPPER

4TH LIBRARY (1977)



4TH LIBRARY EXTENDED (2010)





HUTT CITY LIBRARY



Development of the Long Term Plan 2018 – 2028



Every three years we prepare a Long Term Plan (LTP) in consultation with the community. The LTP sets out the projects, activities, and services that we'll invest in and deliver over the next ten years. The development of the Long Term Plan 2018 – 2028 was a huge focus for all of council across the 2017 – 2018 period.

CONSULTATION

The Consultation Document (CD) was the primary source of information for consultation with the community on Council's Long Term Plan 2018 – 2028. The CD had a focus on the major matters facing the community and the key issues and projects related to the Long Term Plan that Council was consulting on.



Public consultation took place from 23 March to 27 April 2018. Consultation details were provided via all of Council's regular communications channels and in the CD. The CD was distributed to all households with the Upper Hutt Leader on 28 March 2018, as well as it being available online and in hard copy at Council locations.

Consultation activities included stakeholder workshops, informal stalls at community events and other popular locations.



- 7 informal engagement stalls (Mangaroa School Fair, March Madness Fair, New World Silverstream (2), Summerset at the Course, The Mall, and Activation scooter competition at Maidstone Max).
- 3 sessions engaging with rail commuters at Upper Hutt, Trentham, and Silverstream stations.
- 2 stakeholder workshops at Expressions Whirinaki.
- 1 youth workshop with Spearhead Leaders and other invited youth representatives.
- 1 'Talk to the Mayor' session at Expressions Whirinaki.

We received a record 377 submissions during consultation which highlighted an increasing number of residents having their say about the future of Upper Hutt.

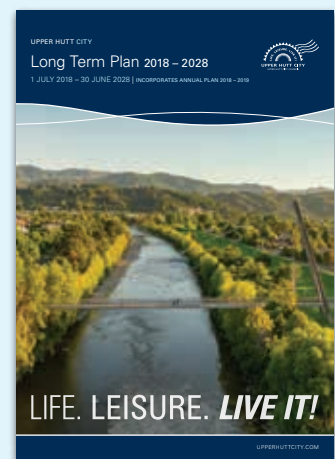
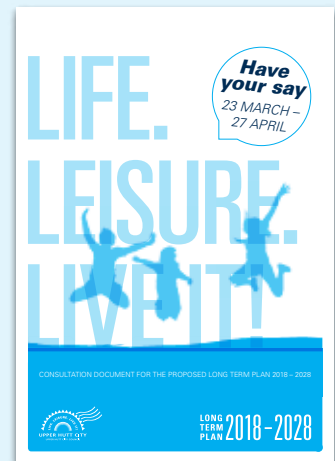
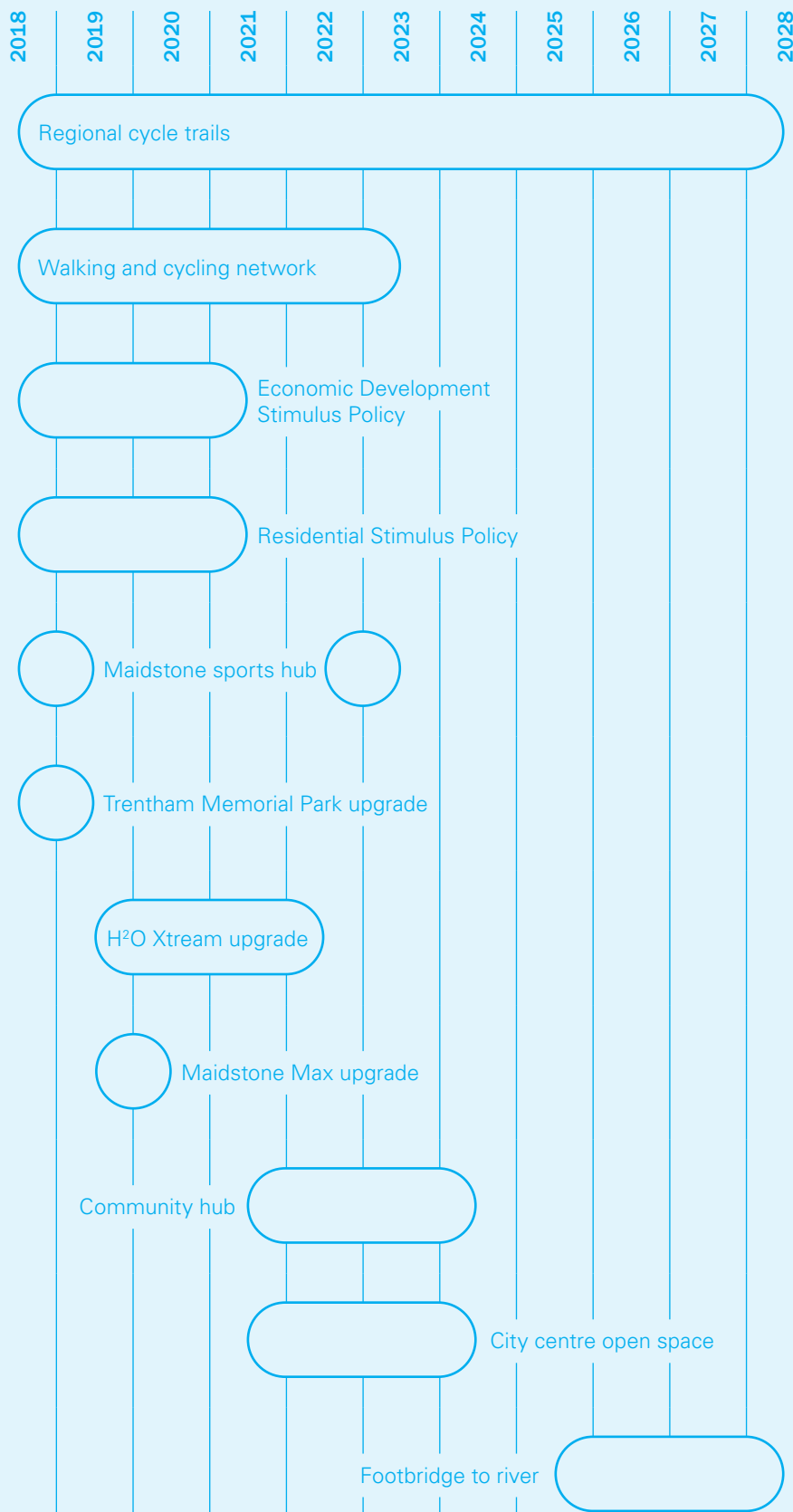


OVERALL DIRECTION

Community engagement during consultation was very positive and constructive, with 82% of those who submitted either strongly supporting, or supporting our proposed direction in the next ten years as set out in the Long Term Plan.

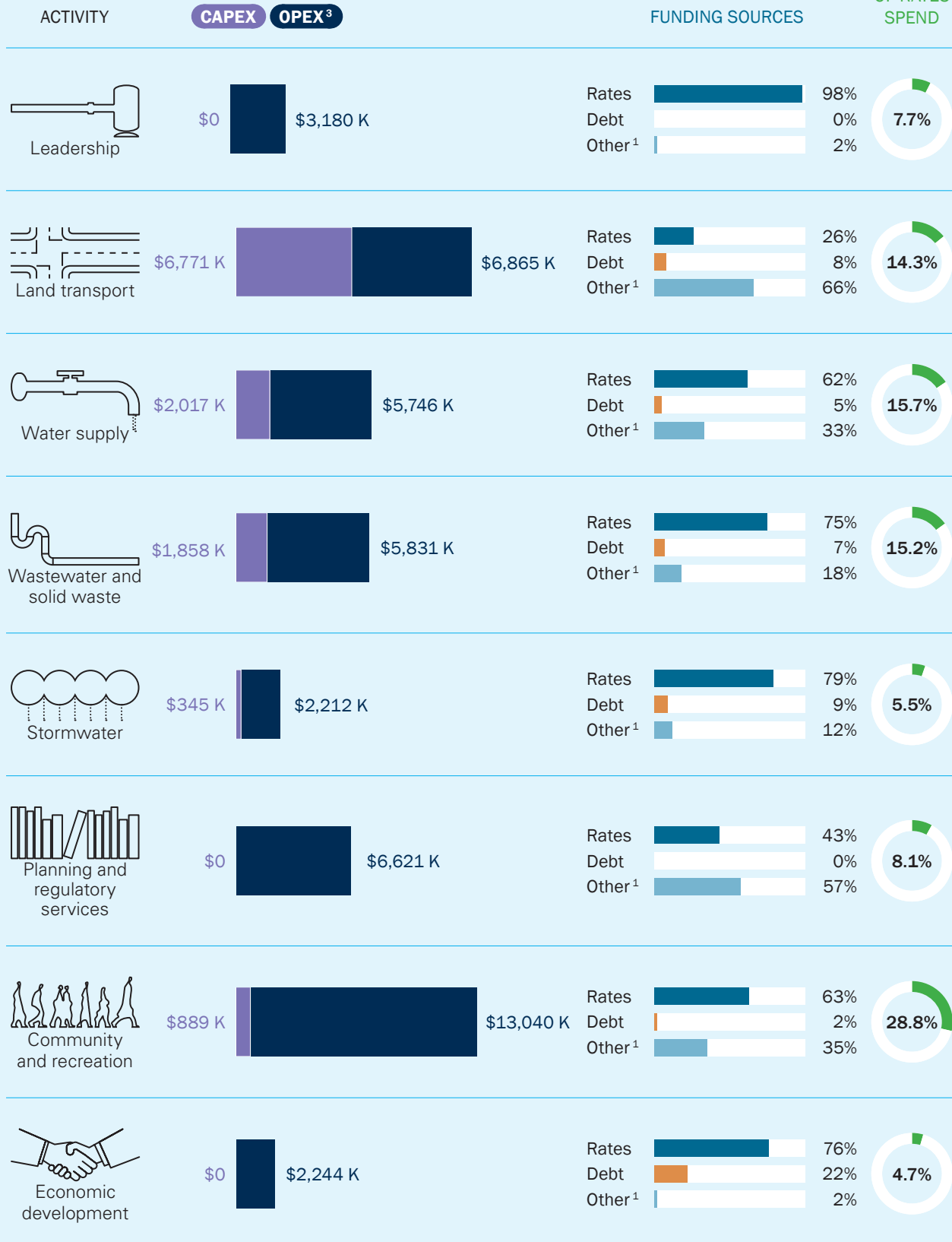
NEW PROJECTS THAT RECEIVED THE GO-AHEAD FROM THE COMMUNITY

Council looked for specific community feedback on 13 optional projects that would help realise the city vision of Life. Leisure. *Live it!* The feedback showed great support and the following 11 projects were adopted and are included in the Long Term Plan:



One year of investment

PORTRION 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 2017 – 2018 finances

It has been a very busy year for the city with significant residential development and planning for recreational and community development. Council continues to hold a strong financial position, and has achieved an operating surplus that is higher than expected.

The expenses of Council are funded through a mixture of rates, fees and charges, subsidies, grants and loans. The proportion of expenses that are funded through rates is called the rates funding requirement. For the 2018 financial year, there was a rates funding requirement surplus of \$1.591 million (2017: \$2.128 million). This figure excludes any projects that have been carried over to the next financial year and therefore represents the surplus rates collected by the Council.

The vast majority of this year's surplus (\$1.485 million) was due to an under-spend of storm water and waste water rates as the region focussed on a regional water resilience programme which meant an overspend of water rates of \$282,000. In addition, a particularly dry winter meant that planned maintenance work scheduled by Wellington Water Ltd was not required. The Upper Hutt water infrastructure is in very good shape and maintenance will be carried out as required in the 2019 financial year. The surplus rates for water supply, wastewater, and stormwater will be used to ensure that water rating does not experience significant fluctuations, and a portion will be retained for unexpected major events.

Net operating surplus for Council for the 2018 financial year was \$9.103 million which was \$5.77 million higher than budgeted, a favourable variance (2017: \$2.898 million unfavourable). The net operating surplus includes all the funding sources in addition to rates. The main reason for the positive variance against budget is that due to the large number of sub-divisions currently being built in the city, which has resulted in increased income from vested assets. These are the infrastructure components of a development which are given to Council upon completion of the development.

Total comprehensive revenue for the 2018 financial year was \$16.9741 million above budget (2017: \$4.829 million). Total comprehensive income is the net surplus plus accounting adjustments. The reason for the positive variance is due to the revaluation of several classes of assets including the parks and reserves. Land values have increased which is shown in the revaluation reserve.

For a more detailed explanation on major variances from the Annual Plan 2017 – 2018, please refer to page 27.

TABLE 1: STATEMENT OF FINANCIAL POSITION—SUMMARY ¹

AS AT 30 JUNE 2018	Actual Parent 30 Jun 2018 (\$000)	Actual Parent 30 Jun 2017 (\$000)	Forecast Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2018 (\$000)	Actual Group 30 Jun 2017 (\$000)
Assets					
Current assets	16,713	17,224	10,789	17,159	17,638
Non-current assets	748,189	722,150	718,207	748,308	722,272
Total assets	764,902	739,374	728,996	765,467	739,910
Liabilities					
Current liabilities	17,810	17,118	8,939	18,024	17,316
Non-current liabilities	29,655	29,355	39,983	29,655	29,355
Total liabilities	47,465	46,473	48,922	47,679	46,671
Net assets/equity	717,437	692,901	680,074	717,788	693,239

TABLE 2: STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE—SUMMARY ¹

YEAR ENDED 30 JUNE 2018	Actual Parent 30 Jun 2018 (\$000)	Actual Parent 30 Jun 2017 (\$000)	Forecast Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2018 (\$000)	Actual Group 30 Jun 2017 (\$000)
Total operating revenue	64,056	52,389	56,786	64,535	52,846
Total operating expenditure ²	54,953	51,919	53,453	55,419	52,373
Net operating surplus/(deficit)	9,103	470	3,333	9,116	473
Increase/decrease in asset revaluation reserves	15,433	20,557	4,232	15,433	20,557
Total comprehensive income as restated	24,536	21,027	7,565	24,549	21,030

NOTES

1. This information has been extracted from the Council's Annual Report 2017 – 2018, which was adopted on 31 October 2018.

2. Finance cost – interest 1,468 1,674 1,959 1,468 1,674

TABLE 3: STATEMENT OF CHANGES IN EQUITY—SUMMARY ¹

AS AT 30 JUNE 2018	Actual Parent 30 Jun 2018 (\$000)	Actual Parent 30 Jun 2017 (\$000)	Forecast Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2018 (\$000)	Actual Group 30 Jun 2017 (\$000)
Equity at the start of the year	692,901	671,874	672,509	693,239	672,209
Total comprehensive income	24,536	21,027	7,565	24,549	21,030
Equity at the end of the year	717,437	692,901	680,074	717,788	693,239
Equity comprises of:					
Accumulated funds	233,949	228,032	237,419	234,217	228,306
Restricted reserves	13,783	9,604	8,253	13,841	9,643
Asset revaluation reserves	469,705	455,265	434,402	469,730	455,290
Total equity	717,437	692,901	680,074	717,788	693,239

TABLE 4: STATEMENT OF CASH FLOWS—SUMMARY ¹

YEAR ENDED 30 JUNE 2018	Actual Parent 30 Jun 2018 (\$000)	Actual Parent 30 Jun 2017 (\$000)	Forecast Parent 30 Jun 2018 (\$000)	Actual Group 30 Jun 2018 (\$000)	Actual Group 30 Jun 2017 (\$000)
Net cashflow from operating activities	11,454	13,022	11,998	11,482	13,049
Net cashflow from investing activities	(12,700)	(14,527)	(9,235)	(12,650)	(14,556)
Net cashflow from financing activities	2,000	2,044	2,233	2,000	2,044
Net cashflow (outflow) for the year	754	539	4,996	832	537
Cash and cash equivalents at 1 July	3,309	2,770	(4,488)	3,576	3,039
Cash and cash equivalents at 30 June	4,063	3,309	508	4,408	3,576

NOTE

1. This information has been extracted from the Council's Annual Report 2017 – 2018, which was adopted on 31 October 2018.

TABLE 5: FIVE-YEAR FINANCIAL PERFORMANCE SUMMARY ¹

	Forecast 2017 – 2018 (\$000)	Actual 2017 – 2018 (\$000)	Actual 2016 – 2017 (\$000)	Actual 2015 – 2016 (\$000)	Actual 2014 – 2015 (\$000)	Actual 2013 – 2014 (\$000)
Gross rates	37,711	37,932	36,285	34,394	33,112	31,850
Net surplus/(deficit)	3,333	9,103	470	1,719	(6,920)	(1,919)
Working capital	1,850	(1,097)	106	(5,211)	(22)	1,102
Public debt	39,538	36,500	34,500	32,456	30,549	25,427
Total assets	728,996	764,902	739,374	716,260	714,220	679,074

TABLE 6: FIVE-YEAR COUNCIL FINANCIAL STATISTICS ¹

	Forecast 2017 – 2018 (\$000)	Actual 2017 – 2018 (\$000)	Actual 2016 – 2017 (\$000)	Actual 2015 – 2016 (\$000)	Actual 2014 – 2015 (\$000)	Actual 2013 – 2014 (\$000)
Proportion of gross rates to total income	66.4%	59.2%	69.0%	63.9%	77.9%	72.6%
Average rates per rateable property	\$2,271	\$2,214	\$2,135	\$2,045	\$1,985	\$1,910
Total interest expense on net public debt	5.0%	4.0%	4.9%	4.7%	4.6%	5.2%
External net public debt to gross annual rates	104.8%	96.2%	95.1%	94.4%	92.3%	79.8%
External net public debt per rateable property	\$2,381	\$2,131	\$2,030	\$1,930	\$1,831	\$1,524
External net public debt to total equity	5.8%	5.1%	5.0%	4.8%	4.5%	3.9%

NOTE

1. This information has been extracted from the Council's Annual Report 2017 – 2018, which was adopted on 31 October 2018.

MAJOR ESTIMATE VARIATIONS

The following are explanations for major variations from Council's Annual Plan 2017 – 2018. Full disclosure of these variances is detailed in the full Annual Report 2017 – 2018.

Statement of comprehensive revenue and expense

Operating revenue was \$11.667 million more than 2016 – 2017, and \$7.27 million above the 2017 – 2018 budget. The following are the main variances:

- Gross rate income was up by \$100,000 over that estimated, due to the growth of subdivisions within the city. Previously, rates on Council properties were included in the total rates income. This year, rates on Council properties (\$1.665 million) have been removed as they are not income to Council.
- Fees and charges were above estimate by \$7.460 million for Council, the main components being:
 - Vested assets up by \$8.745 million.
 - Sale of assets \$2.213 million not yet realised.
- Subsidies and grants were down by \$344,000 as follows:
 - NZTA income was up due to an additional subsidy of \$835,000 for the LED street lighting project.
 - Expressions Whirinaki funding was down by \$703,000.
 - Council received less social grants.

Operating Expenditure was \$1.5 million above estimate. The following are the main variances:

- Depreciation was \$436,000 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 \$491,000 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.
- Other expenses were above budget by \$1.774 million (see page 129 of the full Annual Report 2017 – 2018). This was due to the following differences:
 - Loss on disposal of assets \$795,000 higher due to (1) the disposing of old street lighting before the new LED lights were installed (the LED project was brought forward after the budget was set) and (2) two buildings had been revalued in their entirety, however Council only owns a portion of these buildings.
 - Consultants up by \$309,000.
 - Land transport general maintenance up by \$3.934 million. NZTA has changed the coding so that only non-subsidised roading is included in the budgeted amount of \$255,000. NZTA coding that relates to 'new general land transport maintenance' is now included within other operating expenses budget (below). In note 3C, the land transport general maintenance amount of \$4.205 million is similar to 2016 – 2017 (\$4.279 million).
 - Sewer maintenance down by \$202,000.
 - Other operating expenses were down by \$2.827 million due to a change in NZTA classifying codes to Land transport general maintenance category (see page 142 of the full Annual Report 2017 – 2018).

Statement of financial position

Asset revaluation reserves have increased by \$14.444 million from last year due to the revaluation of parks and infrastructure assets (the revaluation was brought forward for operational purposes).

Public debt at balance date was \$36.5 million. This compares to an estimate of \$39.538 million, with the difference being due to a carryover of loan-funded projects approved by Council valued at \$6.762 million. Some cycleway projects that had been carried over were already allowed for in the Annual Plan. Council also brought forward the LED street lighting upgrade. Trade and other payables is higher than budget by \$1.812 million. Trade creditors were higher because overall expenditure was higher.

Trade receivables were higher by \$1.734 million due to a higher than usual year-end subsidy claim to NZTA for the LED street lighting upgrade. Cash and cash equivalents are above budget by \$3.555 million due to Council holding more on their call account as at 30 June 2018. Council requires more short term cash for cashflow purposes until the rates revenue cycle commences.

Capital expenditure

Capital expenditure has fluctuated in accordance with projects mentioned in the activities section of the full Annual Report 2017 – 2018, 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 2017 – 30 June 2018. The information has been extracted from Council's Annual Report 2017 – 2018, which was adopted by Council on 31 October 2018. The summary is compliant with PBE FRS 43, summary financial statements.

- 1 The Annual Report 2017 – 2018 (which includes the Council's full financial statements) and the Annual Report 2017 – 2018 Summary (which contains the summary financial statements) were both adopted by the Upper Hutt City Council at an Extraordinary Council meeting on 31 October 2018.
- 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). The full 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 2017 – 2018 (which includes the Council's full financial statements) may be obtained from Upper Hutt City Council at:
838 – 842 Fergusson Drive, or online at www.upperhuttcity.com
Upper Hutt 5140
- 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 2018) and the signing of the financial statements (31 October 2018) 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 2018 fairly reflect the financial position and operations of Upper Hutt City Council (as at 31 October 2018).



W N Guppy
MAYOR

C B Upton
CHIEF EXECUTIVE

J Fink
CHIEF FINANCIAL OFFICER

Independent audit report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

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 2018

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 2018.

The summary of the annual report comprises the following summary statements on pages 17, and 23 to 28:

- the summary statement of financial position as at 30 June 2018;
- the summaries of the statement of comprehensive revenue and expense, net equity and statement of cash flows for the year ended 30 June 2018;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of non-financial performance measure results.

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 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 2018 in our auditor's report dated 31 October 2018.

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, we have audited the City Council's 2018-28 long-term plan, and performed a limited assurance engagement related to the City Council's Debenture Trust Deed. Other than these engagements, we have no relationship with, or interests in the City Council or its subsidiary.



Andrew Clark,
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand
31 October 2018



Upper Hutt City Council

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