



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

Pūrongo ā-Tau  
Annual Report  
SUMMARY

2019 – 2020





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# Our mayor and councillors



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# Nau mai | Welcome

Katahi nā te tau whanokē ko tēnei mō te Kaunihera. Ahakoa ngā piki me ngā heke i ngā 12 marama tae noa ki te Pīpiri, tēnā ia ko te KOWHEORI-19, he raru ki tai. Nō mua noa atu i ngā pae mataara kua whakamana ā-kāwanatanga, i te whakariterite kē mātou i tētehi urupare ā-takiwā.

I a te kāwanatanga i tīmata i tāna arataki i te urupare ā-motu nā, kua rite pai mātou ki te huawaere i taua urupare ā-takiwā nei. Nā mātou te ranga urupare i whakaoreore, katahi ka rapua ngā ara tika hei tautoko i ngā iwi kāinga e ngoikore nei i ngā tāmitanga o te mate urutā. Kua aromatawaitia anō tā mātou hōtaka mahere ā-tau kia tautokona tō tātou pāpori hei te wā e haere ake nei.

Ahakoa ngā heke, kua whakatakotoria e mātou ngā papa tākaro ā-onepū e rua ki Te Papa Rēhia o Toka Hāwini, kua tīmatatia te whakawhānui i a Expressions Whirinaki, kua mihi hoki te kaipakihi hōu nā runga i te ōhanga whakamāui. Kei te kite tonu mātou i ngā whakawhanake ā-pakihi, ā-kāinga hoki i te whakarahi mai o ngā tāngata e koni ahi ana i Te Awa Kairangi ki Uta.

Waihoki, i tīmatatia e mātou te tukanga Mahere ā-Ngahurutanga, e whakarongo ana ki hō koutou nā whakaaro mā 'Kōrero mai'. I te whai whakaaro mātou ki te whakawhanake i tō mātou rautaki 2021 – 2031.

Ahakoa ngā tini wero a Te Mate Korona, kua mihi e tēnei tau te manawa tītī o Te Kaunihera, otinō, o ngā iwi, o ngā pāpori e noho nei ana i Te Awa Kairangi ki Uta. Kua pai tō mātou tirohanga ahumoni, nā te hekenga haere o ngā utu huamoni, kua heke tonu hā mātou utu nama. Nā hēnei tū āhuatanga, ka pai rānei tā mātou ahumoni hei tērā tau me tōna aronga whakamāui kei te tiketike o te whakaaro.

2019 – 2020 has been an unprecedented year for Council. The 12 months to June presented some significant milestones, but the big disruption has been COVID-19. Prior to government-mandated restriction levels, we were already preparing a regionally-coordinated response.

As central government began to lead a nationwide response, we were in a good position to facilitate how that response played out on a local level. We mobilised our response team, and set about finding ways to assist our communities at their point of need. We were also able to make a dynamic response in our annual planning cycle to facilitate support mechanisms for the community going forward.

Despite the setbacks, we delivered two new sand-based sports fields at Maidstone Park, began work on the Expressions Whirinaki extension, and attracted new business through our economic stimulus funding. We're continuing to see an uptake in commercial and residential developments as more and more people choose to make Upper Hutt their home.

We also began the next Long Term Plan process, seeking preliminary responses through our 'Let's kōrero' campaign. We asked for feedback to help us develop our strategy for 2021 – 2031.

With the remaining uncertainty around COVID-19, 2019 – 2020 has demonstrated a remarkable degree of resilience for both Council and the Upper Hutt community. Our financial outlook is positive, and the continued fall in interest rates has reduced our borrowing costs. We are in good shape for the next financial year which has a significant recovery focus.



**Wayne Guppy**  
KOROMATUA | MAYOR

**Peter Kelly**  
TE TUMU WHAKARAE | CHIEF EXECUTIVE



# Tō tātou whāinga | Our vision

Our city is one of a kind. We are surrounded by outstanding natural beauty and a wide range of leisure and recreational opportunities. We're recognised as a great place for families and for people who enjoy the outdoors. We encapsulated this in our vision:

## Mouri tū. *Mouri ora!*

### LIFE. LEISURE. *LIVE IT!*

#### Strategic priority areas for our city

##### HAPORI Community

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



We're Upper Hutt

We're family.

##### TAIAO 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.

##### TE MANAWA City Centre

Our city centre is alive, attractive, and vibrant.



We're Upper Hutt

We're a centre for opportunity.

##### ŌHANGA Economy

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



We're Upper Hutt

We're enabling growth and success.

##### TŪĀPAPA Infrastructure

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



We're Upper Hutt

We're connected.

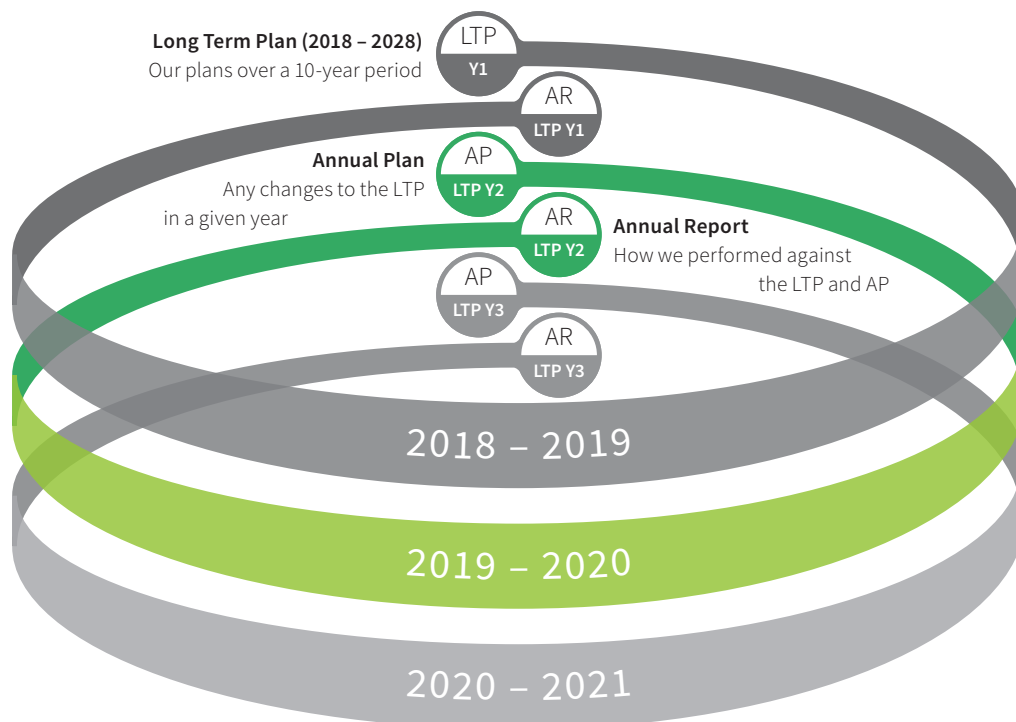
# Whakamāramatanga | About the Annual Report

The purpose of the Annual Report is to communicate information about our nine activities, services, and financials; and to compare actuals with what was planned for the 2019 – 2020 financial year.

A qualified opinion was received on the statement of service provision relating to fault response times; maintenance of the reticulation network—water supply; total number of complaints received; and dry weather overflows as disclosed on pages 76 to 79 of the full Annual Report.

Without further modifying the auditor’s opinion, an *Emphasis of Matter – Impact of COVID-19* was included highlighting the disclosures relating to COVID-19 on the Council, as set out in note 1 and pages 10 and 11 of our statement of service provision in the full Annual Report.

The financial statements and performance information in this report provide a summary, and therefore cannot be expected to provide as complete an understanding of Council’s financial position and performance.



This report summary is grouped into two sections

## PERFORMANCE

A snapshot of what we delivered in the 2019 – 2020 year and how we performed against our targeted measures and aims.

## FINANCIALS

A snapshot of our financial performance over the 2019 – 2020 year.

# Tātaritanga | Performance

Everything we do for our community falls under five strategic priority areas:  
**COMMUNITY, ENVIRONMENT, CITY CENTRE, ECONOMY, AND INFRASTRUCTURE**

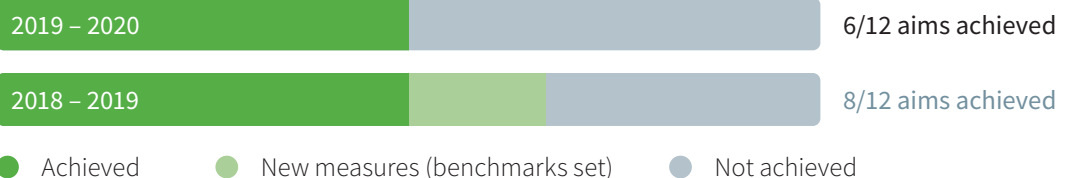
We deliver the five strategic priorities through nine groups of activities. We measure our performance and towards the strategic priority areas and in our activities through our performance measures. There are 69 performance measures in total, relating to the services and facilities we provide, and how our community experience using them.

In 2018 – 2019 we also set performance measures to assess our reputation in the community.

## Performance under our strategic priority areas

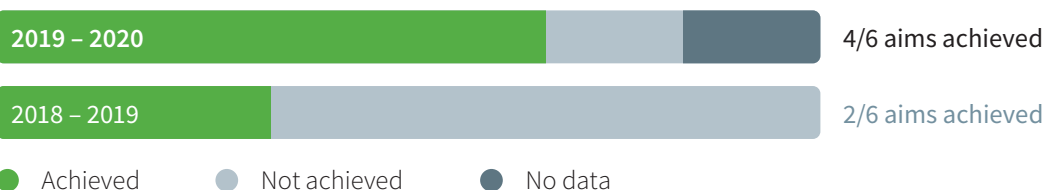
34 of our 69 performance measures achieved their aim this year, and are summarised below. Full results, are available in our Annual Report 2019 – 2020 from page 68.

### Community



Digital connections to library platforms have increased, and aims related to physical attendance at facilities and events have not been met due to restrictions put in place for COVID-19.

### Environment



As a community we continue to divert more recyclable materials from landfill evidenced by an increase in usage of the recycling drop off station. Closures of parks for upgrade may have affected community satisfaction in this strategic priority area.



## City centre



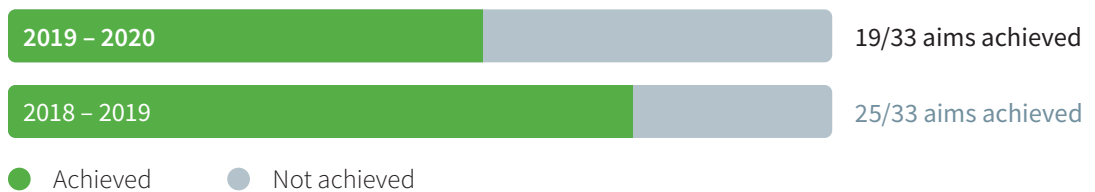
Satisfaction rates indicate additional focus is required to improve safety, and the appearance of our city centre.

## Economy



All measures under this priority area achieved their aims.

## Infrastructure



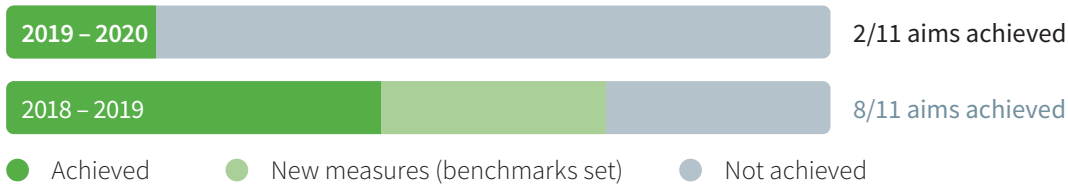
Infrastructure performance comprises of 26 measures related to the three waters (water supply, wastewater, and stormwater), and 7 measures relating to roading. Wellington Water Limited (WWL) delivers the three waters services for Upper Hutt City Council (and 4 other Councils). The performance results for the three waters which we have reported in this document, are as per WWL's reporting which indicate that WWL did not achieve aims for 10 of their 26 measures (see pages 76 – 79 of the Annual Report 2019 – 2020).

Wellington Water was not able to provide assurance over the reporting of some of their performance measures. These relate to 13 mandatory DIA measures which we include in our reporting. Results for these 13 Upper Hutt City Council performance measures (numbered 35 – 41, 43, 48 – 50, 57, and 58 in the Annual Report 2019 – 2020) therefore could also be considered as being non-verifiable. Refer also to page 171 of the Annual Report 2019 – 2020 for more detail and proposed remedial action.

We have been discussing with WWL about its plans to address the matter. WWL has conveyed that, to meet aims in the future, it intends to work towards preventative maintenance, build reliability into the network, and improve reporting consistency—particularly for performance related to the attendance of complaints. Despite the non-achievement of some aims, we continue to provide safe, good-quality drinking water for our community.

COVID-19 Alert Level 4 lockdown is likely to have led to water consumption rates increasing, as we were required to stay home. Planned road maintenance of our ageing infrastructure was also greatly impacted by COVID-19 Alert Level 4 lockdown.

# Council is fit for purpose and capable

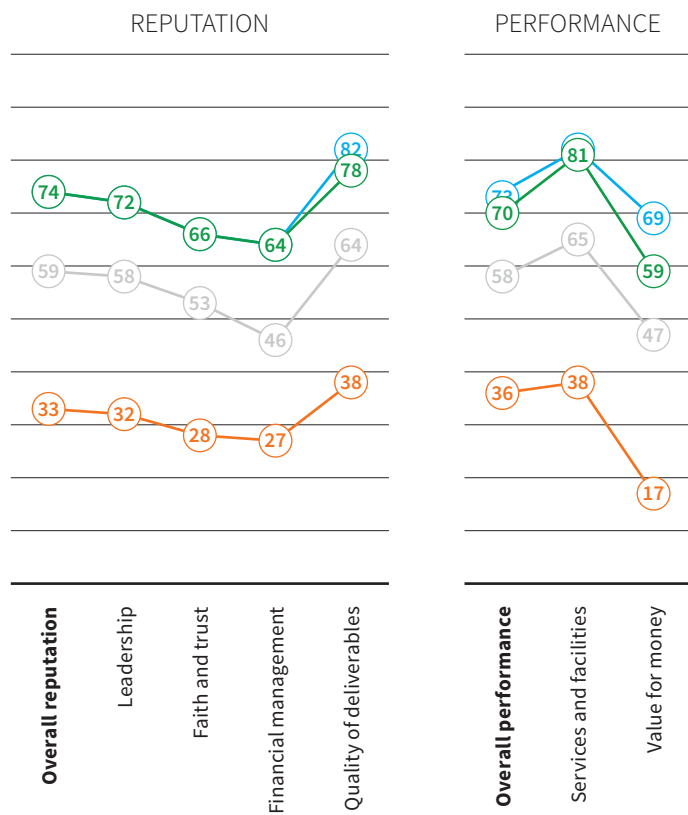


Face-to-face regulatory services, and services requiring hard copy data held on-site at Council offices, were impacted by COVID-19 alert level restrictions. Overall satisfaction with services, infrastructure, and facilities increased this year. While most of our reputation measures did not achieve their aim this year, community perception of our reputation is high when compared to other councils nationwide.

## How we compare to other councils

In addition to what we measure and report, our contractor for our Community Survey (KeyResearch) compared the reputation of the 18 councils it contracts for, as rated by their communities. The graph below shows the results of measures relating to how these councils are perceived by their community.

Upper Hutt City Council’s rating is well above average, giving us the highest reputation score across the 18 councils for Leadership, Faith and Trust, and Financial Management.



# COVID-19 impact and response

The outbreak of COVID-19 has affected us all. It affected our ability to deliver our services, and we redirected a portion of our resources to provide community support through our Emergency Operations Centre (EOC). On this page we outline the impact COVID-19 had on our ability to deliver our services, and the next page outlines the support we provided to meet the many, and varied community needs.

See our *Performance* section on page 68 of the Annual Report for more detail.

## How our work was impacted

### FACE-TO-FACE WORK

Support and services usually provided face-to-face were unable to continue during Alert Level 4 restrictions.

### WORKING FROM OUR BUBBLES

A working from home policy was developed to ensure staff were able to continue working safely throughout COVID-19 alert level restrictions. Wellbeing of our staff was supported through regular check-ins with managers, flexibility of working hours to allow for care of children at home, and council-wide communications to enable staff access to information, and support as needed.

### OUTDOOR CONSTRUCTION WORKS

Water works were able to continue to ensure essential water systems and services remained operational at all alert levels. Wellington Water Ltd took advantage of the low traffic during Alert Level 4 and 3 and duplicated crew numbers to accelerate repair work, cover staff in case of illness, and reduce service backlog in the region by 80%. Construction works relating to parks, reserves, and roading were not able to be completed during Alert Level 4 restrictions.

### PAPER-BASED WORK

Processes related to LIMs and building services are largely paper-based, which delayed the completion of this work while having to work remotely from home. During Alert Levels 4 and 3, an interim solution was put in place to enable electronic applications and processing of building services.

### PUTTING CLOSURE TO GOOD USE AT H<sub>2</sub>O XTREAM

Forced to close during alert level restrictions, pool maintenance that would otherwise not be able to be actioned with the pool open, was completed during Alert Levels 4 and 3.

### FUTURE PLANNING

We were well into our annual planning for the 2020 – 2021 year when the COVID-19 alert level restrictions came into place. We had also begun our community engagement campaign for the next Long Term Plan. To ensure we captured COVID-19 related feedback, we asked additional engagement questions, and gathered feedback from our community on what was now important to them in light of the pandemic.

# How we supported our community

## EMERGENCY OPERATIONS CENTRE (EOC)

Daily briefings from the Emergency Coordination Centre in Wellington provided us with a regional view which flowed into our local approach. Working alongside Ōrongomai Marae and other welfare agencies, our EOC ran five days a week, from 8:00 am – 5:00 pm, providing information and support for our community.

## LIMITING COST INCREASES

We adopted a rates requirement increase of only 1.5%, effectively keeping it below inflation. Rates instalments, rates postponements, and penalty remission options were available for those who were in need. For the most part, we maintained the same fees and charges as the 2018 – 2019 year, essentially putting a freeze on increases for a year.

## RECOVERY FUND

We established a \$1 M 'Recovery Fund' for the 2020 – 2021 financial year. The purpose of the fund is to boost social, cultural, economic, and environmental wellbeing for businesses and community organisations impacted by COVID-19.

## BUSINESS AND COMMUNITY CARE

We formed a *Business Response Team* with Hutt City Council, and the Hutt Valley Chamber of Commerce. Taking a collaborative approach gave us access to more resource than would otherwise be available. A range of relief measures were provided to businesses based on their ability to open, and costs they incurred.

## LIBRARY PROMOTION AND USE OF DIGITAL CONNECTIONS

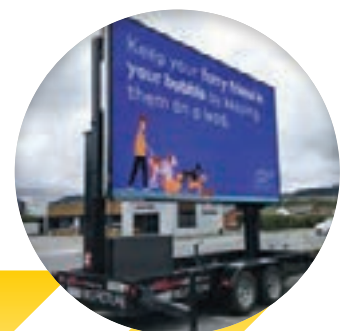
While we were forced to close our libraries, online story times, Zoom quizzes, and book clubs, were a part of the digital services introduced for the community during alert level restrictions.

## DIGITAL DEMOCRACY

Four Council meetings were held via Zoom, with positive community feedback on digital inclusion.

## COMMUNITY FIRST

Staff remuneration increases, which would have been considered through performance reviews, were not considered this year, so as to make budget savings to establish the community Recovery Fund.



# Ahumoni | Financials

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 2020.

The Statement of Comprehensive Revenue and Expense on page 13 shows a summary of the income and expenses of Council for the year and the resulting surplus or deficit. For the 2020 financial year, Council had a net operating surplus of \$6.811 M compared to a budget of \$7.866 M.

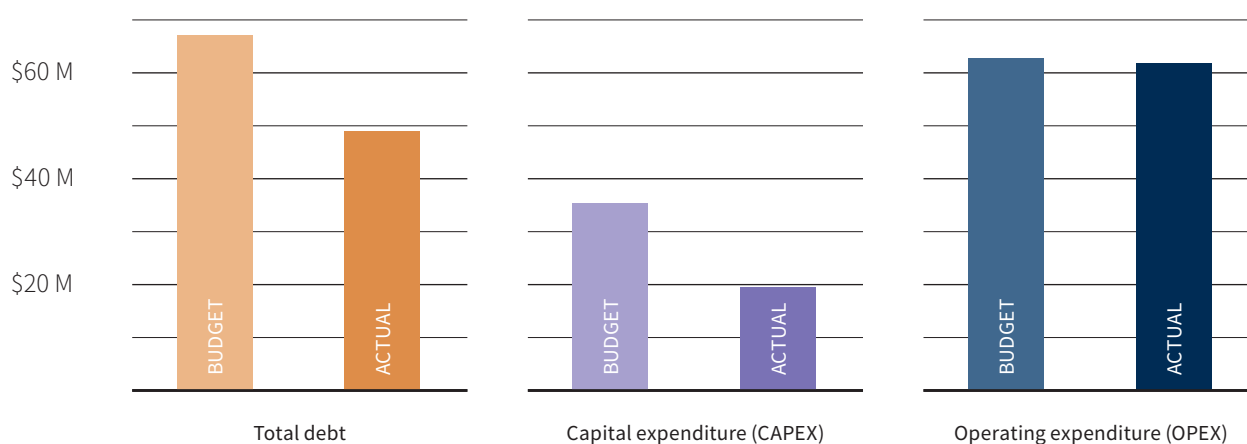
Despite the impacts of COVID-19, which meant that our facilities were shut for a period of time, our revenue budgets were largely unaffected. The most significant impact came from subsidies and grants being under budget by \$1.98 M. This was due to delays in subsidised roadworks which meant we could not collect revenue from Waka Kotahi (NZTA).

Total operating expenditure amounted to \$61.951 M against a budget of \$62.876 M, so despite COVID-19, Council was \$925 K under budget. The largest variances were 'other expenses' below budget by \$2.725 M. This was offset by depreciation being \$2.162 M over budget which was due to the revaluation of assets during the year. A full explanation of budget variances can be found on page 15.

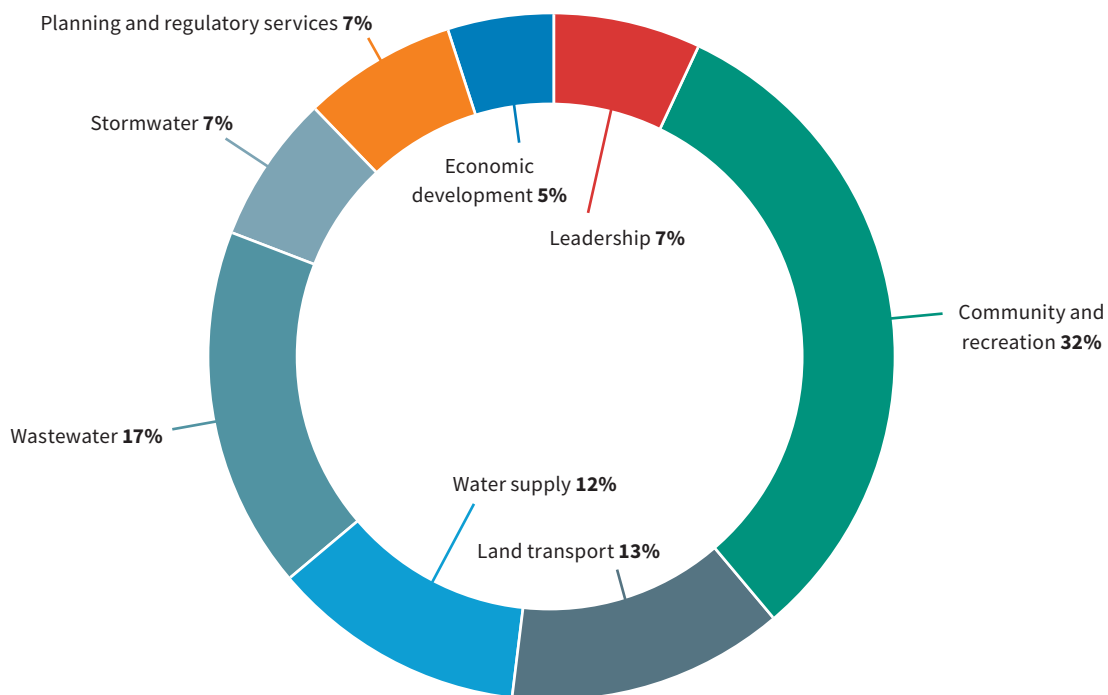
It is important to note that the financial statements are prepared according to accounting standards, and as such they include items that are not cash transactions such as vested assets and depreciation. To see the actual cash received and spent during the year, refer to the Statement of Cash Flows on page 14.

Public debt was \$49 M at the end of the year against an anticipated balance of \$67 M. 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 levels of debt due to the delay of certain projects. 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.

The 2020 financial year was undoubtedly affected by COVID-19, however given that a reduction in revenue was offset by a greater reduction in expenditure, this created an unexpected rate funding surplus of approximately \$1.95 M. This has been placed in a general reserve fund and will be used to reduce the amount of rate funding required in the Long Term Plan 2021 – 2031. Council remains in a strong financial position with adequate cash reserves and debt capacity.



# Portion of rates spend by activity



## Statement of financial position —summary as at 30 June 2020

	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL PARENT 30 JUN 2019 (\$000)	BUDGET PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2019 (\$000)
<b>ASSETS</b>					
Current assets	24,768	21,432	11,045	25,248	21,847
Non-current assets	813,510	757,753	825,904	813,644	757,876
<b>Total assets</b>	<b>838,278</b>	<b>779,185</b>	<b>836,949</b>	<b>838,892</b>	<b>779,723</b>
<b>CURRENT LIABILITIES</b>					
Current liabilities	17,306	17,865	13,866	17,511	18,053
Non-current liabilities	45,921	37,566	65,401	45,921	37,566
<b>Total liabilities</b>	<b>63,227</b>	<b>55,431</b>	<b>79,267</b>	<b>63,432</b>	<b>55,619</b>
<b>NET ASSETS/EQUITY</b>	<b>775,051</b>	<b>723,754</b>	<b>757,682</b>	<b>775,460</b>	<b>724,104</b>

## Statement of comprehensive revenue

## and expense—summary

	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL PARENT 30 JUN 2019 (\$000)	BUDGET PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2019 (\$000)
Total operating revenue	68,762	57,334	70,742	69,060	58,010
Total operating expenditure	61,951	58,722	62,876	62,190	59,399
<b>Net operating surplus/(deficit)</b>	<b>6,811</b>	<b>(1,388)</b>	<b>7,866</b>	<b>6,870</b>	<b>(1,389)</b>
Increase/(decrease) in asset revaluation reserves	44,252	7,705	19,133	44,252	7,705
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>	<b>51,063</b>	<b>6,317</b>	<b>26,999</b>	<b>51,122</b>	<b>6,316</b>
Finance cost—interest expenses	1,763	1,529	2,541	1,763	1,529

The accompanying accounting policies and notes form part of these financial statements. Explanations of major variances against budget are provided on page 15.

## Statement of changes in equity—summary

	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL PARENT 30 JUN 2019 (\$000)	BUDGET PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2019 (\$000)
Equity at 1 July	723,754	717,437	730,683	724,104	717,788
Transfer of revaluation reserve from asset revaluation reserve on disposal of property	234	0	0	234	0
Total comprehensive revenue and expense for the year	51,063	6,317	26,999	51,122	6,316
<b>EQUITY AT 30 JUNE 2020</b>	<b>775,051</b>	<b>723,754</b>	<b>757,682</b>	<b>775,460</b>	<b>724,104</b>
<b>EQUITY COMPRISES OF</b>					
Accumulated funds	234,078	230,696	244,079	234,423	230,964
Restricted reserves	19,831	16,168	13,985	19,870	16,225
Asset revaluation reserves	521,142	476,890	499,618	521,167	476,915
<b>TOTAL EQUITY</b>	<b>775,051</b>	<b>723,754</b>	<b>757,682</b>	<b>775,460</b>	<b>724,104</b>

# Statement of cash flows—summary

OPERATING ACTIVITIES	ACTUAL PARENT	ACTUAL PARENT	BUDGET PARENT	ACTUAL GROUP	ACTUAL GROUP
	30 JUN 2020 (\$000)	30 JUN 2019 (\$000)	30 JUN 2020 (\$000)	30 JUN 2020 (\$000)	30 JUN 2019 (\$000)
Net cash inflow (outflow) from operating activities	15,345	12,136	15,228	15,452	12,140
Net cash inflow (outflow) from investing activities	(22,474)	(16,636)	(27,107)	(22,505)	(16,696)
Net cash inflow (outflow) from financing activities	6,000	6,500	19,104	6,000	6,500
<b>Net cash inflow (outflow) for the year</b>	<b>(1,129)</b>	<b>2,000</b>	<b>7,225</b>	<b>(1,053)</b>	<b>1,944</b>
Cash and cash equivalents as at 01 July	6,063	4,063	(6,643)	6,352	4,408
<b>Cash and cash equivalents as at 30 June</b>	<b>4,934</b>	<b>6,063</b>	<b>582</b>	<b>5,299</b>	<b>6,352</b>

# Five-year financial performance summary

	FORECAST 2019 – 2020 (\$000)	ACTUAL 2019 – 2020 (\$000)	ACTUAL 2018 – 2019 (\$000)	ACTUAL 2017 – 2018 (\$000)	ACTUAL 2016 – 2017 (\$000)	ACTUAL 2015 – 2016 (\$000)
Gross rates	42,762	42,631	40,184	37,932	36,285	34,394
Net surplus/(deficit)	7,866	6,811	(1,388)	9,103	470	1,719
Working capital	(2,821)	7,462	3,562	(1,097)	106	(5,211)
Borrowings	67,104	49,000	43,000	36,500	34,500	32,456
Total assets	836,949	838,278	779,185	764,902	739,374	716,260



# Five-year Council financial statistics

	<b>FORECAST</b> <b>2019 – 2020</b> <b>(\$000)</b>	<b>ACTUAL</b> <b>2019 – 2020</b> <b>(\$000)</b>	<b>ACTUAL</b> <b>2018 – 2019</b> <b>(\$000)</b>	<b>ACTUAL</b> <b>2017 – 2018</b> <b>(\$000)</b>	<b>ACTUAL</b> <b>2016 – 2017</b> <b>(\$000)</b>	<b>ACTUAL</b> <b>2015 – 2016</b> <b>(\$000)</b>
Proportion of Gross rates to total income	60.45%	62.00%	70.09%	59.22%	69.01%	63.93%
Average gross rates per rateable property	\$2,468	\$2,435	\$2,307	\$2,214	\$2,135	\$2,045
Total interest expense on public debt	3.8%	3.6%	3.6%	4.0%	4.9%	4.7%
External public debt to annual rates	156.9%	114.9%	107%	96.2%	95.1%	94.4%
External public debt per rateable property	\$3,873	\$2,799	\$2,480	\$2,131	\$2,030	\$1,930
External public debt to total equity	8.9%	6.3%	5.9%	5.1%	5.0%	4.8%

## Explanations of major variances against budget

The following are explanations for major variations from Council's 2019 – 2020 Annual Plan.

### Statement of comprehensive revenue and expense

There was a surplus for the financial year of \$6.811 M. This is in comparison to a budgeted surplus of \$7.866 M.

#### REVENUE

Total operating revenue was \$11.428 M more than 2018 – 2019, and \$1.98 M below 2019 – 2020 budget. The following are the main variances.

- There were no significant changes in Fees and charges. The deviation from the budget is due to a new revenue category 'Other revenue' being created resulting in \$11.006 M being reclassified from 'Fees and charges' to 'Other revenue.'
- Subsidies and grants were below budget by \$1.941 M this is due to the impact of COVID-19 less work has been completed than expected during the year.
- Other revenue is a newly created revenue category with \$11.006 M of revenue allocated to this category. The significant revenue items, which were not budgeted for in 'other revenue' are vested assets of \$8.7 M and cost reimbursements from other agencies of \$1.8 M.

## OPERATING EXPENDITURE

Total operating expenditure was \$3.229 M higher than 2018 – 2019, and \$925 K under the 2019 – 2020 budget. The following are the main variances.

- Depreciation was \$2.162 M above budget. This reflects the impact of asset revaluations as well as a general increase in the council's total assets.
- Finance costs for interest expenses were lower than budget by \$778 K 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 under budget by \$2.725 M. This was due to a general decrease in other expenses during the COVID-19 lockdown. The most significant underspends were in insurance (\$160 K), loss on disposal of assets (\$850 K), and electricity/gas energy (\$730 K).

## Statement of financial position

Council has a strong financial position with net assets up \$51.297 M from last year and \$17.369 M above budget. The increase is mainly attributable to the revaluation gain of infrastructure assets.

### CURRENT ASSETS

Current assets are \$13.723 M 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.

### NON-CURRENT ASSETS

Non-current assets are \$12.394 M below budget due to lower than anticipated capital expenditure as a result of the COVID-19 lockdown.

### CURRENT LIABILITIES

Current liabilities are \$3.44 M above budget. This is mainly due to the following:

- The current portion of our debt is \$4.171 M above budget. This is due to the timing of when loans are repayable varying from what was predicted.
- Payables and deferred revenue are \$1.224 M below budget. This is due to Council paying all of our creditors on a weekly basis since COVID-19 as a way to support local businesses.

## NON-CURRENT LIABILITIES

Non-current liabilities are \$19.480 M below budget. This is due to the timing of when loans are repayable varying from what was predicted. Overall, external debt was \$49 M which is \$18.104 M under budget. This is due to delays in projects so the funding has not been drawn down. This is detailed in 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 2019 – 30 June 2020. The information has been extracted from Council's Annual Report 2019 – 2020, which was adopted by Council on 21 December 2020. The Annual Report 2019 – 2020 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 2019 – 2020 (which includes the Council's full financial statements) and the Annual Report Summary 2019 – 2020 (which contains the summary financial statements) were both adopted by the Upper Hutt City Council at an Extraordinary Council meeting on 21 December 2020.

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 2019 – 2020 (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](http://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 2020) and the signing of the financial statements (21 December 2020) there was no subsequent events that impacted the financial statements.

# 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 2020 fairly reflect the financial position and operations of Upper Hutt City Council (as at 21 December 2020).



W N Guppy

**KOROMATUA | MAYOR**

26 JANUARY 2021

P Kelly

**TE TUMU WHAKARAE | CHIEF EXECUTIVE**

26 JANUARY 2021

J Fink

**CHIEF FINANCIAL OFFICER**

26 JANUARY 2021

# Independent auditor's report

## To the readers of Upper Hutt City Council and Group's summary of the Annual Report for the year ended 30 June 2020

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 2020.

The summary of the annual report comprises the following summary statements on pages 5 to 17:

- the summary statement of financial position as at 30 June 2020;
- 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 2020;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision.

## Opinion

In our opinion:

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

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

## 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 a qualified opinion on the City Council's statement of service provision in the full audit report, and an unmodified opinion on the other audited information in the full annual report for the year ended 30 June 2020 in our auditor's report dated 21 December 2020. The basis for our qualified opinion on the statement of service provision in the full audit report is explained below.

## Basis for our qualified opinion

Six councils, including the City Council, are joint shareholders in Wellington Water Limited (Wellington Water). Wellington Water manages the six councils' water assets and services on their behalf. A Committee represented by a member of each shareholding council monitors the performance of Wellington Water. Wellington Water reports its performance in respect of water services to the six councils, which are required to report thereon in their respective statements of service provision.

We identified a number of significant issues with the performance measures as described below.

### ***Fault response times – Water supply, Wastewater, and Stormwater***

Wellington Water was unable to accurately report on fault response times for each of the three water services. The information produced by the system used to report on fault response times was not reliable because attendance and resolution times for service requests were not always recorded at the point in time they occurred.

### ***Maintenance of the reticulation network – Water supply***

Wellington Water was unable to report a reliable water loss percentage for each shareholding council due to the limited number of water meters across the reticulation network.

Instead, the water loss percentage for the City Council was reported at a regional level. However, the reliability of this regional water loss percentage was also affected by the limited number of water meters.

### ***Total number of complaints received – Water supply, Wastewater, and Stormwater***

Wellington Water was unable to accurately report the number of complaints for each of the three water services. Complete records of all complaints were not available, and the after hour complaints system used also did not classify complaints between wastewater, water supply and stormwater.

### ***Number of dry weather sewerage overflows – Wastewater***

Wellington Water was unable to accurately report the number of dry weather sewerage overflows, as the system used for recording events included blockages in the wastewater network that did not necessarily result in an overflow.

As a result of these issues, our work was limited and there were no practicable audit procedures we could apply to obtain assurance over the reported results for the performance measures described above.

Information about this matter is also disclosed on page 5 of the City Council's summary annual report.



**Andrew Clark**

Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand

26 January 2021

Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to the disclosures about the impact of COVID-19 on the Council, as set out in the full annual report in note 1 to the financial statements and pages 10 and 11 of the statement of service provision.

An extract of this information is included in the summary of the annual report on pages 9 to 11.

## **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 and full annual reports, we have 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 and its subsidiary and controlled entities.