



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

Pūrongo ā-Tau
Annual Report
SUMMARY

2020 – 2021



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Our mayor and councillors



Blair Griffiths
E: Blair.Griffiths@uhcc.govt.nz
M: 027 451 9561



KOROMATUA TUARUA | DEPUTY MAYOR
Hellen Swales
28D Marlborough Street, Silverstream
E: Hellen.Swales@uhcc.govt.nz
M: 027 528 6799



Chris Carson QSM
9 Toledo Grove, Totara Park
E: Chris.Carson@uhcc.govt.nz
M: 021 041 5969



Heather Newell
31 Pasadena Crescent, Totara Park
E: Heather.Newell@uhcc.govt.nz
T: (04) 528 0742 | M: 027 276 2730



KOROMATUA | HIS WORSHIP THE MAYOR
Wayne Guppy, JP
T[W]: (04) 527 2189 | T[H]: (04) 527 8331
M: 027 277 1550 | E: Wayne.Guppy@uhcc.govt.nz
F: /mayor.wayneguppy



Angela McLeod
227C Whitemans Valley Road
E: Angela.McLeod@uhcc.govt.nz
T: (04) 528 2288 | M: 027 497 2761



Dylan Bentley
42 Heretaunga Square, Silverstream
E: Dylan.Bentley@uhcc.govt.nz
M: 020 4013 2230 | F: /DylanUHCC



Paul Lambert
1296A Akatarawa Road
E: Paul.Lambert@uhcc.govt.nz
T: (04) 526 3660 | M: 022 130 1697



Tracey Ultra
E: Tracey.Ultra@uhcc.govt.nz
T: (04) 527 4321 | M: 027 213 5445



Steve Taylor
E: Steve.Taylor@uhcc.govt.nz
M: 027 337 8371 | F: /SteveTaylorUH



Dave Wheeler
37A Heretaunga Square, Heretaunga
E: Dave.Wheeler@uhcc.govt.nz
T: (04) 528 2254 | M: 027 769 2390

Nau mai | Welcome

Ko te tāhuhu o tō mātou aronga, ko te tautoko i te hapori i roto i ngā taimahatanga o te mate KŌWHEORI-19, te whai Mahere Pae Tawhiti anō, te noho taunga ā-pūtea me te hāpai tonu i ngā kaupapa mō te hapori.

He wā taimaha tēnei, ā, e noho tarewa tonu ana te anamata, heoi, ka koke tonu atu ki tō mātou moemoeā— he taone haumako ā-taiao, he taone kapi i ngā mahi a te rēhia, ka mutu, he wāhi pai hei noho, hei mahi, hei parekareka hoki mō te whānau.

E rongō tonu ana tātou i te ngau o te mate urutā KŌWHEORI-19 i roto i ā tātou mahi o ia rā. He pūtea haupū, āhua kotahi miriora tāra te rahi kua whakaritea hei tautoko i ngā pakihī me ngā rōpū whakahaere o te hapori. Atu i tēnei wā tonu, e 59 ngā kaupapa kua tautokona huri noa i Te Awa Kairangi ki Uta: e 34% he kaupapa ahurea; e 50% he kaupapa hapori; e 2% he kaupapa taiao; e 14% he kaupapa ohaoha. Ko tā mātou whāinga kia wawe te kōkiri i te 'kaupapa matua' hei whakapiki i tō tātou ōhanga ā-rohe.

I tēnei rauna tonu ki Te Mahere Pae Tawhiti i piki ake te tatau o ngā tonu i tukuna mai. E mihi ana ki te hunga nā koutou ngā whakamaheretanga i tautoko mō ngā tau tekau e heke mai ana. E matapaetia ana ka whai hua te mahere hou e aro ana ki te whakatutuki i ngā hiahia o tō tātou taone.

E kitea ana te hāngai ki tā tātou kaupapa matua i te whakatutukinga o Tō Tātou Papa Tākaro, arā a Maidstone Max, me te whakawhānuitanga o te Whirinaki Whare Taonga. Kei runga noa atu tō tātou papa tākaro, te papa tākaro nui rawa atu, te mea hiranga rawa atu o te motu. Mō te taha ki te Whirinaki Whare Taonga, he tapanga ingoa hou, ā, kua whakawhānuitia hoki te whare ake. A, he hanga hou, he tirohanga hou, a, kua noho hei wahi ka whakamahia mō ngā hui nui, ngā hui ā-hapori, mō ngā kaupapa nui, nga whakakitenga toi hoki, ko te whakapakari i ngā ratonga i roto tonu i ngā mahi a te rēhia, ngā mahi mātauranga me ngā kaupapa hapori hoki.

Kia kaha tonu mai tātou kia eke panuku.



Wayne Guppy
KOROMATUA | MAYOR

Supporting the community to recover from COVID-19, adopting another Long Term Plan, being well-placed financially, and continuing to provide valuable service to our community are at the forefront of our efforts.

We have been through challenging times and the future is still uncertain, we've kept moving toward our vision—a city with an outstanding natural environment, leisure, and recreational opportunities, and a great place for families to live, work, and play.

The COVID-19 pandemic continues to affect our everyday lives. We established a \$1M fund to support business and community organisations. To date, 59 initiatives have been supported: 34% cultural; 50% social; 2% environmental; and 14% economic across Upper Hutt. We also made sure that our capital programme progressed as soon as possible to boost the local economy.

Formal consultation saw a new record set for Long Term Plan submissions. We're grateful that so many of you helped shape our planning for the next 10 years. We are forecasting a period of unprecedented growth and the new plan focuses on meeting the future needs of our city.

The completion of Maidstone Max playground and the extension of Whirinaki Whare Taonga highlight continued investment in our capital programme. Maidstone Max is now one of the largest, most accessible, and exciting playgrounds in the country. For Whirinaki Whare Taonga, the name change and expanded facilities mark a new chapter, positioning the centre for more programming, larger events and exhibitions, and growth in serving our city through entertainment, education, and community initiatives.

Let's keep building on this success.



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!*

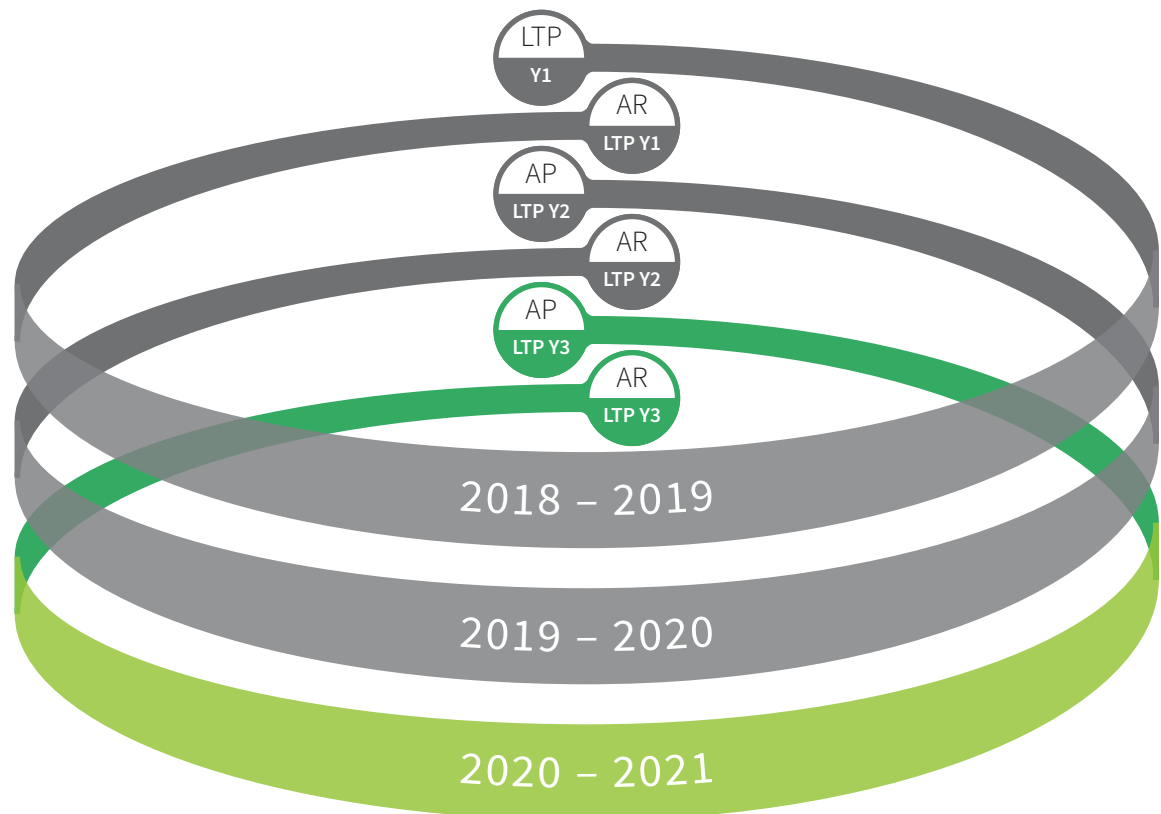
LIFE. LEISURE. *LIVE IT!*

Our vision statements articulate five strategic priority areas for our city. The vision is embodied through the services, initiatives, and projects in Council's nine major activity areas (see pages 14 – 59 of the full Annual Report 2020 – 2021).

HAPORI Community	TAIAO Environment	TE MANAWA City Centre	ŌHANGA Economy	TŪĀPAPA Infrastructure
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 family.	We're Upper Hutt We're a scenic playground.	We're Upper Hutt We're a centre for opportunity.	We're Upper Hutt We're enabling growth and success.	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 2020 – 2021 financial year.



This report is grouped into four sections

OVERVIEW

A snapshot of what we delivered in the 2020 – 2021 year.

ACTIVITIES

In this section you will find details of what we achieved within each activity, and how much was spent, in comparison to what we had budgeted in the Annual Plan.

PERFORMANCE

We set performance measures and targeted aims to assess whether or not we are contributing to the strategic priority areas. Our performance against these measures is set out in this section of the report in detail.

FINANCIALS

This section sets out our financial statements in detail.

Whakarāpopototanga | Overview

 **1 Million**
DIGITAL CONNECTIONS TO UPPER HUTT LIBRARIES



202,463 VISITS TO UPPER HUTT LIBRARIES 

185,991 VISITS TO H₂O XTREAM 

152,502 VISITS TO WHIRINAKI WHARE TAONGA 

70,910 m² ROADS



TOTAL INCOME
(\$68 M budgeted)

14
PUBLIC PROGRAMMES



Whirinaki Whare Taonga

13
EXHIBITIONS



Whirinaki Whare Taonga



TOTAL SPEND
(\$66 M budgeted)

19
YOUTH
14

Assisted into higher education
Assisted into employment

10


Public consultations & engagements

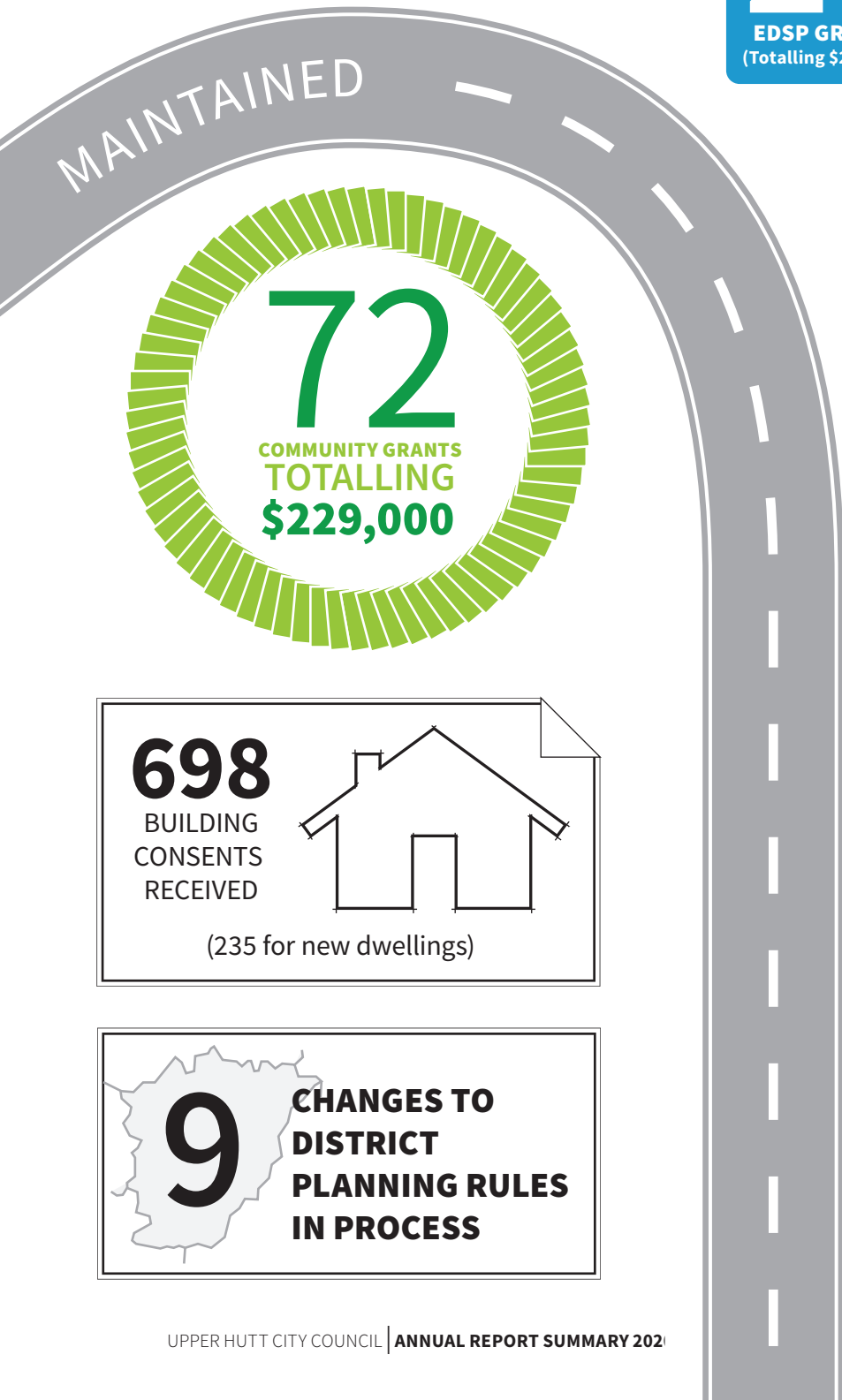
189
RESOURCE
CONSENTS
ISSUED

1,111

COMMUNITY PROGRAMMES RUN
AT UPPER HUTT LIBRARIES

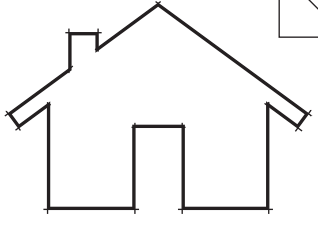
615 CODE OF COMPLIANCES
ISSUED

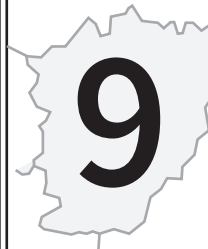

24 
EDSP GRANTS
(Totalling \$252,000)



72
COMMUNITY GRANTS
TOTALLING
\$229,000

3 PLAYGROUND UPGRADES


698
BUILDING
CONSENTS
RECEIVED

(235 for new dwellings)

9 CHANGES TO
DISTRICT
PLANNING RULES
IN PROCESS


375,490
BOOKS
AND OTHER
ITEMS
BORROWED


777.5
TONNES
recycled from
Park Street
Recycling Station


Tātaritanga | Performance

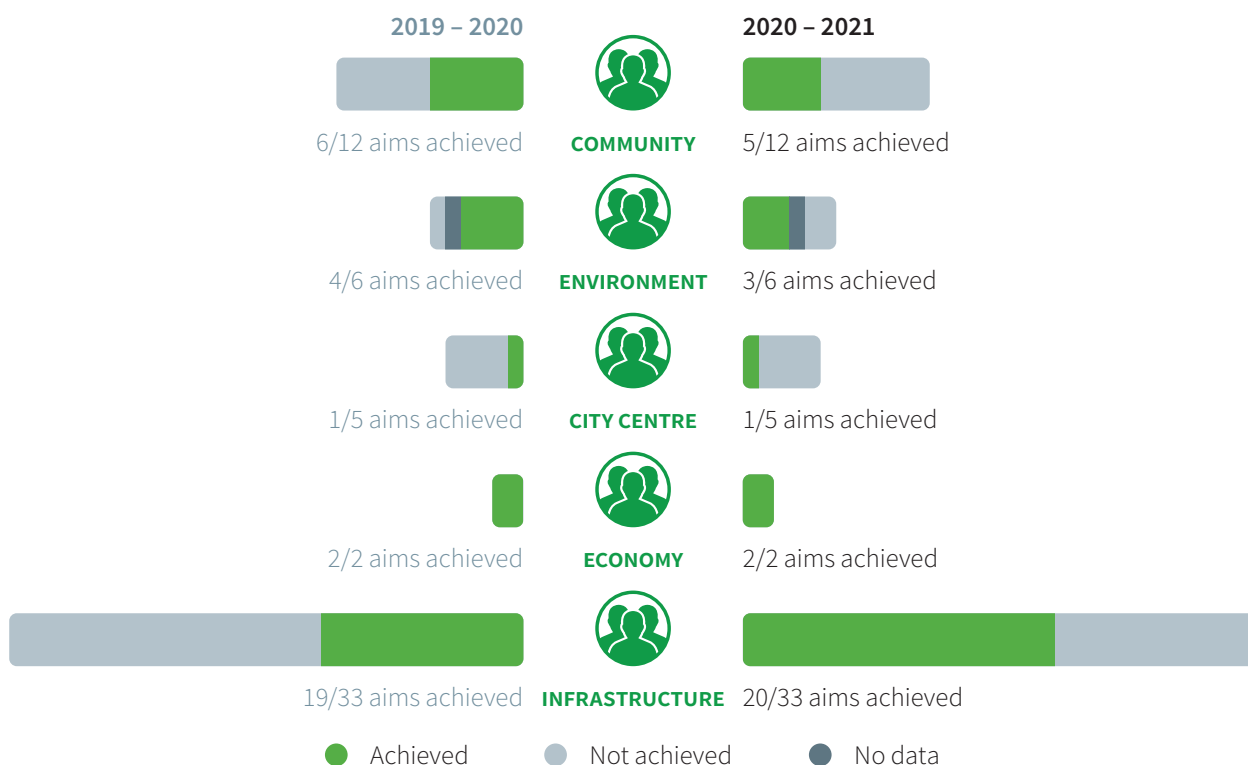
Everything we do for our community falls under five strategic priority areas: **COMMUNITY, ENVIRONMENT, CITY CENTRE, ECONOMY, AND INFRASTRUCTURE**

We deliver the five strategic priorities through nine groups of activities. We measure our performance toward 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.

To understand the views of our residents with the various services, facilities, and infrastructure provided in the city, we carry out an annual survey. The most recent one was the 2021 Community Survey undertaken in June/July 2021. In 2020, the survey was carried out in quarterly cycles and therefore results represented an average across the year, whereas the 2021 survey was a point-in-time.

Performance under our community outcomes

33 of our 69 performance measures achieved their aim this year, and are summarised below. Full results, are contained in the performance section from page 60 of the full Annual Report 2020 – 2021.



Community

Throughout the year the COVID-19 pandemic still played a significant role in the reduction of visitors at our major public facilities, specifically H2O Xtream and Upper Hutt Libraries. However, compared to this time last year attendance numbers were up. 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 during lockdowns.



Council completed two major Long Term Plan projects this year: The extension to Whirinaki Whare Taonga (formerly Expressions Whirinaki); and the Maidstone Max upgrade project.

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 and comments from residents in the Community Survey. Usage of our parks remains high however the satisfaction of our public parks have reduced and comments in the Resident Satisfaction Survey relate this to the quality of our sports grounds despite the recent upgrade to Maidstone Park.

City Centre

Despite the pandemic over the last two financial years the occupancy rate of the City Centre has modestly improved this financial year. However, residents have continued to provide feedback that they are not satisfied with the look and safety of the City Centre.

Economy

Efforts undertaken by the Council over the last year to engage and support business in Upper Hutt City continue to be recognized with positive feedback received this year in the annual survey.

Infrastructure

Infrastructure performance comprises of 7 measures relating to roading and 26 measures related to the three waters (water supply, wastewater, and stormwater). Wellington Water Limited (WWL) delivers the three waters services for Upper Hutt City Council (and 5 other councils).

Road safety improved this year compared to last year with a drop in the numbers of serious injuries and crashed on the local road network. Council met its response times for customer service requests relating to footpath and road maintenance. However, residents commented on poor street lighting and the cleanliness of the City Centre.



In June storm damage closed Mangaroa Valley Road and required the reconstruction of the approach to the bridge across Cooleys Stream. Using an innovative construction method the road was reopened within 3 weeks.

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 9 of their 26 measures (see pages 68 – 71 of the full Annual Report 2020 – 2021).

Wellington Water was also not able to provide assurance over the reporting of two of their performance measures: maintenance of the water supply reticulation network; and total number of complaints received. These translate to four mandatory DIA measures (numbered 35, 40, 50, and 58) which are included on pages 68, 69, and 71 of Council's full Annual Report 2020 – 2021. Therefore results for these performance measures could also be considered as being non-verifiable. A qualified audit opinion was received on the statement of service provision in respect to the two WWL performance measures. Refer also to pages 9, 61, 163, and 169 of our full Annual Report 2020 – 2021 for more detail.

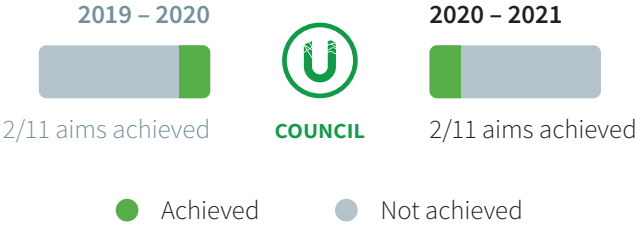
WWL is working to implement data in the future that can be verified and provide assurance. They conveyed that, to meet aims in the future, they intend to work towards preventative maintenance, build reliability into the network, and improve reporting consistency—particularly for performance related to the attendance of complaints. Despite the non-achievement of some aims, we continue to provide safe, good-quality drinking water for our community.



Work to upgrade two culverts along the Pinehaven Stream began in May. The culverts were designed and in coordination with the remaining Pinehaven stormwater improvements that will follow.



Council is fit for purpose and capable



Council continues to deliver successful results around LIMS request and noise complain response times. However, with an increase in demand for housing and with COVID this has impacted many of Council’s other services which have not met the targets such as building consents and being able to review food and hairdressers face to face.

COVID-19 impact and response

There were two lockdowns this financial year which has seen less impact on council services. In particular, the Level 2 lockdowns that occurred 12 August 2020 and again 23 June 2021 have been less restrictive.

How we supported our community

LIMITING COST INCREASES

For the 2020 – 2021 financial year the Council decided to adopt a rates increase of 1.5%, effectively keeping it below inflation to support the community in uncertain times.

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 2019 – 2020 year, essentially putting a freeze on increases for a year.

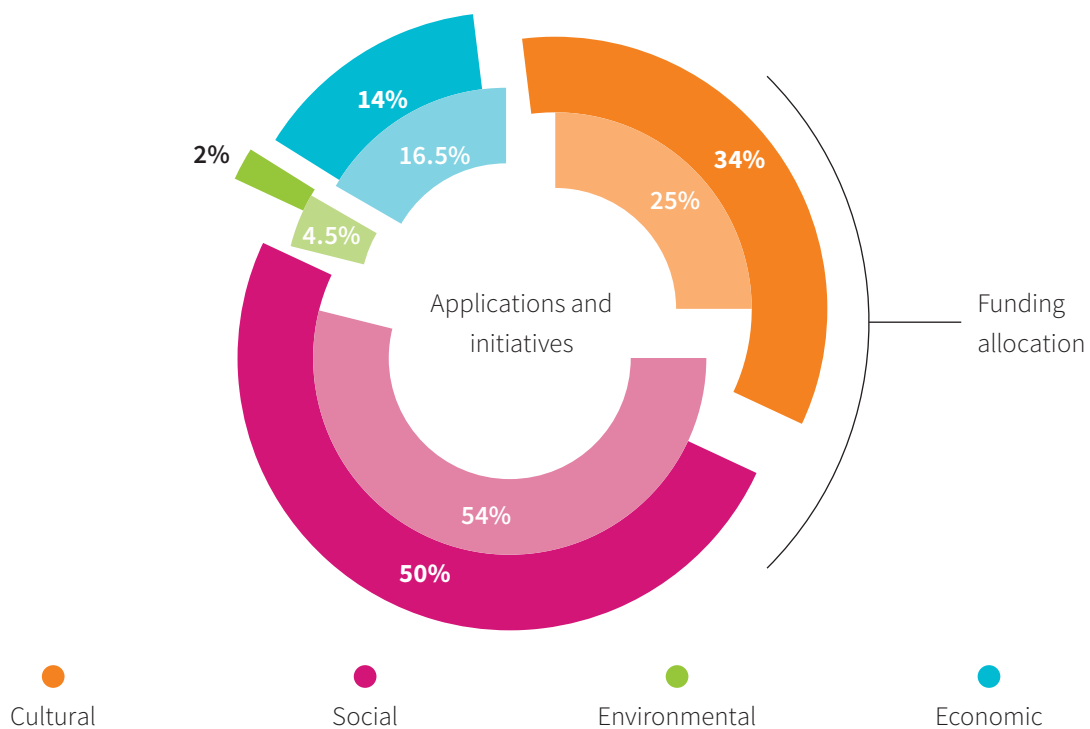
Budget savings were made and a COVID Recovery Fund was established to support those in need in the community.

RECOVERY FUND

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

At the close of the 2020 – 2021 financial year, the total spend from the fund was \$670 k which contributed to 59 initiatives. The fund was oversubscribed with 89 applications being received.

The breakdown of applications and initiatives by wellbeing is as follows:



BUSINESS AND COMMUNITY CARE

We continued our *Business Response Team* partnership 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. Through the Hutt Valley Covid 19 Business Support facebook page and group, we were able to connect businesses and provide quick information updates and links to support resources, as well as creating a valley-wide support network.

In addition on the HuttValleyNZ website, we created the Business Support section which listed suppliers for equipment, allowed businesses to list 'Shop Local' services and products and provided an interface for the public to source and support local business.

With WellingtonNZ, we partnered on the At Yours programme which subsidised delivery costs for hospitality businesses who were offering click and collect service as we moved through alert levels.

CHANGES TO COUNCIL SERVICES

Attendance levels at Council's public facilities were impacted at H₂O Xtream, Libraries and Whirinaki as programmes were put on hold and there were restricted visiting numbers as a response to Alert Level 2.

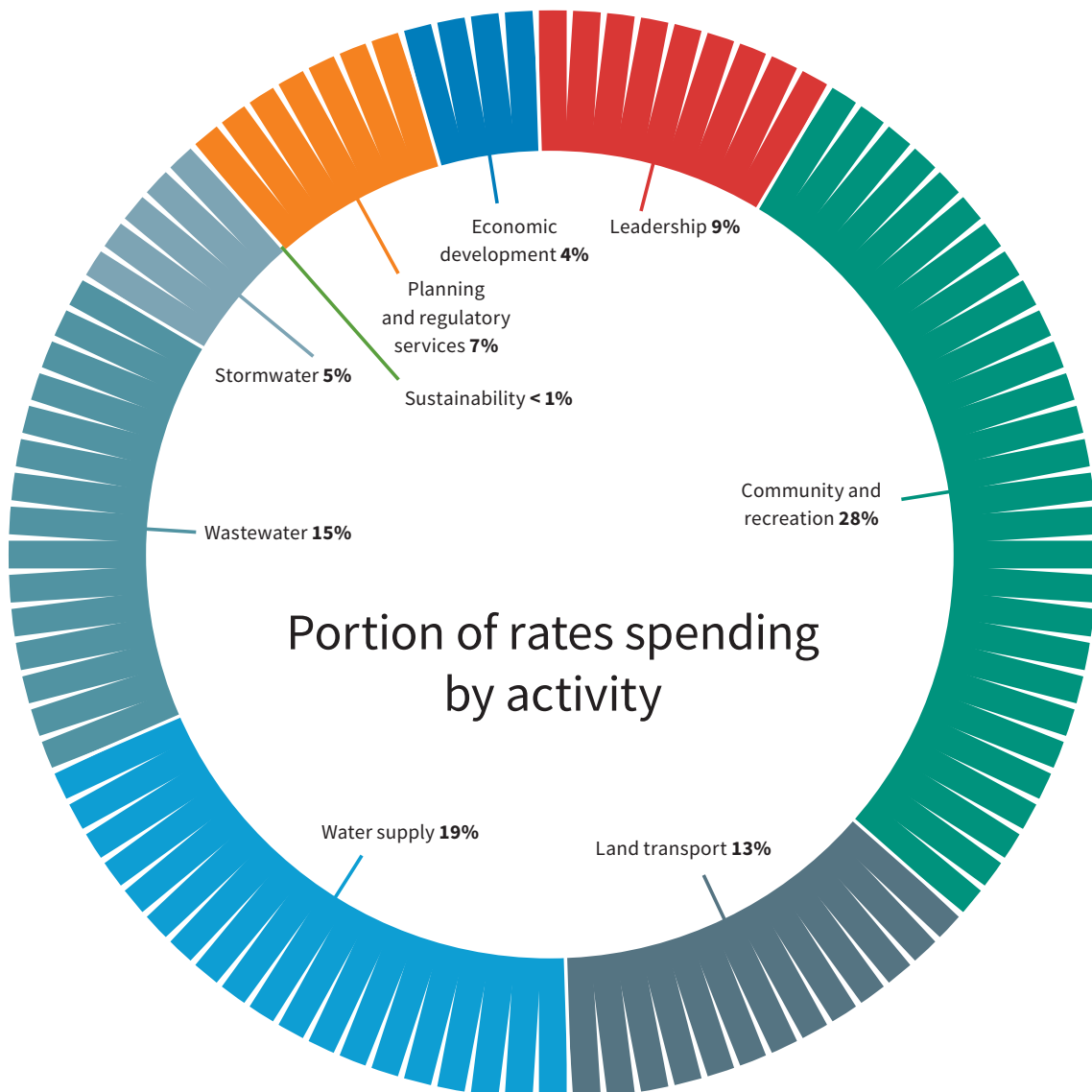
Five Council meetings were held via Zoom, with positive community feedback being received on our approach to transparent decision making and digital inclusion.

Ahumoni | Financials

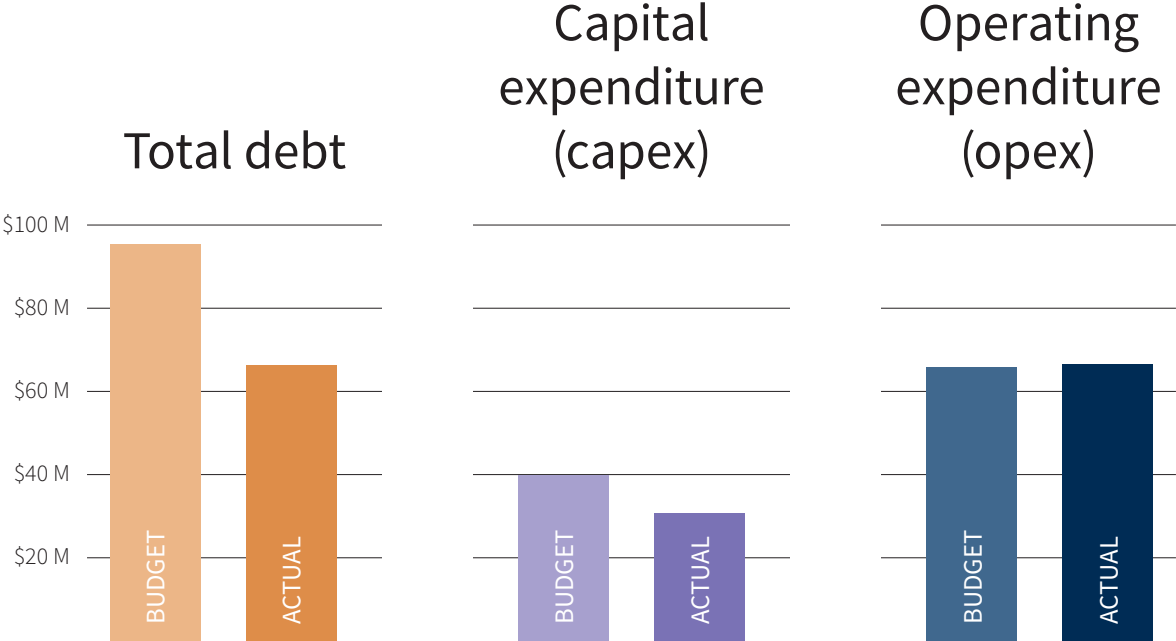
The financial information in this document provides a summary of Council's income and expense, assets and liabilities and retained funds for the year ended 30 June 2021.

For the 2020 – 2021 financial year, Council had a net operating surplus of \$1.40 M (excluding revaluation movements) compared to a budgeted surplus of \$2.14 M. This is largely due to operating expenditure being over budget by \$1.47 M. This is due to an increase in depreciation costs due to revaluations and a general increase in councils assets. This is offset by a savings in finance costs for interest expenses, and an underspend in personnel costs due to some staff vacancies.

Our financial statements are prepared according to accounting standards, which means they have to include items that are not cash transactions (such as vested assets and depreciation). Actual cash received and spent during the year is detailed in the Statement of cash flows on page 15.



Public debt was \$66.31 M at the end of the year against an anticipated balance of \$95.44 M. We borrow to fund capital infrastructure projects. Project delays meant that we didn't borrow as much during the year as we expected to. A number of these delayed projects have been reprogrammed through the Long Term Plan 2021 – 2031.



Although the operating surplus was \$1.40 M, the rates surplus amounted to \$4.58 M. \$2.06 M of this surplus relates to general rates and has been placed in a general reserve fund which we'll use to reduce the amount of rates funding required in future years. The remaining \$2.52 M relates to the 'Three Waters' and has been placed in the relevant reserve accounts. Council remains in a strong financial position with adequate cash reserves and debt capacity.

Statement of financial position

—summary as at 30 June 2021

	ACTUAL PARENT 30 JUN 2021 (\$000)	ACTUAL PARENT 30 JUN 2020 (\$000)	BUDGET PARENT 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)
ASSETS					
Current assets	29,944	24,768	16,800	30,400	25,248
Non-current assets	894,824	813,510	847,567	895,041	813,644
Total assets	924,768	838,278	864,367	925,441	838,892
LIABILITIES					
Current liabilities	19,219	17,306	15,226	19,497	17,511
Non-current liabilities	65,078	45,921	92,375	65,078	45,921
Total liabilities	84,297	63,227	107,601	84,575	63,432
NET ASSETS	840,471	775,051	756,766	840,866	775,460

Statement of comprehensive revenue and expense—summary

	ACTUAL PARENT 30 JUN 2021 (\$000)	ACTUAL PARENT 30 JUN 2020 (\$000)	BUDGET PARENT 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)
Total operating revenue	68,717	68,762	67,980	69,096	69,060
Total operating expenditure	67,314	61,951	65,845	67,743	62,190
Surplus/(deficit) before and after tax	1,403	6,811	2,135	1,353	6,870
Gains/(losses) on asset revaluations	63,889	44,252	17,985	63,889	44,252
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	65,292	51,063	20,120	65,242	51,122
Finance cost—interest expenses	1,710	1,763	2,571	1,710	1,763

Statement of changes in equity—summary

OPERATING ACTIVITIES	ACTUAL PARENT	ACTUAL PARENT	BUDGET PARENT	ACTUAL GROUP	ACTUAL GROUP
	30 JUN 2021 (\$000)	30 JUN 2020 (\$000)	30 JUN 2021 (\$000)	30 JUN 2021 (\$000)	30 JUN 2020 (\$000)
Balance at 1 July	775,051	723,754	736,646	775,459	724,104
Transfer of revaluation reserve from asset revaluation reserve on disposal of property	128	234	0	165	234
Total comprehensive revenue and expense for the year	65,292	51,063	20,120	65,242	51,122
Balance at 30 June	840,471	775,051	756,766	840,866	775,460
EQUITY COMPRISES OF					
Accumulated funds	14A 235,573	234,078	246,337	235,868	234,423
Restricted reserves	14B 19,867	19,831	15,253	19,905	19,870
Asset revaluation reserves	14C 585,031	521,142	495,176	585,093	521,167
TOTAL EQUITY	840,471	775,051	756,766	840,866	775,460

Statement of cash flows—summary

	ACTUAL PARENT	ACTUAL PARENT	BUDGET PARENT	ACTUAL GROUP	ACTUAL GROUP
	30 JUN 2021 (\$000)	30 JUN 2020 (\$000)	30 JUN 2021 (\$000)	30 JUN 2021 (\$000)	30 JUN 2020 (\$000)
Net cash inflow (outflow) from operating activities	12,711	15,345	12,750	12,732	15,452
Net cash inflow (outflow) from investing activities	(25,023)	(22,474)	(37,075)	(25,149)	(22,505)
Net cash inflow (outflow) from financing activities	17,311	6,000	25,478	17,311	6,000
NET CASH INFLOW (OUTFLOW) FOR THE YEAR	4,999	(1,129)	1,153	4,894	(1,053)
Cash and cash equivalents as at 01 July 2020	4,934	6,063	3,715	5,299	6,352
Cash and cash equivalents as at 30 June 2021	9,933	4,934	4,868	10,193	5,299

Five-year financial performance summary

	FORECAST 2020 – 2021 (\$000)	ACTUAL 2020 – 2021 (\$000)	ACTUAL 2019 – 2020 (\$000)	ACTUAL 2018 – 2019 (\$000)	ACTUAL 2017 – 2018 (\$000)	ACTUAL 2016 – 2017 (\$000)
Gross rates	43,377	43,755	42,631	40,184	37,932	36,285
Net surplus/(deficit)	2,135	1,403	6,811	(1,388)	9,103	470
Working capital	1,574	10,725	7,462	3,562	(1,097)	106
Borrowings	95,438	66,311	49,000	43,000	36,500	34,500
Total assets	864,367	924,768	838,278	779,185	764,902	739,374

Five-year Council financial statistics

	FORECAST 2020 – 2021 (\$000)	ACTUAL 2020 – 2021 (\$000)	ACTUAL 2019 – 2020 (\$000)	ACTUAL 2018 – 2019 (\$000)	ACTUAL 2017 – 2018 (\$000)	ACTUAL 2016 – 2017 (\$000)
Proportion of Gross rates to total income	63.81%	64.39%	62.00%	70.09%	59.22%	69.01%
Average gross rates per rateable property	\$2,435	\$2,506	\$2,435	\$2,307	\$2,214	\$2,135
Total interest expense on public debt	2.7%	2.6%	3.6%	3.6%	4.0%	4.9%
External public debt to annual rates	220.0%	151.5%	114.9%	107%	96.2%	95.1%
External public debt per rateable property	\$5,357	\$3,798	\$2,799	\$2,480	\$2,131	\$2,030
External public debt to total equity	12.6%	7.9%	6.3%	5.9%	5.1%	5.0%

Explanations of major variances against budget

The following are explanations for major variations from Council's 2020 – 2021 Annual Plan.

Statement of comprehensive revenue and expense

There was a surplus for the financial year of \$1.403 M. This is in comparison to a budgeted surplus of \$2.135 M.

REVENUE

Total operating revenue was \$ 45 K less than 2019 – 2020, and \$737 K above the 2020 – 2021 budget. The following are the main variances.

- Fees and charges revenue was greater than budget by \$1.04 M. This is partly due to conservative budget figures due to the ongoing unknown impact of COVID-19. Extraordinary Water revenue was greater than budget by \$448 K due to an increase in the cubic metre (m³) charge rate. Building Consent revenue was greater than budget by \$300 K due to a higher volume of building consents.
- Other revenue was greater than budget by \$784 K. This is mostly due to a large gain on remeasurement of derivatives of \$2.65 M which was not budgeted. This was offset by vested asset revenue being down due to less subdivisions reaching the completed stage than what was budgeted for.
- Reserve fund and financial contributions were above budget by \$144 K.
- Subsidies and grants were below budget by \$1.32 M. This is mostly due to a reduction in claimed NZTA subsidies due to less work being completed than expected during the year.

OPERATING EXPENDITURE

Total operating expenditure was \$ 5.36 M higher than 2019 – 2020, and \$1.47 M higher than the 2020 – 2021 budget. The following are the main variances.

- Depreciation was \$ 2.02 M above budget. This reflects the impact of asset revaluations as well as a general increase in the council's total assets.
- Other expenses were \$1.46 M above budget. This is due to many different expense areas. The biggest variances being \$762 K for the *Three Waters Stimulus* expense which had not been budgeted for, \$671 K for the COVID Recovery Fund that had not been budgeted for, and \$604 K for increased costs in relation to Council's *Project Q* expenses. These were slightly offset by savings in other areas.
- Finance costs for interest expenses were lower than budget by \$861K due to not all project work being completed resulting in less funding being drawn down.
- Personnel costs were under budget by \$926 K due to staff vacancies and higher capitalisation of project related salaries and wages.

Statement of financial position

Council has a strong financial position with net assets up \$65.42 M from last year and \$83.7 M above budget. The increase is mainly attributable to the revaluation gain on Property, plant & equipment assets.

CURRENT ASSETS

Current assets are \$13.14 M above budget. \$7.66 M is due to higher amounts of cash and term deposits being held than anticipated. Our cash deposits provide us with security should a natural disaster occur and we need to access liquid funds quickly. It also helps us to maintain our liquidity ratio for borrowing purposes. \$5.59 M is due to receivables being higher than expected due to some large cost reimbursement claims for year end for NZTA and GWRC.

NON-CURRENT ASSETS

Non-current assets are \$47.26 M above budget due to revaluation gains. Revaluation had not been budgeted for in this year.

CURRENT LIABILITIES

Current liabilities are \$3.99 M above budget due to an increase in payables because of several large projects being ongoing at year end, and the timing of invoices received.

NON-CURRENT LIABILITIES

Non-current liabilities are \$27.30 M below budget. This is due to capital expenditure being underspent because of delays in projects, resulting in less external borrowing being drawn down.

Statement of changes in equity

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

Compliance information

This is a summary of Upper Hutt City Council's activities for the year 1 July 2020 – 30 June 2021. The information has been extracted from Council's Annual Report 2020 – 2021, which was adopted by Council on 15 December 2021. The Annual Report 2020 – 2021 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 2020 – 2021 (which includes the Council's full financial statements) and the Annual Report Summary 2020 – 2021 (which contains the summary financial statements) were both adopted by the Upper Hutt City Council at a Council meeting on 15 December 2021.

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 2020 – 2021 (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 2021) and the signing of the financial statements (15 December 2021) there was no subsequent events that impacted the financial statements.

⑧ Three Waters Reform: In October 2021, the Local Government Minister announced that Central Government will proceed with the three waters service delivery reforms using a legislated 'all in' approach. The Three Waters Reform involves the creation of four statutory water services entities, across New Zealand, to be responsible for the service delivery and infrastructure from 1 July 2024. There are still a number of uncertainties associated with the new three waters delivery model, including the mechanism for how assets will be transferred from local authorities to the newly established entities, and the control and governance of these entities. Notwithstanding the current uncertainty, the announcement, once legislated, will mean Council is no longer responsible for the delivery and infrastructure of three waters services from 1 July 2024.

An Emphasis of Matter paragraph has been added to the audit opinion regarding the disclosure relating to the Government's Three Waters Reform and its impact on Council, as set out Note 20 to the Financial Statements (page 170) in the full Annual Report 2020 – 2021.

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 2021 fairly reflect the financial position and operations of Upper Hutt City Council (as at 15 December 2021).



W N Guppy

MAYOR

15 DECEMBER 2021

P Kelly

CHIEF EXECUTIVE

15 DECEMBER 2021

K Thomson

DIRECTOR, FINANCE

15 DECEMBER 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 2021

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 2021.

The summary of the annual report comprises the following summary statements on pages 5 to 21:

- the summary statement of financial position as at 30 June 2021;
- 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 2021;
- 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 2021 in our auditor's report dated 15 December 2021. 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 significant issues with some of these performance measures as described below. 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 these performance

measures. Our opinion on these performance measures was also qualified for the 2020 performance year.

Maintenance of the reticulation network – Water supply

Wellington Water was unable to report a reliable water loss percentage for each shareholding council. This is because the water loss percentage is estimated using information obtained from water meters across the reticulation network. The limited number of water meters across the City Council's reticulation network significantly impacts the reliability of the results.

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 waters services. Complete records of all complaints were not available, and the complaints system used also did not classify complaints between water supply, wastewater, and stormwater.

Reliability of other performance measures in the prior year

The City Council's statement of service provision includes performance measures on water supply, wastewater, and stormwater fault response times, and the number of dry weather wastewater overflows. In respect of the 30 June 2020 comparative information only, as explained on pages 68 to 71 of the full Annual Report, Wellington Water was unable to accurately report on these measures as the information produced from system was unreliable. There were no satisfactory audit procedures that we could perform to independently confirm whether the reported information was materially correct and our audit opinion on these performance measures for the year ended 30 June 2020 was modified accordingly.

This issue has been resolved for the 30 June 2021 year. As the limitation on our work cannot be resolved for the 30 June 2020 year, the City Council's performance information reported for these performance measures for the 30 June 2021 year may not be directly comparable to the 30 June 2020 performance information.

Information about this matter is also disclosed on page 10 of the City Council's summary annual report.

Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to the disclosures about the Government's three waters reform programme announcement as set out in the full annual report, note 20 on page 152 of the financial statements. The Government announced it will introduce legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities from 1 July 2024. The impact of these reforms, once legislated, will mean that the City Council will no longer deliver three waters services. This matter is addressed on page 21 of the summary financial statements.

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 audited the City Council's 2021 – 2031 Long Term Plan, and 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.



Andrew Clark

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

15 December 2021