



# Pūrongo ā-Tau | 2019 – 2020

## Annual Report





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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.

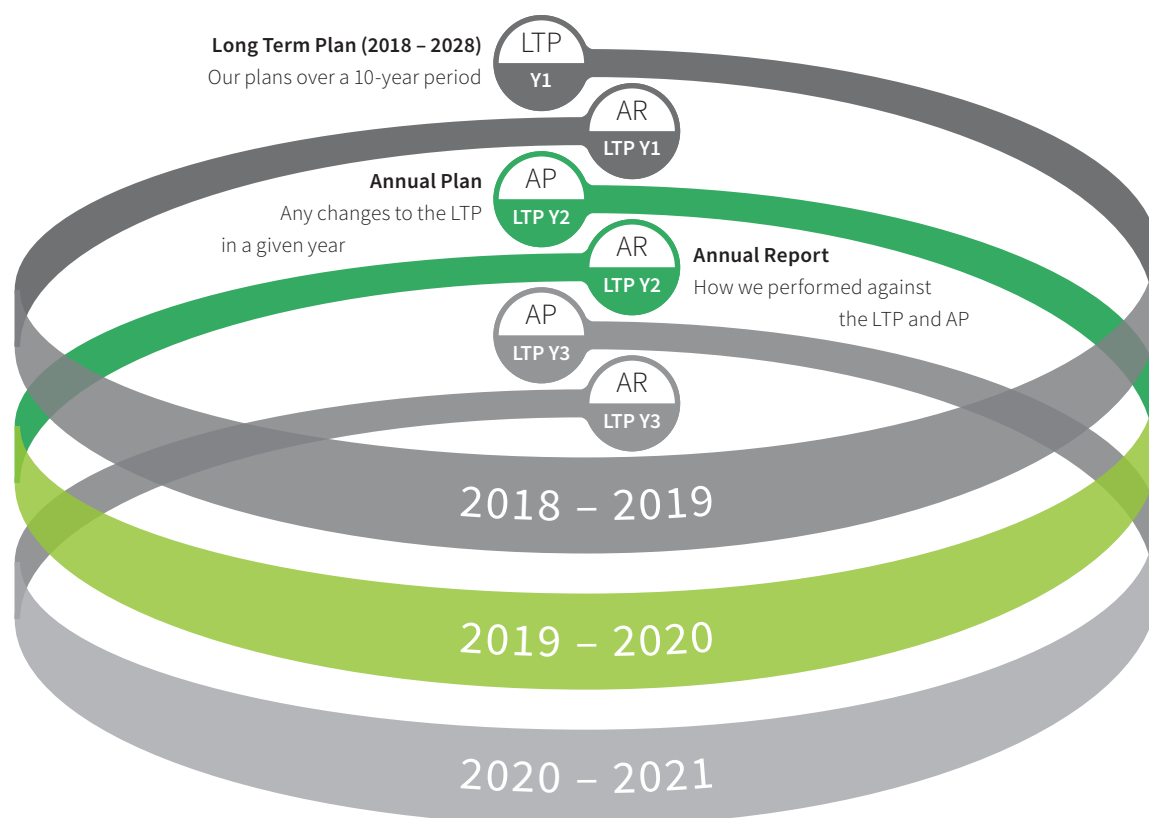


We're Upper Hutt

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.



## This report is grouped into four sections

### OVERVIEW

A snapshot of what we delivered in the 2019 – 2020 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

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.

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 contained in the performance section from page 68.

### Community



2019 – 2020 6/12 aims achieved

2018 – 2019 8/12 aims achieved

● Achieved ● New measures (benchmarks set) ● Not achieved

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



2019 – 2020 4/6 aims achieved

2018 – 2019 2/6 aims achieved

● Achieved ● Not achieved ● No data

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 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



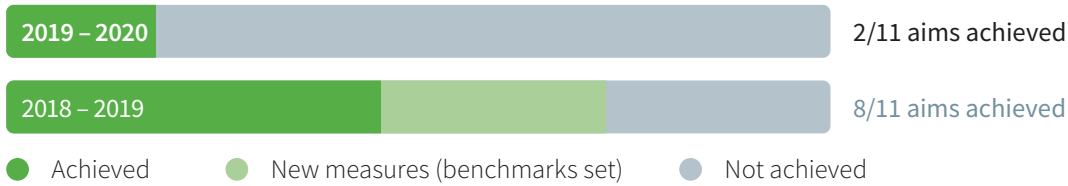
Infrastructure performance comprises of 26 measures related to the three waters (water supply, wastewater, and stormwater), and 7 measures relating to roading. Wellington Water Limited (WWL) delivers the three waters services for Upper Hutt City Council (and 4 other Councils). The performance results 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).

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 are included in this Annual Report. Results for Upper Hutt City Council performance measures 35 – 41, 43, 48 – 50, 57, and 58 therefore could also be considered as being non-verifiable. Refer also to page 171 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.



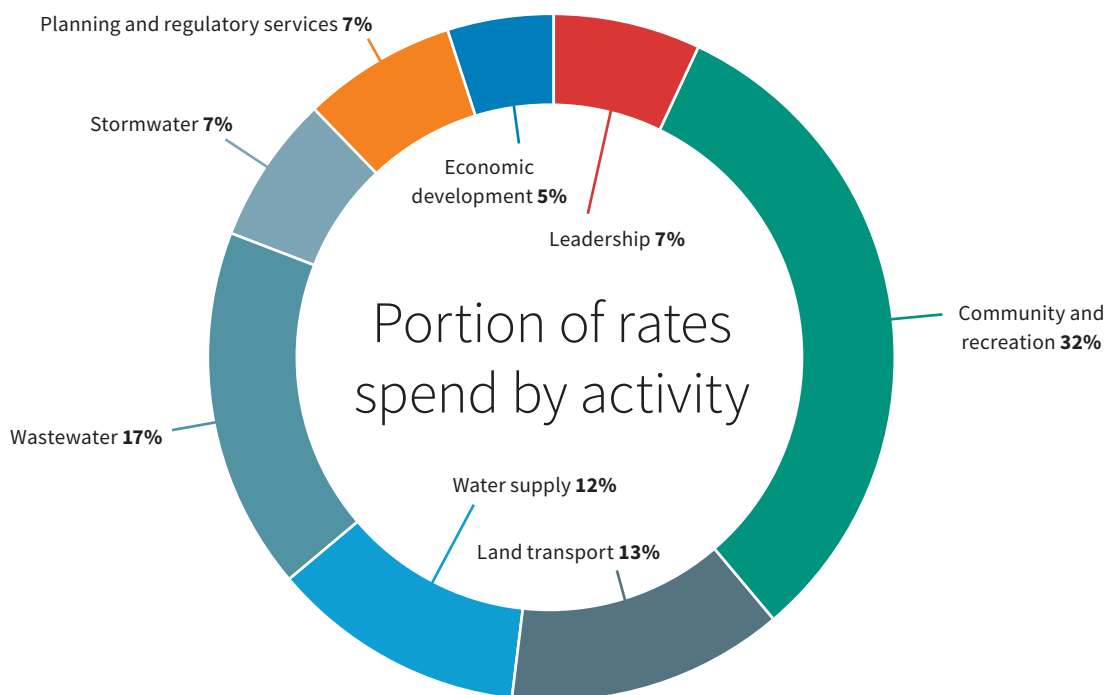
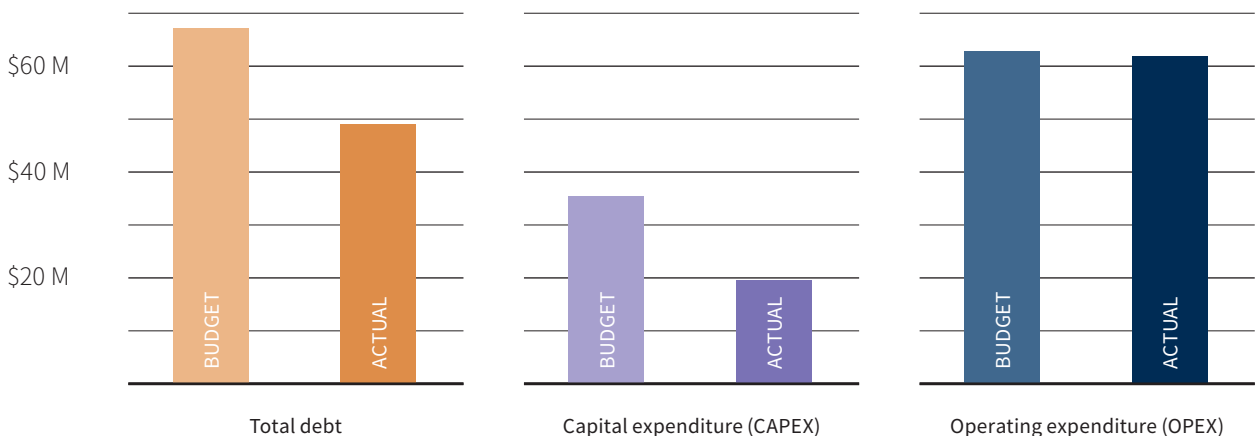
# Financials

For the 2019 – 2020 financial year, Council had a net operating surplus of \$6.811 M compared to a budget of \$7.866 M. Our revenue budgets were largely unaffected with the most significant impact coming from subsidies and grants being under budget by \$1.98 M. Total operating expenditure amounted to \$61.951 M against a budget of \$62.876 M.

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 94.

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 included in the Long Term Plan 2018 – 2028. Project delays meant that we didn't borrow as much during the year as we expected to.

Despite the financial year being affected by COVID-19, the reduction in revenue was offset by a greater reduction in expenditure, this created an unexpected rate funding surplus of approximately \$1.95 M. We've placed this surplus in a general reserve fund which we'll use to reduce the amount of rate funding required in the next Long Term Plan (2021 – 2031). Council remains in a strong financial position with adequate cash reserves and debt capacity.



# 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 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

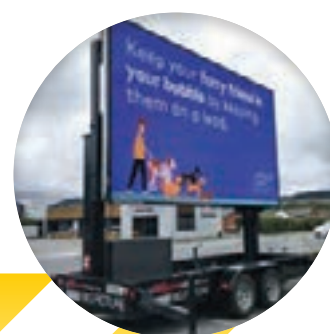
While we were forced to close our libraries, online story times, Zoom quizzes, and book clubs, were a part of the digital services introduced for the community during alert level restrictions.

## DIGITAL DEMOCRACY

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

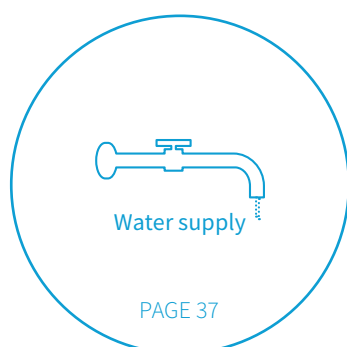
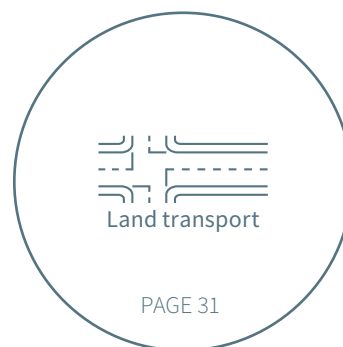
## COMMUNITY FIRST

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.



# Mahi o te Kaunihera | Council activities

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



We meet the needs and aspirations of our city and community, as well as fulfill our statutory responsibilities through these activities. This section contains the projects, and work programmes for each activity area, and compares the budgets with actual spending.



Mana whakahaere

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LEADERSHIP



The **Leadership** activity contributes to our community outcomes through the following strategic priority areas:



**HAPORI**  
Community



**TAIAO**  
Environment



**TE MANAWA**  
City Centre



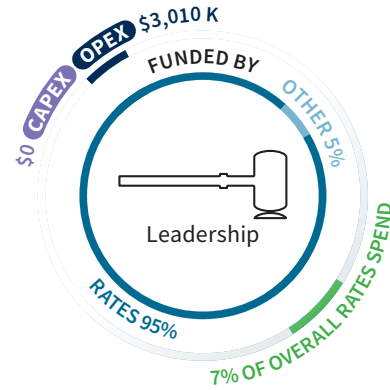
**ŌHANGA**  
Economy



**TŪĀPAPA**  
Infrastructure

## What we do

The Leadership activity covers the role and functions of the Mayor and elected members of Council. This includes long and short term planning, policy and strategy development, monitoring, and performance reporting.



### LEADERSHIP INCLUDES

Democracy and governance

Community engagement and consultation

Long Term Plan and Annual Plan

Council policies and strategies

Performance reporting

Liaison and advocacy

## What we delivered in 2019 – 2020

### Elected members

Congratulations to our newly elected Upper Hutt City Council who took office in 2019, following the Local Government Elections. A total of 43% of the voting population cast 13,167 votes, excluding special votes. The community re-elected his Worship the Mayor Wayne Guppy along with 10 Councillors. There are two new serving Councillors, Dylan Bentley and Tracey Ultra, along with Heather Newell, who returned after 9 years. The inaugural meeting of the new Council was held in October 2019.



Blair Griffiths

Dave Wheeler

Tracey Ultra

Heather Newell

Chris Carson

Steve Taylor

Paul Lambert

Angela McLeod

Mayor Wayne Guppy

Deputy Mayor  
Hellen Swales

Dylan Bentley



## His Worship the Mayor out in the community

An integral part of the Upper Hutt community, the Mayor attended a number of public functions, ceremonies, graduations, school prize-givings, business and advocacy groups, unveilings, and inter-agency meetings. He met with members of the public in his office each month.



The monthly 'hot seat' at the library initiative continued this year, providing an informal setting for anyone to speak with the Mayor. However these were put on hold while we were in Alert Levels 2, 3, and 4. Between March and May the Mayor and Deputy Mayor provided regular video communications across social media channels, to update and unite the community on our response to COVID-19.



With our citizenship programme disrupted, we were unable to hold ceremonies in 2020. Instead, the Department of Internal Affairs issued certificates directly to new citizens. Prior to this, ceremonies were held on 20 August 2019 and 19 November 2019 at Expressions Whirinaki Arts and Entertainment Centre where 153 people from 30 different countries became New Zealand citizens. This included people from Australia, Brazil, Cambodia, Chile, China, Columbia, Czech Republic, Egypt, England, Fiji, Germany, India, Indonesia, Iran, Italy, Malaysia, Netherlands, Philippines, Poland, Russia, Samoa, Scotland, South Africa, Sri Lanka, Sweden, Syria, Tonga, Ukraine, United States of America, and Zimbabwe.

## Democracy and governance

To ensure we could continue to make decisions and meet legislative requirements through the COVID-19 response and recovery, we had to adapt to new ways of working. It was important that decision-making, and the meetings where those decisions were made, remained available to the public. When restrictions were mandated during Alert Levels 3 and 4, we worked quickly to develop a digital solution that allowed members of the public to join Council meetings virtually. This received positive feedback from our community and work is underway to implement a permanent digital solution.

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

Upper Hutt City Council is guided by a legal framework that includes provisions for Māori. These statutory obligations may be the foundations for organisational policy and delivery but, on their own, they don't adequately emphasise the importance of Te Tiriti o Waitangi/The Treaty of Waitangi (Te Tiriti), partnership with Māori, and the critical value that this unique relationship can bring to the city.

It is our aspiration to embrace and incorporate the Māori worldview in our policies and practices, to be aware and responsive to Māori needs and aspirations, and to fulfil our obligations under the principles of Te Tiriti. Our aim is to ensure we have the right relationships and processes in place to enable partnership with Māori, effective participation and a shared decision-making focus. This includes meaningful, timely and inclusive engagement at all levels to ensure we're thinking about the role of Māori in the planning and delivery of our work programmes and the equitable resourcing for this, in line with our obligations to Māori.

In line with this thinking, we have initiated conversations to formalise our relationships with Port Nicholson Block Settlement Trust (Taranaki Whānui ki te Upoko o te Ika a Māui), and Te Rūnanga o Toa Rangatira Incorporated. We hope to establish memoranda of partnership agreements that will provide a basis for investigating and working toward streamlining Māori-Council engagement. This will enable us to develop an agreed programme toward improved engagement and effective participation in Council decision-making processes.

Further to these Treaty of Waitangi entities, and given the complexity of the tribal landscape, in addition to taurāhere / mātāwaka groups (Māori living in the Upper Hutt region whose ancestral links lie outside of the region), we are committed to formalising relationships with the Wellington Tenth Trust, Palmerston North Māori Reservation Trust, Te Rūnanganui o Te Atiawa ki Te Upoko o Te Ika a Māui Incorporated, and Ōrongomai Marae.

We have a longstanding relationship with Ōrongomai Marae, and their guidance on matters of importance to Māori in this region has been invaluable to our work. As this city's only marae, Ōrongomai Marae is a mātāwaka marae and representative of the many tribal affiliations of all who live in this region. Upper Hutt City Council is represented on the Committee Trust of Ōrongomai Marae by His Worship the Mayor, to ensure that both groups are actively engaging with one another.

## Community grants

Our Community Grants Funding Scheme gave a total of \$129,000 to support the groups who work for the wellbeing of our community. \$65,900 went to regional grants for groups situated outside of Upper Hutt who provide a service to Upper Hutt residents, and \$63,100 went to local grants for groups based in the Upper Hutt area, primarily servicing Upper Hutt residents. These grants support the community through social, sport, health, and recreational needs.

## Smokefree policy

This year we voted in favour of expanding our Smokefree Parks and Open Spaces Policy, first introduced in 2006, to make more of Upper Hutt smokefree.

We were the first Council in New Zealand to declare our parks smokefree, taking a leadership role to ensure that Upper Hutt:

- ◉ is a healthy community;
- ◉ has a healthy natural environment with clean air, water and land; and
- ◉ has a built environment that is attractive, safe, and healthy.

Our decision to expand the current smokefree policy was guided by the results of a policy review that included asking the community what they thought about smoking in outdoor public spaces. 81% of respondents supported the proposal to make more of Upper Hutt smokefree.

The following areas of our city are now covered by the Smokefree Parks and Open Spaces Policy:

- ◉ All parks, reserves and sports grounds
- ◉ All children's playgrounds and skateparks
- ◉ Areas around Council buildings and facilities
- ◉ Council run and Council funded events
- ◉ Bus stops and bus shelters
- ◉ Train stations
- ◉ Outdoor pavement dining areas on Council land
- ◉ Taxi ranks
- ◉ Outdoor public areas in the city centre

The Smokefree Upper Hutt Policy aims to further denormalise smoking in public places, working towards the government goal of *Smokefree Aotearoa 2025* (fewer than 5% of New Zealanders will be smokers by 2025).

For more information, go to [upperhuttcity.com/smokefree](https://upperhuttcity.com/smokefree)

## Water supply bylaw

In May we completed a comprehensive review and adopted our updated Water Supply Bylaw. The purpose of the review was to ensure the current bylaw was fit-for-purpose to ensure the management and protection of water supply. The bylaw covers many key items such as types of supply, level of service, continuity of supply, and water restrictions to name a few.

For more information go to [upperhuttcity.com/bylaws](https://upperhuttcity.com/bylaws)

## Gambling venues policy

A review of the Gambling Venues Policy started this year and covers pokie machine and TAB venues. The consultation was open June through July, and proposed methods to facilitate responsible gambling, control the growth of gambling, and ensure the community was involved in the decision-making process.

To read the full policy, go to [upperhuttcity.com/gambling](https://upperhuttcity.com/gambling)

## Raising awareness of family violence

This year we became a White Ribbon accredited organisation. White Ribbon is a social change campaign aiming to transform attitudes around violence, specifically men's violence toward women. To help raise awareness, we created a display in the Upper Hutt Mall and supported a community White Ribbon march in November.



## Works programme (\$000)

ACHIEVEMENTS AT 30 JUNE 2020		BUDGET	ACTUAL
Community Grants	Inclusive of grants to individuals, Ōrongomai Marae, and grants through the Community Grants Funding Scheme	151	145
Regional Amenities Fund	Paid to the fund as per the Wellington regional agreement. \$106 K reflects Upper Hutt City Council's contributions. This is intended as a 'top-up' funding mechanism for entities that provide regional benefits, primarily in the arts, culture and environmental attractions, and events sectors	106	106
<b>Total</b>		<b>257</b>	<b>251</b>

## Funding impact statement (\$000)

Funding Impact Statement for 30 June 2020 for Leadership.

2018 – 2019 LTP Y1	SOURCES OF OPERATING FUNDING	2019 – 2020 LTP Y2/AP	2019 – 2020 ACTUAL
2,541	General rates, uniform annual general charges, rates penalties	2,644	2,860
0	Targeted rates	0	0
0	Subsidies and grants for operating purposes	0	0
0	Fees, charges	97	100
36	Interest and dividends from investments	40	50
0	Local authority fuel tax, fines, infringement fees, and other receipts	0	0
<b>2,577</b>	<b>Total operating funding (A)</b>	<b>2,781</b>	<b>3,010</b>
	<b>APPLICATIONS OF OPERATING FUNDING</b>		
903	Payments to staff and suppliers	1,070	1,133
0	Finance costs	0	0
1,674	Internal charges and overheads applied	1,711	1,877
0	Other operating funding applications	0	0
<b>2,577</b>	<b>Total applications of operating funding (B)</b>	<b>2,781</b>	<b>3,010</b>
<b>0</b>	<b>Surplus (deficit) of operating funding (A – B)</b>	<b>0</b>	<b>0</b>

2018 – 2019 LTP Y1	SOURCES OF CAPITAL FUNDING	2019 – 2020 LTP Y2/AP	2019 – 2020 ACTUAL
0	Subsidies and grants for capital expenditure	0	0
0	Development and financial contributions	0	0
0	Increase (decrease) in debt	0	0
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
<b>0</b>	<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>0</b>
	<b>APPLICATIONS OF CAPITAL FUNDING</b>		
	Capital expenditure		
0	– to meet additional demand	0	0
0	– to improve the level of service	0	0
0	– to replace existing assets	0	0
0	Increase (decrease) in reserves	0	0
0	Increase (decrease) of investments	0	0
<b>0</b>	<b>Total applications of capital funding (D)</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>Surplus (deficit) of capital funding (C – D)</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>FUNDING BALANCE ((A – B) + (C – D))</b>	<b>0</b>	<b>0</b>



# Kaupapa pāpori me ngā mahi a te rēhia

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COMMUNITY AND RECREATION



The **Community and recreation** activity contributes to our community outcomes through the following strategic priority areas:



**HAPORI  
Community**



**TAIAO  
Environment**



**TE MANAWA  
City Centre**



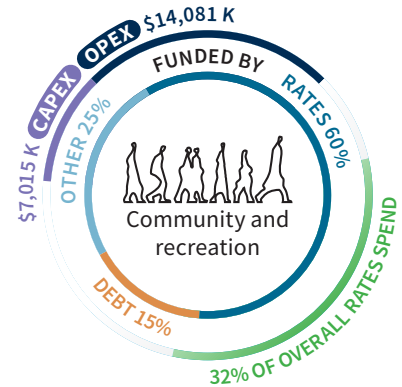
**ŌHANGA  
Economy**



**TŪĀPAPA  
Infrastructure**

## What we do

This group of activities provides a number of initiatives and services that support our community. These include facilities and associated programmes, recreation and leisure offerings, and community support.



### COMMUNITY AND RECREATION INCLUDES

577 hectares of parks and reserves

Akatārawa Cemetery

Community development

Upper Hutt Central, Pinehaven, and  
Mobile Libraries

Expressions Whirinaki Arts  
and Entertainment Centre

Recreation services including  
H<sub>2</sub>O Xtream and Activation

Emergency management

## What we delivered in 2019 – 2020

### Emergency Operations Centre

Ahead of our move to Alert Level 4, we developed an approach to ensure we could continue to support the needs of our community. All councils nationwide received instruction from Central Government to establish local welfare call centres, to assist and facilitate the welfare and wellbeing of their communities.

Staff from across our Council came together to create a two-team roster for our on-site Emergency Operations Centre (EOC) in the Upper Hutt Central Library. Other staff were on call or available remotely to support the EOC team. 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, with teams focused on Operations, Intelligence, Logistics, Public Information Management, and Welfare, to ensure our community knew to stay safe during alert level restrictions.

The support we continually provide to businesses was strengthened through COVID-19. We took the opportunity to collaborate with the Hutt Valley Chamber of Commerce and Hutt City Council to provide specific advice, information and virtual networking opportunities. This was well received by our business community. You can read more about the support provided in response to COVID-19 in the Economic Development section on page 64.



## Expressions Whirinaki Arts and Entertainment Centre

### REDEVELOPMENT

In August the building consent for the extension of Expressions Whirinaki was issued and the construction contract with Maycroft Construction was signed. Together with Ōrongomai Marae, the Trust undertook a Huringa Nuku (ground blessing ceremony) before construction commenced in September. The total project price was set at \$9,126,700, of this \$2,929,273 was sourced through fundraising efforts of the Trust. We contributed a further \$6,197,427. With construction underway, the Expressions Whirinaki collection is being stored at the Dowse Art Museum.



### FIRE SUPPRESSION SYSTEM

During November and March, some spaces were closed for the installation of a fire sprinkler system. For much of January, the i-SITE and foyer were temporarily located in the Mitre10 Gallery, while the original foyer was closed, and offices were located in a small area behind a screen in the gallery space. As the fire sprinkler installation moved to the theatre, we worked together to remove or protect the drapes, lights, sound system, cyclorama, projector, and other high value technology.



## Maidstone Max upgrade

After extensive public engagement in early 2019, the full-scale redevelopment of the Maidstone Max play area moved from concept design in July 2019, to a detailed design in May 2020. Construction began later than expected in August 2020, with the park closing to accommodate the redevelopment. We expect the upgrade to be complete in April 2021.

## H<sub>2</sub>O Xtream redevelopment

Project planning and initiation for the upgrade has been completed and we're now working through a process to engage architects and other specialist suppliers for concept designs. The upgrade will see the addition of new aquatic offerings and water space within the facility. We expect the upgrade to be complete by June 2023.

## Parks and reserves

### MAIDSTONE SPORTS HUB [STAGE ONE]

Upgrade work on the new sand-based rugby fields at Maidstone Park continued through the year. The grass seed was sown and grown in December, and the first games on the new surface took place in May. The new fields are similar to those at Porirua Stadium and Hutt Recreation Ground.



### UPGRADES

Te Haukāretu Park in Brown Owl had an all-weather shelter and a recycled plastic picnic table installed, receiving great feedback from our community. This shelter will be used as a prototype for other shelters in our parks. Bengie Park playground in Clouston Park had a minor upgrade with the springy toy and whale ride replaced with a bucket spinner and a springy see saw. A harp has been installed to add a musical element to the playground. Temporary fencing around the planted areas has been replaced with permanent fencing to help protect the mature Totara trees in this reserve, and to allow new plantings to be established.

### MAINTAINING OUR ENVIRONMENT

Clearing the invasive weeds from Mawaihakona Stream took place in December. This work has received positive feedback from residents and visitors to the area.

# Libraries

## OUTREACH VAN AND BUS

We retired our Isuzu Mobile Library bus this year which had faithfully served our community since 1995. While improvements were made to the Isuzu in 2011, it continued to deteriorate due to its age and mileage.

Through extensive research we selected a Fuso Rosa to replace the Isuzu. It gives us better flexibility to deliver Library outreach services in a safer, more economical and environmentally friendly way, and was sourced under budget.

The new bus is named Pūrehurehu. The kaupapa of the name is about reviving and acknowledging place names. Literally referring to a cirrus cloud or mist lying as small detached portions, Pūrehurehu is the original name for Moonshine Valley and the surrounding hills above Riverstone Terraces.

Pūrehurehu can carry 2,500 books, and has an external TV screen and sound system to deliver outreach and educational programmes to a wider range of people. Solar panels boost the power supply, and Wi-Fi enables customers to access the Libraries' APNK network using the Library Chromebooks or their own devices.



## COMPLETED LIBRARY EVENTS

- Plastic Free July workshops
- Poetry competition
- Heritage—COVID-19 project in addition to usual works
- Local History Group
- Spark Jump: run by The Spark Foundation and Digital Inclusion Alliance Aotearoa, this programme is designed to get families connected by offering low cost, contract free broadband internet access. The resources are available to low-income families with school age children who otherwise would not be able to establish broadband connection at home
- Christmas Evening
- Dementia seminars in partnership with Dementia Wellington
- Christians Against Poverty Debt Centre: offering free budget advice and debt counselling
- Workshops throughout Te Wiki o te Reo Māori, including Te Reo Tiny Tots, Rāranga workshops, and Te Reo Taster class
- Stories and Stretch, an interactive wellbeing story-time for children, which began through Mental Health Awareness Week, is set to become a regular programme.

- 🕒 Book launch *Crytobyte*, by local crime author Cat Connor
- 🕒 Back to Hogwarts event celebrating the beginning of the Hogwarts school year
- 🕒 Kiwirail information evening about the installation of double-tracking between Upper Hutt and Trentham stations
- 🕒 Senior Regional Games Quiz
- 🕒 Multicultural Week, featuring Chinese calligraphy and painting, interactive India story time, Japanese Kirigami, African dancing, and a Russian folk dance workshop.
- 🕒 Job Seekers Clinic
- 🕒 Kanopy, a new on-demand film streaming service

## Council building seismic upgrades

Planning and design work has continued for the proposed seismic upgrades of the Civic Centre, the Expressions Whirinaki Recreation Hall and HAPAI building.

## Youth Strategy development

We were set to engage with young people in our community in March, April, and May, to talk about the development of our Youth Strategy and to grow our network of young people and youth facing organisations. The aim was to hear and seek feedback about the issues that concern young people and how best to integrate the voice of young people into council and our community. Unfortunately, COVID-19 alert level restrictions meant engagement opportunities were cancelled and the development of the strategy was postponed until further engagements could be held.

## Spearhead Leaders

This year's Spearhead Leaders programme was another success, with 14 of the 17 young people who were initially accepted onto the programme returning. Each leader identified a key area of development they wished to pursue, and supported each other to reach their goals. The programme ended in December, with celebration events at Ōrongomai Marae, and Kickstart Youth Centre. At the end of the programme, the leaders evaluated their activities and experiences and worked together to design the next year's programme. Two leaders were chosen to become mentors for the new group. We were not successful in obtaining funding from the Ministry of Youth Development for the 2020 programme, however we, alongside the Upper Hutt Community Youth Trust, are committed to ensuring the programme continues.



## Completed workshops

- 🕒 ***Putting the FUN in fundraising***—educating and supporting local groups and clubs to look at other ways of bringing in revenue, rather than relying solely on grants.
- 🕒 ***Young Women's Wellbeing***—partnering with Heretaunga College and Career Force to develop women as leaders.

- 🕒 **UHUB Upper Hutt Teacher Cluster**—we provided training to 16 Learning Support Coordinators through the UHUB Upper Hutt Teacher Cluster, helping them to understand referral processes, local and central government processes; and connecting them to community support services

## Facebook groups

- 🕒 **Upper Hutt Connecting Communities**—promoting community organisations and providing a platform for groups to connect and collaborate
- 🕒 **Upper Hutt Youth**—providing up-to-date information about what’s happening for young people in our community, as well as providing a youth voice
- 🕒 **Upper Hutt White Ribbon**—a new page created to raise awareness about family violence, providing news and information on events happening in our community

## Activation

### GOLD (GROWING OLD AND LIVING DANGEROUSLY)

Our GOLD events continue to be popular with our community, with events held in November and December were fully booked. Day trips included a visit to WETA Workshop, and a guided tour of Matiu/Somes Island—an incredible experience that included going through the maximum security quarantine station.



### BIKE THE HUTT



This year we partnered with Hutt City Council and Hutt Valley NZ to develop a 10-day bike festival, **Bike the Hutt**, to support Bike the Trail and Karapoti events, with a number of community-led bike activities. The festival kicked off with a launch event at The Dowse Art Museum showcasing the past, present and future of cycling in the Hutt Valley. Across 10 days there were a variety of events for people to experience – the majority were run by community cycling groups, some run by our staff and many supported by Council. It was a successful

campaign and a great example of community-led co-design that increased the number of people getting back on their bikes, and provided an opportunity to promote active transport in the Hutt Valley.



### TRADITIONAL MĀORI GAMES FESTIVAL

A successful partnership between schools and Kōkiri Marae, saw the delivery of the Traditional Māori Games Festival at Trentham Memorial Park in November. Rather than school versus school, teams were made up of students from all schools, with intermediate students acting as mentors and guides for each of the teams on the day.

Games included:

- 🕒 **Tapu Aē**—a modified version of Ki-o-rahi, teams defend their tupu from being knocked over by the opposing team
- 🕒 **Ti Uru**—attack and defence throwing game
- 🕒 **Haka Riki**—whakapapa links to the legend of Rahi, develops a range of catching, throwing, running and quick reaction skills
- 🕒 **Horohopu**—poi throwing and catching game
- 🕒 **Maui/Matau**—a poi rakau game
- 🕒 **Pakiaka**—a game used by Māori warriors to move quietly, focusing on walking on the balls of their feet
- 🕒 **I Te Tīmatanga**—counting/rhythm skills



## Works programme (\$000)

ACHIEVEMENTS AT 30 JUNE 2020		BUDGET	ACTUAL
Toilets	Ongoing replacements and updates completed in line with the Asset Management Plan	51	20
Shower and changing room upgrades	Ongoing replacements and updates completed in line with the Asset Management Plan	9	9
Amenities replacement	Ongoing replacements and updates completed in line with the Asset Management Plan	154	157
Renewal roading resealing	Planned for the time of year affected by Alert Levels 3 and 4. Resealing works require a specific temperature range to ensure longevity of the works, so this work will be completed at a similar time next year.	12	0
Play equipment	Ongoing replacements and updates completed in line with the Asset Management Plan	157	83
Walkway asset replacement/refurbishment	Not complete—carried forward	140	84
Equipment replacements	Planned updates and replacement of equipment through the Asset Management Plan is paid for from this budget.	19	14
Alterations to building and property (capex)	Not done due to uncertain future of the HAPAI building.	8	0
Parks building upgrade	Replaced the pump shed roof at Trentham Memorial Park	3	5
Walkway signage	New and replacement signs at various parks	3	3
Sculpture trail	Construction of <i>Friendship Seats</i> and design consent for the Harcourt Park sculpture	28	15
New walking and cycling links	Construction of Brian's Track, works in progress	28	15

<b>ACHIEVEMENTS AT 30 JUNE 2020</b>		<b>BUDGET</b>	<b>ACTUAL</b>
New parks pathways and walkways	Consent and design fees for the Whakatiki Bridge	72	38
Walking and cycling network project	Cruickshank Tunnel negotiations	1,169	8
Maidstone Max upgrade	Project start delayed due to alert level restrictions	3,804	464
Regional cycle trails	Design development	77	0
Sport facilities and turf improvement	Budgeted for rugby corner flags. Unused as previous year's budget was able to cover flags	1	0
H2O Xstream upgrade	Planning and initiation complete	513	246
Library resources	Sourcing of new books for library collections	236	212
APNK - Public Internet	Provision of free internet for the community to ensure access to those without	15	18
Library vehicles - Outreach van and bus	Replacement bus sourced (see page 24 for details)	543	185
Extension to Expressions Whirinaki	Ongoing	3,700	3,063
Expressions Whirinaki fire suppression system	50% through installation process	800	430
CCTV Security Cameras (All city cameras)	Upgrade of the existing security and CCTV system	27	195
Council buildings seismic upgrades	Work progressing on the upgrade and seismic strengthening of the Civic Administration Building	2,563	212
Council depot extraordinary (AMP) renewals	Works postponed due to COVID-19 lockdown occupying ideal weather timeframes for resealing. Funds reallocated to 2020 – 2021 financial year.	12	0
Minor equipment	No minor equipment requirements identified this year	6	0
Youth strategy development	Postponed as events for consultation were cancelled due to pandemic restrictions	13	6
Safe and healthy cities	Complete	23	6
Hutt Science Initiative	Provision of science resource and professional development for teachers	50	50
Mesa Youth Exchange programme	It was deemed unsafe to travel to America at the time Mesa Youth Exchange Programme was scheduled. This will be continued again once it is considered safe to travel	9	0
Activation	Events complete - with some limitations as play pods were not run due to alert level restrictions	330	382
Large trees in reserves	Trees planted in a number of reserves	11	11
Native forest management programme	Bush maintenance of Grants Bush, Tulsa Grove Reserve, and Silverstream Amenity Reserve	3	3

<b>ACHIEVEMENTS AT 30 JUNE 2020</b>		<b>BUDGET</b>	<b>ACTUAL</b>
Monitoring native bush	Complete	6	6
Leases - Library IT Equipment (RFID)	Complete	22	21
Library Website Redevelopment	Library relocation to original building, COVID-19 response priorities, and an internal freeze on IT updates has delayed work on website redevelopment. Budget to be carried over.	2	0
<b>Total</b>		<b>14,619</b>	<b>5,961</b>

## Funding impact statement (\$'000)

Funding Impact Statement for 30 June 2020 for Community and Recreation.

<b>2018 – 2019</b>		<b>2019 – 2020</b>	<b>2019 – 2020</b>
<b>LTP Y1</b>	<b>SOURCES OF OPERATING FUNDING</b>	<b>LTP Y2/AP</b>	<b>ACTUAL</b>
11,565	General rates, uniform annual general charges, rates penalties	11,676	13,605
0	Targeted rates	0	0
127	Subsidies and grants for operating purposes	69	128
1,965	Fees and charges	2,155	2,276
186	Internal charges and overheads recovered	185	368
0	Local authority fuel tax, fines, infringement fees, and other receipts	0	351
<b>13,843</b>	<b>Total operating funding (A)</b>	<b>14,085</b>	<b>16,728</b>
	<b>APPLICATIONS OF OPERATING FUNDING</b>		
11,203	Payments to staff and suppliers	10,604	9,996
467	Finance costs	814	466
1,460	Internal charges and overheads applied	1,442	3,619
12	Other operating funding applications	35	0
<b>13,142</b>	<b>Total applications of operating funding (B)</b>	<b>12,895</b>	<b>14,081</b>
<b>701</b>	<b>Surplus (deficit) of operating funding (A – B)</b>	<b>1,190</b>	<b>2,647</b>

<b>2018 – 2019</b>		<b>2019 – 2020</b>	<b>2019 – 2020</b>
<b>LTP Y1</b>	<b>SOURCES OF CAPITAL FUNDING</b>	<b>LTP Y2/AP</b>	<b>ACTUAL</b>
0	Subsidies and grants for capital expenditure	1,082	2,514
0	Development and financial contributions	0	0
6,079	Increase (decrease) in debt	9,586	3,063
2,200	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Other dedicated capital funding	0	0
<b>8,279</b>	<b>Total sources of capital funding (C)</b>	<b>10,668</b>	<b>5,577</b>
	<b>APPLICATIONS OF CAPITAL FUNDING</b>		
	Capital expenditure		
3,149	– to meet additional demand	4,368	3,554
4,639	– to improve the level of service	7,800	2,843
992	– to replace existing assets	582	618
200	Increase (decrease) in reserves	(892)	584
0	Increase (decrease) of investments	0	625
<b>8,980</b>	<b>Total applications of capital funding (D)</b>	<b>11,858</b>	<b>8,224</b>
<b>(701)</b>	<b>Surplus (deficit) of capital funding (C – D)</b>	<b>(1,190)</b>	<b>(2,647)</b>
<b>0</b>	<b>FUNDING BALANCE ((A – B) + (C – D))</b>	<b>0</b>	<b>0</b>





Ngā waka tūmatanui

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LAND TRANSPORT



The **Land transport** activity contributes to our community outcomes through the following strategic priority areas:



HAPORI  
Community



TAIAO  
Environment



TE MANAWA  
City Centre



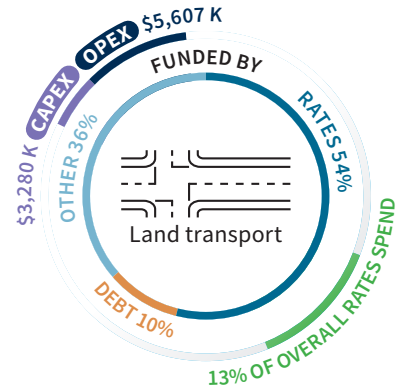
ŌHANGA  
Economy



TŪĀPAPA  
Infrastructure

## What we do

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



### LAND TRANSPORT INCLUDES

249.8 km of roads

50 road bridges and 7 pedestrian/cycle bridges

Cycleways, footpaths and pedestrian crossings

Public car parks and street furniture in the city centre

Signs, road markings, street lights, and traffic signals

Road improvements, renewals and maintenance

Street cleaning and vegetation control

Road safety initiatives

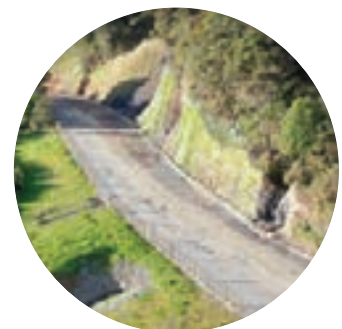
## What we delivered in 2019 – 2020

### Fergusson/Ward/Whakatiki intersection upgrade

This project, scheduled for the 2019 – 2020 financial year, is subject to Waka Kotahi - New Zealand Transport Agency funding and requires business case approval before it will be confirmed to proceed and further planning can occur. The timing will be adjusted through the Long Term Plan 2021 – 2031.

### Rural road upgrade works

Whitemans Valley Road gorge, and the extension to Katherine Mansfield Drive work is on hold while resource consent discussions are carried out with Greater Wellington Regional Council.



# Resealing

Resealing works have been largely affected by COVID-19 alert level restrictions over the months of March, April and May, which are ideal for resealing works, with temperatures that ensure the work completed has the longest life span. Resealing during cooler temperatures produces seals that deteriorate more rapidly. Upon the lifting of alert level restrictions some resealing projects were able to recommence.

## Road safety programmes led by Council

- ⦿ Motorcycle safety education stops
- ⦿ Reinforcement and promotion of Waka Kotahi (NZTA) initiatives
- ⦿ Alcohol Impairment Education Programme
- ⦿ Sober driver campaign through local licensed premises
- ⦿ Learner Licence courses
- ⦿ Pedestrian safety and responsibility campaign
- ⦿ School traffic teams
- ⦿ Safety around schools campaign
- ⦿ Upper Hutt Young Cyclists of the Year competition
- ⦿ Community bike drive

# Works programme (\$'000)

## ACHIEVEMENTS AT 30 JUNE 2020

		BUDGET	ACTUAL
<b>Asset management—to replace existing assets</b>			
Street drainage	50% complete. Completed carryover work, and the remainder was unable to be completed due to COVID-19 alert level restrictions occupying the ideal weather time frames	371	164
Resealing chip and asphalt	50% complete, as above	1,118	664
Footpath renewals subsidised	50% complete, as above	659	214
Minor safety programme	Construction of a new pedestrian crossing on Messines Avenue. Other planned works were unable to be completed due to COVID-19 alert level restrictions	320	30
Low Cost Low Risk Pinehaven Road culvert	Part of the Pinehaven Stream upgrade, physical works have been delayed by the consenting process	990	336
Footpaths non-subsidised	Community engagement highlighted the initial proposal did not meet the needs of the community. Further design and engagement is required	49	0
Car parks and bus shelters	CDB car park and road marking renewals	20	15
Litter bin replacement	No replacement requirements identified this year	5	0
Structures component replacement	This budget relates to bridges, and no work was identified as necessary this year	28	0
Traffic services renewals	Sign replacements were made as necessary	440	384
<b>Capital works—to meet additional demand</b>			
Fergusson/Ward/Whakatiki intersection upgrade	Currently working through the funding process with Waka Kotahi (NZTA), as requirements for approval have changed	4,137	0
Widening of Totara Park Bridge	Initial design complete	66	24
Fergusson/Gibbons/Main intersection upgrade	Waiting on funding approval from Waka Kotahi (NZTA)	110	0
<b>Capital works—to improve level of service</b>			
Rural road high priority safety projects	Whitemans Valley Rural Road upgrade, and Katherine Mansfield widening underway	788	652
Revitalisation of Upper Hutt's city centre	Northern section surveying complete	1,025	60
Shared pathways project	Project review and public consultation required before work can proceed	232	0
<b>Total</b>		<b>10,358</b>	<b>2,543</b>

# Funding impact statement (\$'000)

Funding Impact Statement for 30 June 2020 for Land transport.

2018 – 2019 LTP Y1	SOURCES OF OPERATING FUNDING	2019 – 2020 LTP Y2/AP	2019 – 2020 ACTUAL
6,492	General rates, uniform annual general charges, rates penalties	7,200	5,381
0	Targeted rates	0	0
1,589	Subsidies and grants for operating purposes	1,676	551
101	Fees and charges	104	120
350	Internal charges and overheads recovered	541	185
145	Local authority fuel tax, fines, infringement fees, and other receipts	148	160
<b>8,677</b>	<b>Total operating funding (A)</b>	<b>9,699</b>	<b>6,397</b>
	<b>APPLICATIONS OF OPERATING FUNDING</b>		
3,737	Payments to staff and suppliers	3,902	3,283
607	Finance costs	844	431
1,212	Internal charges and overheads applied	1,238	1,893
0	Other operating funding applications	0	0
<b>5,556</b>	<b>Total applications of operating funding (B)</b>	<b>5,984</b>	<b>5,607</b>
<b>3,121</b>	<b>Surplus (deficit) of operating funding (A – B)</b>	<b>3,685</b>	<b>790</b>

<b>2018 – 2019</b>		<b>2019 – 2020</b>	<b>2019 – 2020</b>
<b>LTP Y1</b>	<b>SOURCES OF CAPITAL FUNDING</b>	<b>LTP Y2/AP</b>	<b>ACTUAL</b>
1,990	Subsidies and grants for capital expenditure	4,182	2,418
218	Development and financial contributions	218	188
592	Increase (decrease) in debt	2,439	72
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Other dedicated capital funding	0	0
<b>2,800</b>	<b>Total sources of capital funding (C)</b>	<b>6,839</b>	<b>2,678</b>
	<b>APPLICATIONS OF CAPITAL FUNDING</b>		
	Capital expenditure		
985	– to meet additional demand	5,160	1,087
2,231	– to improve the level of service	2,581	490
2,487	– to replace existing assets	2,565	1,703
218	Increase (decrease) in reserves	218	188
0	Increase (decrease) of investments	0	0
<b>5,921</b>	<b>Total applications of capital funding (D)</b>	<b>10,524</b>	<b>3,468</b>
<b>(3,121)</b>	<b>Surplus (deficit) of capital funding (C – D)</b>	<b>(3,685)</b>	<b>(790)</b>
<b>0</b>	<b>FUNDING BALANCE ((A – B) + (C – D))</b>	<b>0</b>	<b>0</b>



Ngā puna wai

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WATER SUPPLY



The **Water supply** activity contributes to our community outcomes through the following strategic priority areas:



**HAPORI**  
Community



**TAIAO**  
Environment



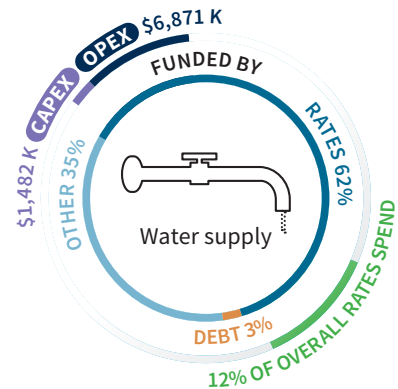
**ŌHANGA**  
Economy



**TŪĀPAPA**  
Infrastructure

## What we do

This activity, contracted to Wellington Water Ltd (WWL), provides a high-quality, reliable, and resilient water supply service that ensures the health and safety of the community, and supports economic growth and development. Bulk water is purchased from Greater Wellington Regional Council (GWRC) and stored in our reservoirs prior to distribution to households and businesses in the supply area.



### WATER SUPPLY INCLUDES

16 reservoirs

9 pump stations (including the Seddon Street bore)

17,058 service connections, 1,627 hydrants,  
and 16,003 valves

280 km of water mains

Water conservation

Detection and mitigation of leaks and  
structural failure

## What we delivered in 2019 – 2020

### Pipeline renewal upgrade

This year we completed the Akatārawa Road Bridge pipework upgrade, the Aniseed Grove ridermain renewal, and the Barton Road watermain work. We progressed through the detailed design phase of the Pempsey Street watermain upgrade.

### Reservoir upgrade

The reservoir safety programme was progressed through completion of the preliminary design. Investigations were carried out, and preliminary design was completed for the auto shut off valves at Trentham and Cruikshank Reservoirs.



# Miscellaneous works

The bulk meter work at Fergusson Drive was completed. The small area monitors programme was progressed through design to procurement. The pressure reducing valve project at Emerald Hill, the water take sites programme, and the sample collection points programmes were briefed. The Timberlea Pump Station and Maymorn Pump Station renewals were progressed through to design phase.

## Works programme

### ACHIEVEMENTS AT 30 JUNE 2020

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#### Asset management—to replace existing assets

Pipeline renewal upgrade

Completed projects:

- Akatārawa Road bridge water pipe seismic strengthening
  - Aniseed Grove ridermain renewal
  - Barton Road watermain renewal
- 

Reservoir upgrade

Preliminary design completed: reservoir safety for five sites

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Miscellaneous works

Completed:

- Community infrastructure resilience (emergency water supply)
- Fergusson Drive bulk meter installation

Not completed:

- Maymorn pump station renewals are progressing through the tendering process. COVID-19 alert level restriction impacted progress.

# Funding impact statement (\$000)

Funding Impact Statement for 30 June 2020 for Water supply.

2018 – 2019		2019 – 2020	2019 – 2020
LTP Y1	SOURCES OF OPERATING FUNDING	LTP Y2/AP	ACTUAL
0	General rates, uniform annual general charges, rates penalties	0	0
5,298	Targeted rates	5,689	5,265
0	Subsidies and grants for operating purposes	0	0
1,290	Fees and charges	1,322	1,657
98	Internal charges and overheads recovered	100	160
0	Local authority fuel tax, fines, infringement fees, and other receipts	0	0
<b>6,686</b>	<b>Total operating funding (A)</b>	<b>7,111</b>	<b>7,082</b>
	<b>APPLICATIONS OF OPERATING FUNDING</b>		
5,097	Payments to staff and suppliers	5,597	6,020
78	Finance costs	90	62
622	Internal charges and overheads applied	634	789
0	Other operating funding applications	0	0
<b>5,797</b>	<b>Total applications of operating funding (B)</b>	<b>6,321</b>	<b>6,871</b>
<b>889</b>	<b>Surplus (deficit) of operating funding (A – B)</b>	<b>790</b>	<b>211</b>

2018 – 2019 LTP Y1	SOURCES OF CAPITAL FUNDING	2019 – 2020 LTP Y2/AP	2019 – 2020 ACTUAL
0	Subsidies and grants for capital expenditure	0	0
0	Development and financial contributions	0	36
790	Increase (decrease) in debt	143	94
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Other dedicated capital funding	0	0
<b>790</b>	<b>Total sources of capital funding (C)</b>	<b>143</b>	<b>130</b>
	<b>APPLICATIONS OF CAPITAL FUNDING</b>		
	Capital expenditure		
106	– to meet additional demand	20	0
799	– to improve the level of service	207	312
1,057	– to replace existing assets	785	1,170
(283)	Increase (decrease) in reserves	(79)	(1,141)
0	Increase (decrease) of investments	0	0
<b>1,679</b>	<b>Total applications of capital funding (D)</b>	<b>933</b>	<b>341</b>
<b>(889)</b>	<b>Surplus (deficit) of capital funding (C – D)</b>	<b>(790)</b>	<b>(211)</b>
<b>0</b>	<b>FUNDING BALANCE ((A – B) + (C – D))</b>	<b>0</b>	<b>0</b>



Waiparu

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WASTEWATER



The **Wastewater** activity contributes to our community outcomes through the following strategic priority areas:



**HAPORI**  
Community



**TAIAO**  
Environment



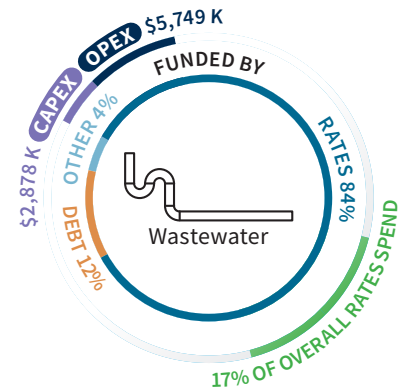
**ŌHANGA**  
Economy



**TŪĀPAPA**  
Infrastructure

## What we do

This activity, contracted to Wellington Water Ltd (WWL), provides a secure, efficient, and resilient wastewater service that protects the health of the community and our waterways from the harmful effects of wastewater, and supports economic growth and development.



### WASTEWATER INCLUDES

226 km of sewer mains

17 pump stations

4,880 wastewater manholes

One overflow chamber

One pipe bridge

## What we delivered in 2019 – 2020

### Pipeline renewal upgrade

The Akatārawa Road Wastewater renewals project, including the pipe bridge work, and the Merton Street wastewater upgrades were completed. The Field and Dunns Street wastewater renewals began construction but completion was delayed by COVID-19 alert level restrictions. Design of Gibbons Street local wastewater renewal began.

### Wastewater project capital

A renewal at the Maymorn Valley Wastewater Pump Station was completed.

### Miscellaneous works

The regional Manhole Safety Programme was briefed for wastewater and stormwater.

# Works programme

## ACHIEVEMENTS AT 30 JUNE 2020

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### Asset management—to replace existing assets

Pipeline renewal upgrade

Completed projects:

- ⦿ Akatārawa Road wastewater renewals (including pipe bridge work)
- ⦿ Merton Street wastewater renewal

Not completed:

- ⦿ Field Street and Dunns Street wastewater renewals, delayed by COVID-19 alert level restrictions
- 

Miscellaneous works

- ⦿ Wastewater modelling and reactive repairs ongoing
  - ⦿ Maymorn Wastewater Pump Station component renewals added to programme and completed
- 

### Capital works—to improve level of service

Wastewater project capital

- ⦿ Barber Grove renewal tenders for construction under consideration
- ⦿ Petone Collector main condition assessment underway
- ⦿ Seaview Wastewater Treatment Plant seismic strengthening underway
- ⦿ Gibbons Street wastewater renewal complete except for a road resurfacing issue outstanding

# Funding impact statement (\$'000)

Funding Impact Statement for 30 June 2020 for Wastewater.

2018 – 2019 LTP Y1	SOURCES OF OPERATING FUNDING	2019 – 2020 LTP Y2/AP	2019 – 2020 ACTUAL
0	General rates, uniform annual general charges, rates penalties	0	0
7,469	Targeted rates	7,713	7,422
0	Subsidies and grants for operating purposes	0	0
111	Fees and charges	113	210
127	Internal charges and overheads recovered	129	171
0	Local authority fuel tax, fines, infringement fees, and other receipts	0	0
<b>7,707</b>	<b>Total operating funding (A)</b>	<b>7,955</b>	<b>7,803</b>
	<b>APPLICATIONS OF OPERATING FUNDING</b>		
4,232	Payments to staff and suppliers	4,339	3,943
764	Finance costs	828	648
973	Internal charges and overheads applied	992	1,158
0	Other operating funding applications	0	0
<b>5,969</b>	<b>Total applications of operating funding (B)</b>	<b>6,159</b>	<b>5,749</b>
<b>1,738</b>	<b>Surplus (deficit) of operating funding (A – B)</b>	<b>1,796</b>	<b>2,054</b>

<b>2018 – 2019</b>		<b>2019 – 2020</b>	<b>2019 – 2020</b>
<b>LTP Y1</b>	<b>SOURCES OF CAPITAL FUNDING</b>	<b>LTP Y2/AP</b>	<b>ACTUAL</b>
0	Subsidies and grants for capital expenditure	0	0
0	Development and financial contributions	0	0
1,913	Increase (decrease) in debt	746	809
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Other dedicated capital funding	0	0
<b>1,913</b>	<b>Total sources of capital funding (C)</b>	<b>746</b>	<b>809</b>
	<b>APPLICATIONS OF CAPITAL FUNDING</b>		
	Capital expenditure		
20	– to meet additional demand	21	928
15	– to improve the level of service	15	0
3,616	– to replace existing assets	2,743	1,950
0	Increase (decrease) in reserves	(237)	(15)
0	Increase (decrease) of investments	0	0
<b>3,651</b>	<b>Total applications of capital funding (D)</b>	<b>2,542</b>	<b>2,863</b>
<b>(1,738)</b>	<b>Surplus (deficit) of capital funding (C – D)</b>	<b>(1,796)</b>	<b>(2,054)</b>
<b>0</b>	<b>FUNDING BALANCE ((A – B) + (C – D))</b>	<b>0</b>	<b>0</b>





Waiāwhā

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STORMWATER

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The **Stormwater** activity contributes to our community outcomes through the following strategic priority areas:



HAPORI  
Community



TAIAO  
Environment



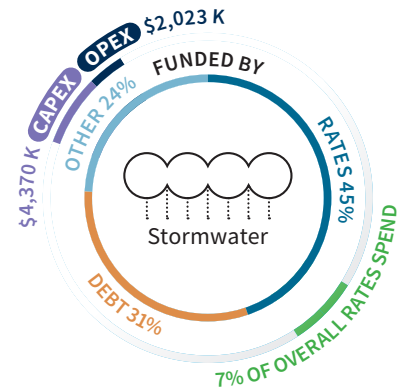
ŌHANGA  
Economy



TŪĀPAPA  
Infrastructure

## What we do

This activity, contracted to Wellington Water Ltd (WWL), includes the provision of a stormwater service which efficiently manages and controls flows. Effective stormwater management protects the public and property from the effects of flooding, and minimises the impact of runoff on the environment.



### STORMWATER INCLUDES

181 km of stormwater mains

Two detention dams

7 pump stations

11.4 km of open drains

3,843 stormwater manholes

## What we delivered in 2019 – 2020

### Pipeline renewal

The Stream Grove Stormwater upgrade was completed and the Regional Manhole safety programme was briefed for wastewater and stormwater.

### Pinehaven stormwater improvements

This project was required to reduce the risk to the community in the event of a 1 in 100 years flooding event in the Pinehaven area. We implemented the Pinehaven Stream Floodplain Management Plan, and involved a range of structural (stream improvements physical works) and non-structural (Plan Change 42) measures designed to reduce the flood risk to the community and the catchment.

We made further progress this year through the consenting and tender process, however, that process has delayed the start of physical works.

# Works programme

## ACHIEVEMENTS AT 30 JUNE 2020

### Asset management—to replace existing assets

Pipeline renewal	Stream Grove stormwater upgrade completed
Telemetry upgrade	Works scheduled for 2019 – 2020 complete. Work ongoing as part of a three-year programme

### Capital works—to improve level of service

Pinehaven Stream upgrade    Project delayed by consenting process with a consent hearing scheduled for August 2020.

## Funding impact statement (\$'000)

Funding Impact Statement for 30 June 2020 for Stormwater.

2018 – 2019 LTP Y1	SOURCES OF OPERATING FUNDING	2019 – 2020 LTP Y2/AP	2019 – 2020 ACTUAL
0	General rates, uniform annual general charges, rates penalties	0	0
2,605	Targeted rates	3,016	2,983
0	Subsidies and grants for operating purposes	0	0
200	Fees and charges	3,075	1,527
36	Internal charges and overheads recovered	36	72
0	Local authority fuel tax, fines, infringement fees, and other receipts	0	0
<b>2,841</b>	<b>Total operating funding (A)</b>	<b>6,127</b>	<b>4,582</b>
	<b>APPLICATIONS OF OPERATING FUNDING</b>		
1,469	Payments to staff and suppliers	1,507	1,375
46	Finance costs	121	106
471	Internal charges and overheads applied	486	542
0	Other operating funding applications	0	0
<b>1,986</b>	<b>Total applications of operating funding (B)</b>	<b>2,114</b>	<b>2,023</b>
<b>855</b>	<b>Surplus (deficit) of operating funding (A – B)</b>	<b>4,013</b>	<b>2,559</b>

<b>2018 – 2019</b>		<b>2019 – 2020</b>	<b>2019 – 2020</b>
<b>LTP Y1</b>	<b>SOURCES OF CAPITAL FUNDING</b>	<b>LTP Y2/AP</b>	<b>ACTUAL</b>
0	Subsidies and grants for capital expenditure	0	0
0	Development and financial contributions	0	0
156	Increase (decrease) in debt	3,021	2,034
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Other dedicated capital funding	0	0
<b>156</b>	<b>Total sources of capital funding (C)</b>	<b>3,021</b>	<b>2,034</b>
	<b>APPLICATIONS OF CAPITAL FUNDING</b>		
	Capital expenditure		
0	– to meet additional demand	0	0
915	– to improve the level of service	7,088	4,110
96	– to replace existing assets	100	260
0	Increase (decrease) in reserves	(154)	223
0	Increase (decrease) of investments	0	0
<b>1,011</b>	<b>Total applications of capital funding (D)</b>	<b>7,034</b>	<b>4,593</b>
<b>(855)</b>	<b>Surplus (deficit) of capital funding (C – D)</b>	<b>(4,013)</b>	<b>(2,559)</b>
<b>0</b>	<b>FUNDING BALANCE ((A – B) + (C – D))</b>	<b>0</b>	<b>0</b>



Whakauka

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SUSTAINABILITY



The **Sustainability** activity contributes to our community outcomes through the following strategic priority areas:



**HAPORI**  
Community



**TAIAO**  
Environment



**TE MANAWA**  
City Centre



**ŌHANGA**  
Economy



**TŪĀPAPA**  
Infrastructure

## What we do

This activity provides the management of the city’s solid waste. A range of refuse and recycling services are available to households and city centre businesses. Silverstream Landfill (within Hutt City) is the primary disposal site used by the community, and by waste contractors operating in the city.

The activity also identifies actions through the *Wellington Region Waste Management and Minimisation Plan 2017 – 2023 (WMMP)*.



### SUSTAINABILITY INCLUDES

Recycling drop-off facility

Rubbish bag collection

Waste minimisation education and projects

Sustainability strategy and initiatives

## What we delivered in 2019 – 2020

### Sustainability strategy

We adopted a new Sustainability Strategy in June. Developed in consultation with two Climate Change Focus Groups (one youth, one general) consisting of members of the community, our strategic goals were tested through public consultation prior to adoption by Council. These goals will be integrated into Council-wide activities through the development of the Long Term Plan 2021 – 2031.



Strategic goals from our Sustainability Strategy:

- ① Upper Hutt City Council will be a carbon neutral organisation by 2035
- ② We will prioritise protecting and enhancing our natural environment

- ③ We will have a good quality and sufficient water supply
- ④ Our community will be resilient, adaptable and inclusive
- ⑤ We will be a leader in the community on sustainability issues
- ⑥ We will reduce waste
- ⑦ Our community will be engaged and informed on sustainability issues
- ⑧ We will encourage low carbon transport

You can view our Sustainability Strategy on our website: [upperhuttcity.com/sustainability](http://upperhuttcity.com/sustainability)

### COMMUNITY ENGAGEMENT WITH OUR STRATEGY

Fergusson Intermediate School engaged with the Sustainability Strategy, providing Councillors with opinion pieces on the strategy’s approach, and inviting our staff to work alongside them on their individual sustainability investigations.



## Enviroschools



We currently fund the Enviroschools programme in 10 primary schools and nine early childhood centres in Upper Hutt. The programme aims to drive behaviour change, provide professional development opportunities for teachers, and assist schools to undertake sustainability actions. [LEFT: Pinehaven School Students take part in tree planting in Pinehaven.]

Aroha Montessori Preschool has reached Silver Enviroschool status. Becoming a Silver Enviroschool means the school has been on a committed sustainability journey for a number of years, and their approach to sustainability is growing. They have worked hard to set up a worm farm, butterfly house, composting facilities and bird feeders, and have developed space for gardening. They look for ways to contribute to the wider community, and developed their centre’s core values with their teaching team and centre community.

## Community Calendar

We changed the back cover of our much loved Community Calendar to include sustainability-focused profiles from our staff to further encourage engagement between Council, our community and sustainability.



## WMMP regional projects

Development of a new waste bylaw for Upper Hutt City Council was undertaken this year to more effectively manage the issues and negative impacts of solid waste on the environment. The proposed bylaw will allow us to improve our understanding of the solid waste collection services in the city, and how waste is being disposed of.

In November, we partnered with Hutt City Council on a hazardous waste collection at Awa Kairangi Park and the Riverbank car parks, with Haz-Tech delivering the hazmobile service. Hazardous waste collection events will continue in 2020 until a permanent hazardous waste drop-off point is established at the Silverstream landfill.

## WMMP local projects

More than 15 Upper Hutt businesses attended a workshop in November to hear guest speakers from Mainstream Green and the Sustainability Trust, and to discuss common waste issues their businesses face. This successful workshop resulted in the formation of a Business Green Team that meet quarterly to solve these issues.

## Recycling

Our recycling station is serviced three times a week for cardboard, plastic and cans, and weekly for glass. A fourth swap-out container was purchased this year. Demand for the station continues to grow and we regularly monitor the station and assess the need for additional servicing.



## Works programme (\$000)

ACHIEVEMENTS AT 30 JUNE 2020		BUDGET	ACTUAL
WMMP Regional Projects	Work on the Solid Waste Management and Minimisation Bylaw commenced this year	4	0
WMMP Upper Hutt Projects	Education workshops and programmes for Upper Hutt schools and businesses	60	53
Sustainability Strategy programmes	Development and adoption of Sustainability Strategy	117	63
Drop off recycling cost	Actual spend reflects ongoing servicing costs. The recycling station was closed during COVID-19 Alert Levels 3 and 4	135	177
<b>Total</b>		<b>316</b>	<b>293</b>



# Funding impact statement (\$'000)

Funding Impact Statement for 30 June 2020 for Sustainability.

2018 – 2019 LTP Y1	SOURCES OF OPERATING FUNDING	2019 – 2020 LTP Y2/AP	2019 – 2020 ACTUAL
108	General rates, uniform annual general charges, rates penalties	(8)	(45)
0	Targeted rates	0	0
0	Subsidies and grants for operating purposes	0	0
520	Fees and charges	533	656
4	Internal charges and overheads recovered	4	10
0	Local authority fuel tax, fines, infringement fees, and other receipts	0	0
<b>632</b>	<b>Total operating funding (A)</b>	<b>529</b>	<b>621</b>
	<b>APPLICATIONS OF OPERATING FUNDING</b>		
364	Payments to staff and suppliers	373	509
0	Finance costs	0	0
153	Internal charges and overheads applied	156	112
0	Other operating funding applications	0	0
<b>517</b>	<b>Total applications of operating funding (B)</b>	<b>529</b>	<b>621</b>
<b>115</b>	<b>Surplus (deficit) of operating funding (A – B)</b>	<b>0</b>	<b>0</b>

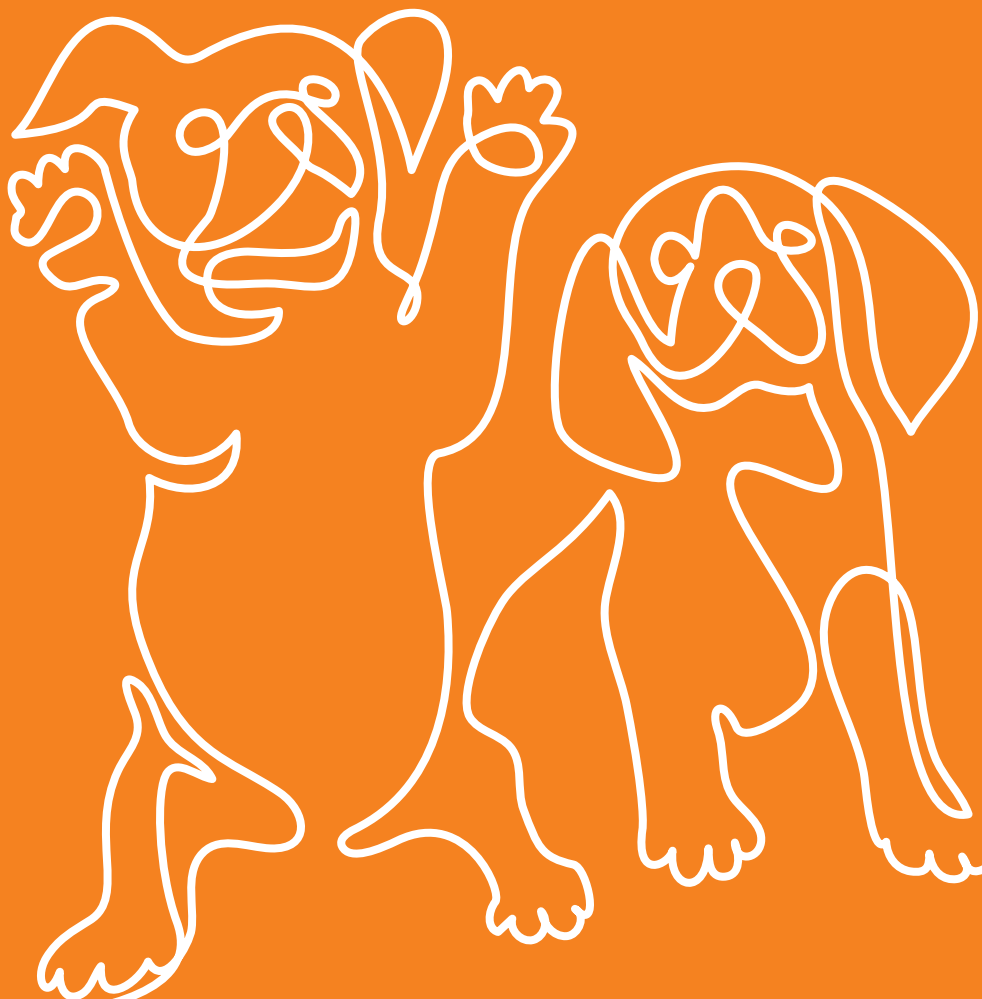
2018 – 2019 LTP Y1	SOURCES OF CAPITAL FUNDING	2019 – 2020 LTP Y2/AP	2019 – 2020 ACTUAL
0	Subsidies and grants for capital expenditure	0	0
0	Development and financial contributions	0	0
0	Increase (decrease) in debt	0	0
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Other dedicated capital funding	0	0
<b>0</b>	<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>0</b>
	<b>APPLICATIONS OF CAPITAL FUNDING</b>		
	Capital expenditure		
0	– to meet additional demand	0	0
115	– to improve the level of service	0	0
0	– to replace existing assets	0	0
0	Increase (decrease) in reserves	0	0
0	Increase (decrease) of investments	0	0
<b>115</b>	<b>Total applications of capital funding (D)</b>	<b>0</b>	<b>0</b>
<b>(115)</b>	<b>Surplus (deficit) of capital funding (C – D)</b>	<b>0</b>	<b>0</b>
<b>0</b>	<b>FUNDING BALANCE ((A – B) + (C – D))</b>	<b>0</b>	<b>0</b>



# Ratonga whakamahere me te whakariterite

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PLANNING AND REGULATORY SERVICES



The **Planning and regulatory services** activity contributes to our community outcomes through the following strategic priority areas:



**HAPORI**  
Community



**TAIAO**  
Environment



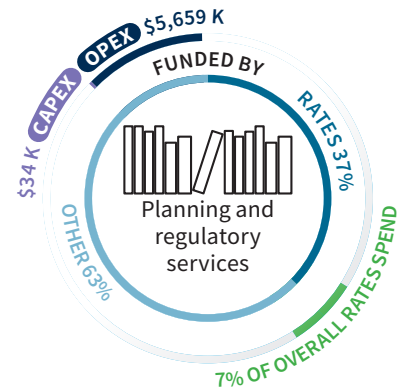
**OHANGA**  
Economy



**TŪĀPAPA**  
Infrastructure

## What we do

The Planning and regulatory services function is responsible for a group of activities that range from regulatory, monitoring, and enforcement, through to district planning, to ensure public safety, health, and wellbeing.



### PLANNING AND REGULATORY SERVICES INCLUDES

City planning, resource consents and monitoring

Liquor licensing

Building control, consents and inspections

Animal control

Environmental health

Parking enforcement

## What we delivered in 2019 – 2020

### District Plan Review – Plan changes

We completed Plan Change 42 (PC42) which sought to avoid development in high hazard areas, and to avoid and mitigate the risk from flooding in lower hazard areas within the Mangaroa River and Pinehaven Stream catchments. Also completed was Plan Change 45 (PC45), which reviewed signage provisions in all areas of the district and refers to Council's bylaw for signs.



Public engagement for Plan Change 50, a significant review of the residential and rural chapters of our District Plan, began in March and was limited to online feedback only as COVID-19 alert level restrictions came into place. We extended the engagement period by another month, and promoted the engagement through social media channels to capture as much feedback as possible.

Work also commenced on Plan Changes 46 – 53, which review: heritage, sites of significance to Māori, subdivision infrastructure, natural hazards, ecology, landscapes, open spaces, rural, and residential rules.

## Works programme (\$000)

ACHIEVEMENTS AT 30 JUNE 2020		BUDGET	ACTUAL
District Plan review— Plan Changes	PC45 and PC42 completed. COVID-19 alert level restrictions meant some engagements were delayed, with one engagement being available only online	500	0
District Plan review	Commenced work on Plan Changes 46 – 53	407	463
<b>Total</b>		<b>907</b>	<b>463</b>

## Funding impact statement (\$000)

Funding Impact Statement for 30 June 2020 for Planning and regulatory services.

2018 – 2019		2019 – 2020	2019 – 2020
LTP Y1	SOURCES OF OPERATING FUNDING	LTP Y2/AP	ACTUAL
2,750	General rates, uniform annual general charges, rates penalties	2,811	2,881
0	Targeted rates	0	0
0	Subsidies and grants for operating purposes	0	0
3,552	Fees and charges	3,642	2,582
57	Internal charges and overheads recovered	59	74
254	Local authority fuel tax, fines, infringement fees, and other receipts	261	254
<b>6,613</b>	<b>Total operating funding (A)</b>	<b>6,773</b>	<b>5,791</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
3,388	Payments to staff and suppliers	3,499	3,639
9	Finance costs	4	4
1,826	Internal charges and overheads applied	1,840	2,016
0	Other operating funding applications	0	0
<b>5,223</b>	<b>Total applications of operating funding (B)</b>	<b>5,343</b>	<b>5,659</b>
<b>1,390</b>	<b>Surplus (deficit) of operating funding (A – B)</b>	<b>1,430</b>	<b>132</b>

<b>2018 – 2019</b>		<b>2019 – 2020</b>	<b>2019 – 2020</b>
<b>LTP Y1</b>	<b>SOURCES OF CAPITAL FUNDING</b>	<b>LTP Y2/AP</b>	<b>ACTUAL</b>
0	Subsidies and grants for capital expenditure	0	0
0	Development and financial contributions	0	1,925
(90)	Increase (decrease) in debt	(97)	(97)
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Other dedicated capital funding	0	0
<b>(90)</b>	<b>Total sources of capital funding (C)</b>	<b>(97)</b>	<b>1,828</b>
	<b>APPLICATIONS OF CAPITAL FUNDING</b>		
	Capital expenditure		
0	– to meet additional demand	0	34
0	– to improve the level of service	0	0
0	– to replace existing assets	0	0
1,300	Increase (decrease) in reserves	1,333	1,926
0	Increase (decrease) of investments	0	0
<b>1,300</b>	<b>Total applications of capital funding (D)</b>	<b>1,333</b>	<b>1,960</b>
<b>(1,390)</b>	<b>Surplus (deficit) of capital funding (C – D)</b>	<b>(1,430)</b>	<b>(132)</b>
<b>0</b>	<b>FUNDING BALANCE ((A – B) + (C – D))</b>	<b>0</b>	<b>0</b>



# Whakawhanake ōhanga

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## ECONOMIC DEVELOPMENT



The **Economic development** activity contributes to our community outcomes through the following strategic priority areas:



**HAPORI  
Community**



**TE MANAWA  
City Centre**

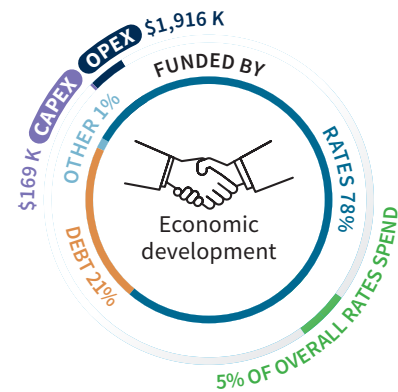


**ŌHANGA  
Economy**

## What we do

This activity delivers initiatives that foster economic growth and promotion of the city, its events, and attractions. The economic development function focuses on targeting and attracting new businesses and employers, providing business support, and liaison services to encourage future development.

It covers implementation of our Marketing Strategy. This sets the direction for marketing Upper Hutt's brand and assets, and the promotion of the city to locals and visitors.



### ECONOMIC DEVELOPMENT INCLUDES

Economic Development Stimulus Policy

City centre management and promotion

Business support, partnerships and liaison

City marketing and promotions

City events

## What we delivered in 2019 – 2020

### Business workshops

We introduced two new programmes in November to support small local businesses, their owners, and employees.

- Mahi Tahi**—a collaborative working group for those in sole-charge positions, working in isolated roles or in a home office environment, as well as those supporting not-for-profit organisations. The purpose was to provide an open sharing space for ideas, challenges, project planning, and general business support.
- Entrée**—a business incubator and start-up support group. Participants discuss business ideas and workshop start-up plans together to achieve their entrepreneurial goals



Other workshops throughout the year included:

- ⦿ Lighting and why it matters in retail
- ⦿ Sustainability and your business
- ⦿ Business Continuity Planning
- ⦿ Enhancing accessibility in support of the United Nations International Day of Persons with Disabilities
- ⦿ Social media for retailers and hospitality businesses

## Marketing and promotion

The newly developed website platform [upperhuttcity.com](http://upperhuttcity.com), was audited in 2019 by the Association of Local Government Information Management which saw our website gain 37 places to sit 11th among the 78 local authority sites audited. This audit measures a site's compliance with web standards, accessibility and engagement and is aimed at ensuring the highest possible customer service, experience and access to information.

### HUTT VALLEY NZ

The new Hutt Valley NZ website ([huttvalleynz.com](http://huttvalleynz.com)), which takes direction from the Hutt Valley Tourism Action Plan, launched in March and combined visual and written storytelling content from the Hutt Valley, with intelligent navigation technology which suggests content similar to what users are looking at. It showcases the Hutt Valley, the people, attractions and the place that we call home.

### VISITOR GUIDE

The launch of the second Hutt Valley Visitor Guide in December, which also took direction from the Hutt Valley Tourism Action Plan, saw over 20,000 copies distributed across the wider region, ferries, CentrePort during cruise ship season, i-SITE Visitor Information Centres and throughout the Hutt Valley in various businesses, accommodation providers and visitor attractions.

### BIKE THE HUTT

To support our residents and our city through events, the inaugural *Bike the Hutt* festival ran from 20 February to 1 March 2020. We led the marketing activity in partnership with Hutt City Council and Hutt Valley NZ. *Bike the Hutt* encouraged the community to ride bikes and showcase the best cycling spots in the Hutt Valley.



## LOVE LOCAL

Our Love Local campaign, developed during COVID-19 Alert Levels 3 and 4, encouraged our community to #lovelocal and support businesses in our region. The objectives were to remind consumers of local shopping opportunities, educate consumers on how to support local, help consumers understand the importance of shopping local, support business-to-business activity and cross-sector collaboration, and to build awareness of what is made in the Hutt Valley. Website views exceeded 30,000 and social media engagement reached 70,000.



## UNBOX UPPER HUTT

Our Unbox Upper Hutt campaign promoted the surprises and hidden gems in Upper Hutt. The objectives were to encourage foot traffic in the City Centre and to promote local businesses. Campaign tactics included a three part video series, influencer collaboration, street stickers and social media. Total reach throughout the campaign exceeded 200,000, page followers grew by 6,000, and the engagement rate exceeded 10%.

## STREET FLAGS

This year we installed FlagTrax systems for street flags. These flags provide city dressing, colour, vibrancy, and movement to Upper Hutt. Replacing the T-bar systems, FlagTrax are a cost effective and proven way to decorate cities and showcase a message or brand. This installation increased the scope of the previous system and now includes Silverstream, Riverstone Terraces, Totara Park, Trentham, and Akatārawa. The FlagTrax system can be changed in minutes from the ground meaning equipment and traffic management are no longer required when changing flags.

## Residential Stimulus Policy

During this financial year, \$215,517 of fees have been subsidised. This relates to projects approved for remissions in the 2018 – 2019 and the 2019 – 2020 financial years. It is noted that fees for developments are withdrawn from the fund as the development progresses from consent stage to completion of construction. Therefore, projects and the associated spend (recouping of fees from the fund) can span across financial years.

## Partnership activity

Through attendance at a Māori Economic Development Hui, we agreed with the Māori Women's Development Corporation to work with them to help develop any incoming business propositions which meet their criteria.

We are working with Greater Wellington Regional Council to support engagement in their development of a regional Māori Economic Development Policy.

## Vacant property improvement programme

Work was undertaken to improve the visual appearance of the area between Logan Street and Centre Walk. Work included a chemical wash of store fronts, fresh paint, and Upper Hutt graphics printed across shop windows. With several new businesses directly across the road, the intention was to improve this area for the public, and for the local business owners.



## Works programme (\$'000)

ACHIEVEMENTS AT 30 JUNE 2020		BUDGET	ACTUAL
Vacant property improvement programme	Work undertaken to improve the visual appearance of the area between Logan Street and Centre Walk	5	2
Upper Hutt Marketing Strategy	Complete as outlined under <i>Marketing and promotion</i> heading	118	73
Residential Stimulus Policy	Fees are only recouped once a development has been completed, which can span across financial years. Variance between actual and budget may be explained by this	500	0
Business and resident opportunity prospectus	Data gathering began this financial year	2	1
Opportunities profile	Collection and distribution of business opportunity information to increase awareness and accessibility for business growth	21	5
City centre management	Workshops and business liaison to identify support needed	17	20
Economic Development Stimulus Policy	\$43,360 was committed in this financial year, with a further \$93,377 entering the application process	500	45
Business incubator	Postponed until September due to COVID-19 alert level restrictions	6	0
<b>Total</b>		<b>1,169</b>	<b>146</b>

# Funding impact statement (\$000)

Funding Impact Statement for 30 June 2020 for Economic development.

<b>2018 – 2019</b>		<b>2019 – 2020</b>	<b>2019 – 2020</b>
<b>LTP Y1</b>	<b>SOURCES OF OPERATING FUNDING</b>	<b>LTP Y2/AP</b>	<b>ACTUAL</b>
2,061	General rates, uniform annual general charges, rates penalties	2,235	2,029
0	Targeted rates	0	0
0	Subsidies and grants for operating purposes	0	0
27	Fees and charges	30	1
19	Internal charges and overheads recovered	18	29
0	Local authority fuel tax, fines, infringement fees, and other receipts	0	0
<b>2,107</b>	<b>Total operating funding (A)</b>	<b>2,283</b>	<b>2,059</b>
	<b>APPLICATIONS OF OPERATING FUNDING</b>		
2,285	Payments to staff and suppliers	2,211	1,331
73	Finance costs	101	46
449	Internal charges and overheads applied	453	539
0	Other operating funding applications	0	0
<b>2,807</b>	<b>Total applications of operating funding (B)</b>	<b>2,765</b>	<b>1,916</b>
<b>(700)</b>	<b>Surplus (deficit) of operating funding (A – B)</b>	<b>(482)</b>	<b>143</b>

2018 – 2019 LTP Y1	SOURCES OF CAPITAL FUNDING	2019 – 2020 LTP Y2/AP	2019 – 2020 ACTUAL
0	Subsidies and grants for capital expenditure	0	0
0	Development and financial contributions	0	0
885	Increase (decrease) in debt	482	26
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Other dedicated capital funding	0	0
<b>885</b>	<b>Total sources of capital funding (C)</b>	<b>482</b>	<b>26</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
	Capital expenditure		
0	– to meet additional demand	0	169
185	– to improve the level of service	0	0
0	– to replace existing assets	0	0
0	Increase (decrease) in reserves	0	0
0	Increase (decrease) of investments	0	0
<b>185</b>	<b>Total applications of capital funding (D)</b>	<b>0</b>	<b>169</b>
<b>700</b>	<b>Surplus (deficit) of capital funding (C – D)</b>	<b>482</b>	<b>(143)</b>
<b>0</b>	<b>FUNDING BALANCE ((A – B) + (C – D))</b>	<b>0</b>	<b>0</b>



# Tātaritanga

PERFORMANCE



# Performance framework

This section reports how successful we were in meeting the Aims of our performance measures. Aims are set so we can measure, and continually improve services that contribute to priorities.

## Mandatory infrastructure measures

Councils across New Zealand are required to report on a set of mandatory measures for aspects of the water supply, wastewater, stormwater and land transport activities. The aim of these measures is to better inform and enable the community to participate in discussions on levels of service for these activities.

For this year (2019 – 2020), Wellington Water (WWL) reported on 34 DIA mandatory performance measures, 69 Statement of Intent non-financial measures, and 27 council specific measures. WWL report performance on these on behalf of their client councils. They cover aspects of service including fault response times, water quality, water loss, sewerage overflow, compliance with standards and consents and asset management, among others.

WWL report the results of DIA response time measures, which are national measures that all councils must set targets for, along with wastewater overflows, and customer complaint and customer satisfaction reporting. WWL have not been able to verify their results on some of these measures to the auditor's standards, which equate to 13 measures in this Annual Report.

The 13 measures this relates to are on pages 76 – 79. WWL has agreed with its shareholder councils and the auditor that it will continue to work on improving its performance management system. This work will take place over the next two years. For further information, you can read Audit NZ's independent auditor's report (opinion) for this Annual Report on page 175.

## Community survey

Several of the measures are reliant on the results from our Community Survey, which is carried out by Key Research on a quarterly basis. The survey was conducted by phone, with a random sample of 400 residents living in Upper Hutt, 100 residents surveyed each quarter. Data collection is managed to quota aims by age, ward, and ethnicity. Post data collection, the sample is weighted to align with known population distributions as contained in the Census 2018. At an aggregate level the sample has an expected 95% confidence interval (margin of error of  $\pm 4.9\%$ ).

**NOTE:** There have been some reassessments of community survey results from Key Research published in the 2018 – 2019 Annual Report. The updated figures for 2018 – 2019 are included in this report.

## Other surveys

Other surveys carried out on our behalf by Public Voice are the Business, Retailers, Community Groups, and Building Consent surveys. These survey sare conducted annually.

# Hapori | Community





## OUR SERVICES AND FACILITIES ARE ACCESSIBLE AND VALUED BY OUR RESIDENTS AND VISITORS







2018 – 2019		2019 – 2020	2019 – 2020	DATA
RESULT	HOW WE MEASURE SUCCESS	AIM	RESULT	SOURCE
202,733	1 Number of physical visits to library facilities in the 12 months to June	≥ previous financial year	186,918	Door counter (5% margin of error)
<p><b>RATIONALE IF NOT ACHIEVED:</b> Some decline in attendance was recorded from mid-March due to public caution in the build up to Alert Level 3 (AL3), which led to zero attendance after the library closure on 23 March. Upon reopening 14 May there has been steady increase in attendance numbers, with June's attendance being similar to the same time last financial year.</p>				
1,094,328	2 Number of digital connections made to library platforms in the 12 months to June <sup>1</sup>	640,000	1,170,883	Internal data analytics tool
96%	3 User satisfaction with customer service provided by library staff—respondents satisfied or very satisfied	95%	96%	Community survey
187,058	4 H2O Xtream: annual attendance figures (represented by paying users)	210,000 people	163,319	Internal point of sale (POS) system
<p><b>RATIONALE IF NOT ACHIEVED:</b> Due to operational issues and responding to glass thrown into the pool, H2O Xtream had to shut for a period of time during Q2, and again from 23 March to 20 May due to COVID-19. This led to a lower than predicted attendance. Since reopening we see a steady increase in attendance rates as people become more comfortable returning to public facilities.</p>				
91%	5 H2O Xtream: user satisfaction with the facility—users satisfied or very satisfied	80%	84%	Community survey
87%	6 H2O Xtream: satisfaction with service provided by staff—users satisfied or very satisfied	90%	89%	Community survey
<p><b>RATIONALE IF NOT ACHIEVED:</b> There are no verbatim comments available from the survey to identify where improvements can be made. During the 2019 – 2020 year, there has been increased communication and engagement from H2O Xtream with the community to raise awareness of pool activities. It is hoped these improvements will influence future satisfaction ratings.</p>				
143,436	7 Expressions Whirinaki: number of visitors in 12 months to June	100,000	94,078	Internal audit of attendance
<p><b>RATIONALE IF NOT ACHIEVED:</b> Visitation to Expressions Whirinaki was majorly affected by the COVID-19 pandemic due to mandatory closure during Alert Levels 3 and 4, from 23 March to 14 May 2020 (52 days), and restrictions on gatherings and social distancing in Alert Level 2. Prior to the pandemic, fire sprinkler installation meant that parts of the centre (particularly the Gillies Theatre and The Professionals Recreation Hall) were closed for three months, which significantly affected visitor numbers.</p>				

1. Platforms include: upperhuttlibrary.co.nz, upperhutt.kotui.org.nz, Heritage site records uhcl.recollect.co.nz, Australia New Zealand Reference Centre, Masterfile complete, Encyclopaedia Britannica, Ancestry, Pressreader, MyHeritage, Facebook, Instagram, Pinterest, Twitter, Generosity GivMe, GivUS funding databases, graffiti.uhcl.recollect.co.nz, newspaperarchives.uhcc.govt.nz.



2018 – 2019 RESULT	HOW WE MEASURE SUCCESS	2019 – 2020 AIM	2019 – 2020 RESULT	DATA SOURCE
97% 	<b>8</b> Expressions Whirinaki: community satisfaction with the range and quality of events and exhibitions provided at the centre—respondents satisfied or very satisfied	90%	93% 	Community survey

## WE HAVE A HEALTHY AND RESILIENT COMMUNITY

2018 – 2019 RESULT	HOW WE MEASURE SUCCESS	2019 – 2020 AIM	2019 – 2020 RESULT	DATA SOURCE
7,269 BENCHMARK	<b>9</b> Attendance figures at flagship events: Parks and Places programme, Buggy walks, and Play events	≥ previous financial year	7,991 	Internal bookings/attendance records
<p><b>NOTE:</b> The Parks and Places programme had no attendees as all events were scheduled during COVID-19 Alert Levels 3 and 4. Buggy Walks had a total of 600 participants. Play events had 3,130 participants. Bike the Hutt, a new event in collaboration with Hutt Valley NZ, was attended by 3,431 people across the Hutt Valley. This event has been included in the total, and will be part of the flagship events in future years.</p>				
16% <sup>2</sup> BENCHMARK	<b>10</b> Percentage of respondents who know how much water per person should be stored in the case of an emergency event (20 L per person per day for 7 days)	Increasing awareness	16% 	Community survey
<p><b>RATIONALE IF NOT ACHIEVED:</b> A campaign is yet to be run about water preparedness in an emergency. We will work alongside Wellington Regional Emergency Management Office for future campaigns to raise awareness of emergency preparedness.</p>				
80% 	<b>11</b> Council emergency preparedness: attendance at Emergency Operations Centre (EOC) trainings	90%	64% 	EOC training attendance audit
<p><b>RATIONALE IF NOT ACHIEVED:</b> Due to the COVID-19 response and a change in training delivery to align with the financial year, no training was delivered from March to June 2020. The performance aim for emergency management capability and capacity for each Council within the Wellington region has shifted to focus on numbers of staff trained, to each of the professional development pathway levels, rather than attendance at training.</p>				
96% 	<b>12</b> Community group satisfaction: engagement with the Community Development team—respondents satisfied or very satisfied	90%	93% 	Annual community groups survey

2. Previously reported in the 2019 – 2019 Annual Report as 7%

# Taiao | Environment



## OUR CITY IS CONNECTED TO ITS OPEN SPACES

2018 – 2019 RESULT	HOW WE MEASURE SUCCESS	2019 – 2020 AIM	2019 – 2020 RESULT	DATA SOURCE
83% BENCHMARK	<b>13</b> Percentage of households that have visited parks, reserves or gardens in the previous 12 months (includes Trentham Memorial Park, Maidstone Park, and Harcourt Park)	≥ previous financial year	86% 	Community survey
92% <sup>3</sup> 	<b>14</b> Resident satisfaction with parks, reserves and gardens (includes Trentham Memorial Park, Maidstone Park, and Harcourt Park)—users satisfied or very satisfied	95%	91% 	Community survey
<b>RATIONALE IF NOT ACHIEVED:</b> <i>There are no verbatim comments from the Community Survey responses to help us identify how we can improve community satisfaction with parks, reserves, and gardens.</i>				
Counter vandalised, no data	<b>15</b> Number of users on the Upper Hutt pathways network, as indicated by a counter at a specific site	≥ previous financial year	Continuing issues with counter, no data	Counter on network
<b>RATIONALE IF NOT ACHIEVED:</b> <i>Last year we reported the counter had been vandalised, hence we were unable to report. With no optimal options for protection of the counter, it was vandalised again this year.</i>				
82% <sup>4</sup> BENCHMARK	<b>16</b> User satisfaction with the Upper Hutt pathways network—users satisfied or very satisfied	≥ previous financial year	89% 	Community survey

## WE ARE SUSTAINABLY MANAGING THE IMPACT OF OUR ACTIVITIES ON THE NATURAL ENVIRONMENT

2018 – 2019 RESULT	HOW WE MEASURE SUCCESS	2019 – 2020 AIM	2019 – 2020 RESULT	DATA SOURCE
584.62 t (+62%) 	<b>17</b> Increasing total tonnage of recycling materials being deposited at the drop off station	≥ previous financial year	638.76 t (+9.2%) 	Quarterly provider data
40% <sup>5</sup> BENCHMARK	<b>18</b> Percentage of households that have used the drop off station in the previous 12 months	≥ previous financial year	49% 	Community survey

3. Previously reported in the 2019 – 2019 Annual Report as 93%

4. Previously reported in the 2019 – 2019 Annual Report as 81%

5. Previously reported in the 2019 – 2019 Annual Report as 48%

# Te manawa | City centre



## PEOPLE FEEL WELCOME AND CONNECTED TO OUR CITY CENTRE

2018 – 2019 RESULT	HOW WE MEASURE SUCCESS	2019 – 2020 AIM	2019 – 2020 RESULT	DATA SOURCE
90% 	<b>19</b> City centre on street parking occupancy levels	80% – 85%	92% 	Annual targeted surveys
<p><b>RATIONALE IF NOT ACHIEVED:</b> Demand is above optimum on Main Street. Other streets captured in the parking occupancy survey are closer to the aim range.</p>				
61% 	<b>20</b> Resident satisfaction: appearance of the city centre —residents satisfied or very satisfied	75%	60% 	Community survey
<p><b>RATIONALE IF NOT ACHIEVED:</b> Dissatisfaction was largely from rural members of the community, with central residents being the most satisfied with the appearance of the city centre. There are no comments available from the survey responses to help us identify what could be improved.</p>				
74% 	<b>21</b> Resident satisfaction with safety in the city centre —residents satisfied or very satisfied	85%	69% 	Community survey
<p><b>RATIONALE IF NOT ACHIEVED:</b> There were no comments available from survey respondents to specify what could be done to improve satisfaction with safety in neighbourhoods. Through quarterly updates on the survey, we can see there has been a slow increase over the financial year in satisfaction with safety in the city centre.</p>				
84% 	<b>22</b> Resident satisfaction with safety in their neighbourhood —residents satisfied or very satisfied	85%	82% 	Community survey
<p><b>RATIONALE IF NOT ACHIEVED:</b> There were no comments available from survey respondents to specify what could be done to improve satisfaction with safety in neighbourhoods.</p>				
8.2% BENCHMARK	<b>23</b> The ground floor vacancy rate in the city centre	≤ previous financial year	6.1% 	Six-monthly physical audit

## COMMUNITY OUTCOME

# Ōhanga | Economy



### OUR CITY IS A GREAT PLACE TO LIVE IN AND DO BUSINESS

2018 – 2019 RESULT	HOW WE MEASURE SUCCESS	2019 – 2020 AIM	2019 – 2020 RESULT	DATA SOURCE
79% 	<b>24</b> Engaged business: satisfaction with the level of Council support in relation to economic development —respondents satisfied or very satisfied	75%	100% 	Business and retailers survey
100% 	<b>25</b> Engaged retailers: satisfaction with the level of support provided by Retail and Business Liaison Officer —respondents satisfied or very satisfied	85%	100% 	Business and retailers survey

## COMMUNITY OUTCOME













# Tūāpapa | Infrastructure



### ROADING: WE WILL PROVIDE A SAFE ROADING NETWORK

2018 – 2019 RESULT	HOW WE MEASURE SUCCESS	2019 – 2020 AIM	2019 – 2020 RESULT	DATA SOURCE
7 	<b>26</b> Road Safety: the change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	≤ previous financial year	7 	Waka Kotahi (NZTA) data







## ROADING: WE WILL PROVIDE A WELL-LIT, CLEAN, CONVENIENT AND SAFE ROADING NETWORK IN THE CITY CENTRE FOR PARKING, PEDESTRIANS, AND CYCLISTS

2018 – 2019 RESULT	HOW WE MEASURE SUCCESS	2019 – 2020 AIM	2019 – 2020 RESULT	DATA SOURCE
80.7% 	<b>27</b> Road conditions: the average quality of ride on a sealed local road network, measured by smooth travel exposure (STE)	80%	77% 	Annual roughness survey
<b>RATIONALE IF NOT ACHIEVED:</b> <i>Roading infrastructure is deteriorating at a rate that Council maintenance cannot currently keep up with.</i>				
46% <sup>6</sup> 	<b>28</b> Road maintenance: the area of the sealed local road network that is resurfaced	95% of work programmed in Asset Management Plan delivered	71% <sup>7</sup> 	Internal register and database
<b>RATIONALE IF NOT ACHIEVED:</b> <i>COVID-19 Alert Level 4 and 3 restrictions occurred during the peak sealing season and created a backlog of sealing work.</i>				
99.93% 	<b>29</b> Footpaths: the percentage of footpaths within Upper Hutt that fall within the level of service as set out in the Long Term Plan and Asset Management Plan	95%	99.45% 	Internal database
94.9% 	<b>30</b> Response to service requests: the percentage of customer service requests relating to roads and footpaths to which Council initially responds within the time frame specified in the Long Term Plan (3 days)	≥ 90%	94.9% 	Internal database
79% 	<b>31</b> Resident satisfaction with street lighting—residents satisfied or very satisfied	85%	75% 	Community survey
<b>RATIONALE IF NOT ACHIEVED:</b> <i>Our community reported malfunctioning lights in Wallaceville, and insufficient lighting in central, Trentham, Birchville, and rural areas. Malfunctioning lights have been repaired since the report.</i>				
81% 	<b>32</b> Resident satisfaction with street cleanliness—residents satisfied or very satisfied	85%	76% 	Community Survey
<b>RATIONALE IF NOT ACHIEVED:</b> <i>There were no comments available from survey respondents to specify what could be done to improve satisfaction with street cleanliness. Satisfaction in this area has remained within the 75 – 79% range over the financial year.</i>				

6. 40,563 m<sup>2</sup> / 89,032m<sup>2</sup>



7. 47,431m<sup>2</sup> / 66,634m<sup>2</sup>

## WATER SUPPLY: WE WILL MAINTAIN A HIGH QUALITY WATER SUPPLY WITH MINIMAL INTERRUPTIONS



2018 – 2019		2019 – 2020	2019 – 2020	DATA
RESULT	HOW WE MEASURE SUCCESS	AIM	RESULT	SOURCE
100% 	<b>33</b> Safety: Council's drinking water supply meets bacterial compliance criteria (Part 4) of the Drinking-Water Standards	100% compliance	100% 	Wellington Water data
100% 	<b>34</b> Safety: Council's drinking water supply meets protozoal compliance criteria (Part 5) of the Drinking-Water Standards	100% compliance	100% 	Wellington Water data
20% 	<b>35</b> Maintenance of the reticulation network: the percentage of real water loss from the local authority's networked reticulation system	< 17%	19% <sup>8</sup> 	Wellington Water data

**RATIONALE IF NOT ACHIEVED:** This end of year result is reported as a mean regional water loss percentage with a 95% confidence interval of between 7% and 32%. It is produced using an updated statistical methodology that aligns with the 'Benchloss approach' described in the Water New Zealand Water Loss Guidelines and meets the requirements of the Non-Financial Performance Measure rules 2013 specified by the Department of Internal Affairs. Due to the limited water meter information there is a wide variance in the confidence intervals for council specific results. Therefore we are reporting this result as a more accurate regional percentage until more data is available to support this measure at a specific council level.

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











30 minutes 	<b>36</b> <b>A</b> Attendance to urgent call-outs from the time that the local authority receives notification to the time that service personnel reach site	60 minutes	102.1 minutes <sup>8</sup> 	Wellington Water data
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**RATIONALE IF NOT ACHIEVED:** End of year result exceeds aim due to work volume, resource constraints, and resource allocation. There was a large backlog of work brought over from the previous service delivery arrangement. The backlog has now been completed. The stand-up phase of the alliance with Fulton Hogan, has been completed and is now entering its second year. Vacancies for service crew are being addressed as there is an industry-wide shortage of skilled staff. Data integrity and validation for 2019 – 2020 has been improved by matching results with Eroad data. Eroad data gives vehicle location which can be matched to a service address.

6.4 hours 	<b>37</b> <b>B</b> Resolution of urgent call-outs from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	4 hours	6.48 hours <sup>8</sup> 	Wellington Water data
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**RATIONALE IF NOT ACHIEVED:** End of year result exceeds aim due to a backlog of work carried over from the previous service delivery arrangement, an increase in call outs (water leaks), resource constraints, complexity of repair processes due to increasing health and safety requirements, traffic management and service mark-outs. Further staff training, triaging of work orders through the customer hub, and quality checks have been put in place to improve this. Data integrity and validation for 2019 – 2020 has been improved by matching results with Eroad data.

8. WWL's auditor could not obtain assurance of the accuracy of reporting for these measures. For more information, please refer to pages 7, 69, 171, and 175.

2018 – 2019 RESULT	HOW WE MEASURE SUCCESS	2019 – 2020 AIM	2019 – 2020 RESULT	DATA SOURCE
	Fault response times: where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times are measured:			
52.8 hours 	<b>38</b> <b>C</b> Attendance for non-urgent call-outs from the time that the local authority receives notification to the time that service personnel reach the site	36 hours	99.7 hours <sup>9</sup> 	Wellington Water data
<b>RATIONALE IF NOT ACHIEVED:</b> <i>End of year result exceeds aim due to work volume, resource constraints, and resource allocation. There was a large backlog of work brought over from the previous service delivery arrangement. The backlog has now been completed. The stand-up phase of the alliance with Fulton Hogan, has been completed and is now entering its second year. Vacancies for service crew are being addressed as there is an industry wide shortage of skilled staff. Data integrity and validation for 2019 – 2020 has been improved by matching results with Eroad data. Eroad data gives vehicle location which can be matched to a service address.</i>				
4.4 days 	<b>39</b> <b>D</b> Resolution of non-urgent call-outs from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption	15 days	9.98 days <sup>9</sup> 	Wellington Water data
7.55 complaints 	<b>40</b> Customer satisfaction: the total number of complaints received about any of the following (expressed per 1,000 connections): <b>A</b> drinking water clarity, <b>B</b> drinking water taste, <b>C</b> drinking water odour, <b>D</b> drinking water pressure or flow, and <b>E</b> continuity of supply.	≤ 30 complaints	2.93 complaints <sup>9</sup> 	Wellington Water data
364 litres 	<b>41</b> Demand management: the average consumption of drinking water per day per resident	335 litres	413 litres <sup>9</sup> 	Wellington Water data
<b>RATIONALE IF NOT ACHIEVED:</b> <i>We have completed a study as part of our sustainable water supply work, looking at options to improve the assessment of domestic consumption, and therefore improve the quantification and management of leakage. Year-end consumption for Upper Hutt City Council is tracking significantly above aim. This may be in part due to leak repair backlog this financial year, and possible COVID-19 related changes in regional consumption patterns, as residents would have stayed home in Upper Hutt rather than commuting out to neighbouring cities for work.</i>				
2.15 	<b>42</b> Interruptions to the water supply: the number of unplanned supply cuts per 1,000 connections	< 4	2.6 	Wellington Water data

9. WWL's auditor could not obtain assurance of the accuracy of reporting for these measures. For more information, please refer to pages 7, 69, 171, and 175.

















## WASTEWATER: OUR SEWERAGE SYSTEMS, AND THE TREATMENT AND DISPOSAL OF SEWAGE IS WELL MAINTAINED, SAFE, AND ALLOWS FOR GROWTH

2018 – 2019 RESULT	HOW WE MEASURE SUCCESS	2019 – 2020 AIM	2019 – 2020 RESULT	DATA SOURCE
0.13 	<b>43</b> System and adequacy: the number of dry weather sewerage overflows from Council's sewerage system expressed per 1,000 sewerage connections to the sewerage system	0	1.82 <sup>10</sup> 	Wellington Water data
<b>RATIONALE IF NOT ACHIEVED:</b> Due to a number of blockages within the network and at pump stations, caused by rags, fat, and root infiltration.				
Discharge compliance: compliance with Council's resource consents for discharge from its sewerage system, measured by the number of:				
0 	<b>44</b> <b>(A)</b> Abatement notices for discharges from the wastewater system received by Council in relation to those resource consents	0	0 	Wellington Water data
0 	<b>45</b> <b>(B)</b> Infringement notices for discharges from the wastewater system received by Council in relation to those resource consents	0	0 	Wellington Water data
0 	<b>46</b> <b>(C)</b> Enforcement orders for discharges from the wastewater system received by Council in relation to those resource consents	0	0 	Wellington Water data
0 	<b>47</b> <b>(D)</b> Convictions for discharges from the wastewater system received by Council in relation to those resource consents	0	0 	Wellington Water data
Fault response times: where the Council contractor attends to sewerage overflows, resulting from blocked or other faults in the sewerage system, the following median response times are measured:				
43 minutes 	<b>48</b> <b>(A)</b> Attendance time: from the time that notification is received to the time that service personnel reach the site	≤ 60 minutes	132.77 minutes <sup>10</sup> 	Wellington Water data
<b>RATIONALE IF NOT ACHIEVED:</b> End of year result exceeds aim due to work volume, resource constraints, and resource allocation. There was a large backlog of work brought over from the previous service delivery arrangement. The backlog has now been completed. The stand-up phase of the alliance with Fulton Hogan, has been completed and is now entering its second year. Vacancies for service crew are being addressed as there is an industry wide shortage of skilled staff. Data integrity and validation for 2019 – 2020 has been improved by matching results with Eroad data. Eroad data gives vehicle location which can be matched to service address.				
2.8 hours 	<b>49</b> <b>(B)</b> Resolution time: from the time that notification is received to the time that service personnel confirm resolution of the blockage or other fault	≤ 6 hours	4.68 hours <sup>10</sup> 	Wellington Water data
10.02 complaints 	<b>50</b> Customer satisfaction: the total number of complaints received about any of the following (expressed per 1,000 connections): <b>(A)</b> sewerage odour, <b>(B)</b> sewerage system faults, <b>(C)</b> sewerage system blockages, and <b>(D)</b> Council's response to the sewerage system issues	≤ 30 complaints	6.86 complaints <sup>10</sup> 	Wellington Water data

10. WWL's auditor could not obtain assurance of the accuracy of reporting for these measures. For more information, please refer to pages 7, 69, 171, and 175.



## STORMWATER: WE WILL EFFECTIVELY MANAGE STORMWATER TO MINIMISE THE RISK OF PROPERTY DAMAGE AND PRESERVE PUBLIC SAFETY AND HEALTH

2018 – 2019 RESULT	HOW WE MEASURE SUCCESS	2019 – 2020 AIM	2019 – 2020 RESULT	DATA SOURCE
	System adequacy—reported against Wellington Water Limited (WWL) Statement of Intent target:			
0 	51 (A) The number of flooding events that occur in the district	0	1 	Wellington Water data
	<b>RATIONALE IF NOT ACHIEVED:</b> A large storm event with high intensity rain occurred in early December 2019. WWL will continue to develop stormwater flood models to inform future decisions.			
0 	52 (B) For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to the stormwater system)	0	0.07 	Wellington Water data
	<b>RATIONALE IF NOT ACHIEVED:</b> A large storm event with high intensity rain occurred in early December 2019 resulting in the flooding of one habitable floor. WWL will continue to develop stormwater flood models to inform future decisions.			
	Discharge compliance: compliance with Council's resource consents for discharge from its stormwater system, measured by the number of:			
0 	53 (A) Abatement notices received by Council in relation to those resource consents	0	0 	Wellington Water data
0 	54 (B) Infringement notices received by Council in relation to those resource consents	0	0 	Wellington Water data
0 	55 (C) Enforcement orders received by Council in relation to those resource consents	0	0 	Wellington Water data
0 	56 (D) Convictions received by Council in relation to those resource consents	0	0 	Wellington Water data
42 minutes 	57 Response times: the median response time to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site	≤ 60 minutes	1,559 minutes <sup>11</sup> 	Wellington Water data
	<b>RATIONALE IF NOT ACHIEVED:</b> During high-intensity storm events, there are a high number of calls received at peak times and resources are prioritised across the Wellington region accordingly.			
6.17 complaints 	58 Customer satisfaction: the number of complaints received by Council about the performance of its stormwater system (expressed per 1,000 connections)	≤ 25 complaints	2.36 complaints <sup>11</sup> 	Wellington Water data

11. WWL's auditor could not obtain assurance of the accuracy of reporting for these measures. For more information, please refer to pages 7, 69, 171, and 175.






## COMMUNITY OUTCOME

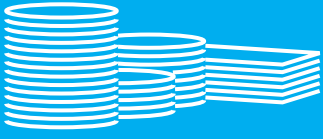
# Council is fit-for-purpose and capable

## SERVICE PROVISION MEETS ALL REGULATORY REQUIREMENTS

2018 – 2019		2019 – 2020	2019 – 2020	DATA
RESULT	HOW WE MEASURE SUCCESS	AIM	RESULT	SOURCE
97%	<b>59</b> Process LIMs within statutory time frames	100%	94%	Internal database
<p><b>RATIONALE IF NOT ACHIEVED:</b> The result for LIMs this financial year is largely a reflection of complicated LIMs requested by Greater Wellington Regional Council (GWRC) for all of their land parcels in Upper Hutt. These were processed in July 2019. Due to the large size and complicated legal descriptions associated with the varying parcels of land, we sought an extension of time to complete these LIMs thoroughly, which was accepted by GWRC. However, there is no statutory process to extend time frames for LIMs, therefore the day counts far exceeded 10 working days. LIMs were able to be completed and issued on time during the COVID-19 lockdown period, which was made possible by the significant reduction to applications lodged.</p>				
100%	<b>60</b> Process resource consents within statutory time frames	100%	100%	Internal database
100%	<b>61</b> Process building consents within the statutory time frames	100%	87%	Internal database
<p><b>RATIONALE IF NOT ACHIEVED:</b> 13% of building consents were not able to be processed on time due to the COVID-19 alert level restrictions. Building control officers were unable to access Council's building and systems during Alert Level 4 and had limited access during Alert Level 3.</p>				
89%	<b>62</b> Satisfaction with building consenting service—users satisfied or very satisfied	92%	96%	Annual Building Consents Survey
100%	<b>63</b> All food and hairdresser premises inspections conducted on time in accordance with the Act	100%	73%	Internal database
<p><b>RATIONALE IF NOT ACHIEVED:</b> 100% of hairdresser inspections were conducted on time. COVID-19 Alert Levels 3 and 4 restrictions resulted in no food inspections being conducted (impacting 30 businesses). A recent change in Environmental Health staff will allow for greater focus on processing of food verifications.</p>				
100%	<b>64</b> Timeliness of response to complaints of excessive noise—respond within one hour to excessive noise reports	90%	78%	Internal database
<p><b>RATIONALE IF NOT ACHIEVED:</b> No meaningful data was able to be reported on from the first quarter and so this has been disregarded. The outcome reported covers the remaining three quarters. It is noted that during AL4 complaints were not able to be physically responded to, and were instead called to outline that we were not able to respond safely within alert level restrictions.</p>				
100%	<b>65</b> Timeliness of initial response to reported dog attacks—respond within two hours of the complaint being received	100%	89%	Internal database
<p><b>RATIONALE IF NOT ACHIEVED:</b> No meaningful data was able to be reported on from the first quarter and so this has been disregarded. The outcome reported covers the remaining three quarters. During COVID-19 Alert Level 4, complaints were not able to be physically responded to, and instead received a call-back outlining that we were not able to respond safely within the alert level restrictions.</p>				

## UPPER HUTT CITY COUNCIL HAS A POSITIVE REPUTATION

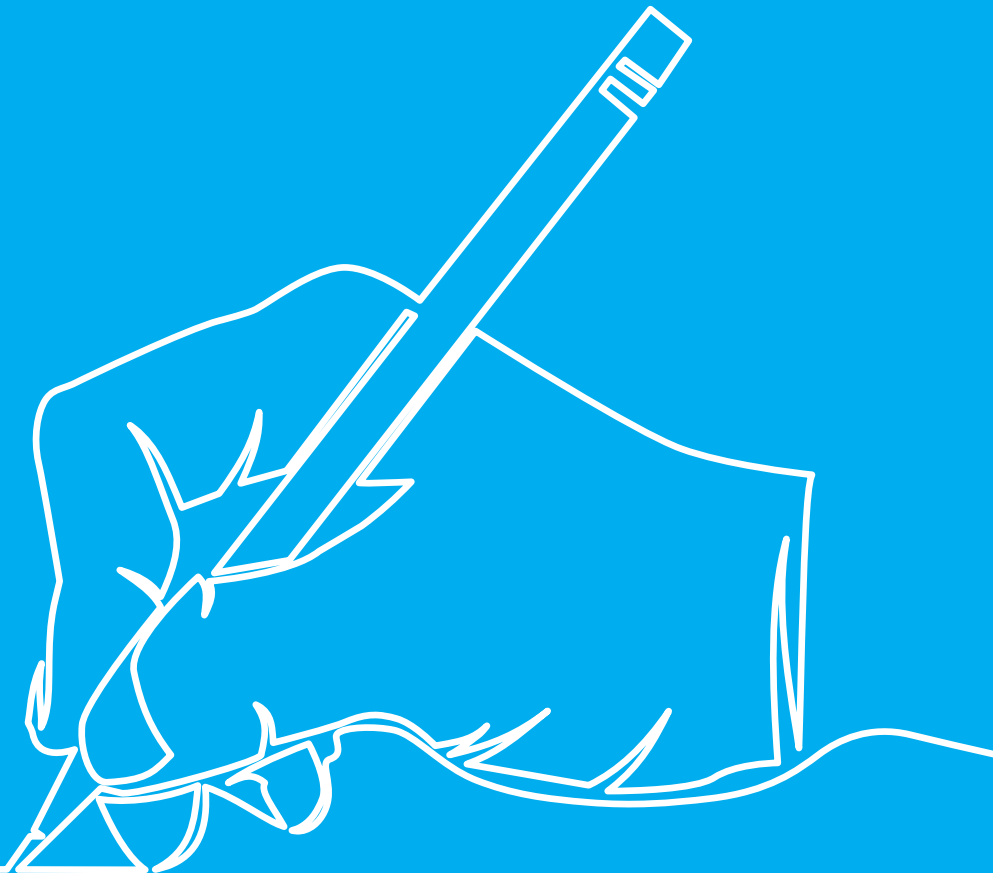
2018 – 2019 RESULT	HOW WE MEASURE SUCCESS	2019 – 2020 AIM	2019 – 2020 RESULT	DATA SOURCE
74% BENCHMARK	<b>66</b> Reputation—respondents are satisfied or very satisfied	> previous financial year	74% 	Community Survey
<b>RATIONALE IF NOT ACHIEVED:</b> <i>There are no verbatim comments available from the survey to provide insight into this result.</i>				
60% BENCHMARK	<b>67</b> Perceived value for money—respondents are satisfied or very satisfied	> previous financial year	59% 	Community Survey
<b>RATIONALE IF NOT ACHIEVED:</b> <i>There are no verbatim comments available from the survey to provide insight into this result. However, a few general comments state rates as being too high, especially in rural areas. Some respondents say rates should include more services, like kerbside recycling.</i>				
86% BENCHMARK	<b>68</b> Overall satisfaction with services, infrastructure and facilities—respondents are satisfied or very satisfied	> previous financial year	81% 	Community Survey
<b>RATIONALE IF NOT ACHIEVED:</b> <i>There are no verbatim comments available from the survey to provide insight into this result. Closures of facilities and playgrounds for construction, and due to COVID-19 alert level restrictions throughout the financial year may have affected community satisfaction.</i>				
69% 	<b>69</b> Satisfaction with the overall performance of Mayor and Councillors—respondents are satisfied or very satisfied	85%	68% 	Internal database
<b>RATIONALE IF NOT ACHIEVED:</b> <i>37% of those who gave a reason for dissatisfaction stated they had no specific concerns. The remainder of comments stated that there is little known about the elected members and what they do. An engagement strategy for elected members is currently being developed to improve transparency and communication.</i>				



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FINANCIALS



# Financials contents

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# Financial statistics

## Five-year financial performance summary

	<b>FORECAST 2019 – 2020 (\$000)</b>	<b>ACTUAL 2019 – 2020 (\$000)</b>	<b>ACTUAL 2018 – 2019 (\$000)</b>	<b>ACTUAL 2017 – 2018 (\$000)</b>	<b>ACTUAL 2016 – 2017 (\$000)</b>	<b>ACTUAL 2015 – 2016 (\$000)</b>
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 2019 – 2020 (\$000)</b>	<b>ACTUAL 2019 – 2020 (\$000)</b>	<b>ACTUAL 2018 – 2019 (\$000)</b>	<b>ACTUAL 2017 – 2018 (\$000)</b>	<b>ACTUAL 2016 – 2017 (\$000)</b>	<b>ACTUAL 2015 – 2016 (\$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%

# Statement of accounting policies

**YEAR ENDED 30 JUNE 2020**

## **NOTE 1** General accounting policies

### Reporting entity

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

The Upper Hutt City Council '**Group**' consists of Upper Hutt City Council and Expressions Whirinaki Arts and Entertainment Trust. The '**Parent,**' for the purposes of these financial statements is Upper Hutt City Council.

Upper Hutt City Council (Council) has an interest in the Hutt Valley Wastewater Scheme (refer to 9G in the Notes to the Financial Statements for details of the accounting treatments followed).

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

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

The financial statements of Council are for the year ended 30 June 2020. The Annual Report was adopted for issue by Council on 21 December 2020.

### Basis of preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period. For more details on the going concern assessment in light of COVID-19, please refer to the COVID-19 disclosure.



## Basis of consolidation

The consolidated financial statements comprise Council, together with Expressions Whirinaki Arts and Entertainment Trust (“The Group”) and are prepared by adding together like items of assets, liabilities, equity, income, and expenses on a line-by-line basis. All significant intragroup balances, transactions, revenue, and expenses are eliminated on consolidation.

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

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

## Statement of compliance

The financial statements of Council have been prepared in accordance with the requirements of Local Government Act 2002: Part 6, section 98 and Part 3 of Schedule 10, and the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014.

These financial statements have been prepared in accordance with NZ GAAP. They comply with International Public Sector Accounting Standards (IPSAS), and other applicable Financial Reporting Standards, as appropriate for public benefit entities, in accordance with Tier 1 PBE accounting standards.

## Measurement base

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

## Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand (\$’000) apart from the amounts in Note 3A: *Personnel costs and councillor remuneration*, Note 9H: *Insurance of council assets*, and certain amounts in Note 17: *Related party transactions*. The functional currency of Council is New Zealand Dollars.

## Foreign currency transactions

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the surplus or deficit.

## Changes in accounting policies

Council adopted IPSAS 34-38 *Interests in other entities* in the current year in line with XRB requirements. There has been no material change in the accounting for interest in other entities.

## Standards issued and not yet effective and not early adopted

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the Council and Group are:

### FINANCIAL INSTRUMENTS

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council and Group has not yet assessed the effects of the new standard.

### CASH FLOW STATEMENTS

In the 2018 Omnibus amendments to PBE standards, the XRB amended PBE IPSAS 2 Cash Flow Statements to require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial assets. The changes are effective for annual periods beginning on or after 1 January 2021.

Council plans to apply this standard in preparing its 30 June 2022 financial statements. Council and Group has not yet assessed the effects of the new standard.

### SERVICE PERFORMANCE REPORTING

In 2017 the XRB issued PBE FRS 48 Service performance Reporting. There has previously been no PBE Standard dealing solely with service performance reporting. This Standard establishes new requirements for public benefit entities (PBEs) to select and present service performance information. The standard is effective for periods beginning on or after 1 January 2022

Council plans to apply this standard in preparing its 30 June 2022 financial statements. Council and Group has not yet assessed the effects of the new standard.

# Significant accounting policies

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

## Budget figures

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

## Goods and Services Tax (GST)

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

The net amount for GST recoverable from, or payable to the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments are disclosed exclusive of GST. Contingencies are exclusive of GST.

## Coronavirus Disease 2019 (COVID-19) Pandemic

On 11 March 2020, the World Health Organisation declared the ongoing global outbreak of a novel coronavirus, known as 'coronavirus disease 2019' ('COVID-19'), as a pandemic.

The New Zealand Government responded accordingly and introduced a four-level alert system, with the move to Alert Level 3 on 23 March 2020, and Alert Level 4 (lockdown) on 26 March 2020.

Many Council staff were able to continue to work from home during this time, or were deployed elsewhere in Council, such as at the Emergency Operations Centre. As Council was deemed an essential service, many staff were continuing to work whilst complying with the applicable public health and social measures for that level.

The areas most impacted by lockdown were the areas previously open to the public, such as H<sub>2</sub>O Xtream, Council Libraries, and Expressions. The impact of being closed to the public, not only meant that some services could not be delivered, but also a decrease in revenue from entry fees and other charges.

Council implemented some relief measures to help the community, such as halting late fees on overdue library books, refunding licence fees for businesses that were closed during lockdown and Alert Level 3, rates postponement and penalty remissions for those impacted financially. The impact of these relief measures have been disclosed in the relevant notes to the financial statements below.

Council has assessed the impact of COVID-19 on its operations, as well as the impact on the critical accounting estimates and assumptions—such as those used for determining:

- The fair value of infrastructure assets, whether they need to be revalued and/or whether they are impaired
- The collectability of outstanding debt and the impact on current provisions for bad debt
- The fair value of financial assets and whether they are impaired
- The impact of the lockdown on existing contracts, making them onerous contracts
- The impact on long-term employee entitlements, such as the underlying factors used to discount the future cash outflows for retirement provisions and long-service leave

Council reviewed the going concern assessment in light of the impacts of COVID-19, which relates to Council's ability to operate for the year ahead, and has assessed itself as a going concern due to the following:

- Council's main funding source is rates, so is less dependent on funding from other sources that may be impacted by COVID-19, such as tourism
- Council has taken into account a reduction of rates income in the Annual Plan 2020 – 2021, as well as created a \$1m COVID-19 relief fund to help assist the community
- Council has good cash balances as well as lending capability if required to complement any unforeseen decrease in rates revenue

## Critical accounting estimates and assumptions

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

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

# Financial statements

## Statement of financial position as at 30 June 2020

EQUITY	NOTE	ACTUAL PARENT	ACTUAL PARENT	BUDGET PARENT	ACTUAL GROUP	ACTUAL GROUP
		30 JUN 2020	30 JUN 2019	30 JUN 2020	30 JUN 2020	30 JUN 2019
		(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Accumulated funds	14A	234,078	230,696	244,079	234,423	230,964
Restricted reserves	14B	19,831	16,168	13,985	19,870	16,225
Asset revaluation reserves	14C	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>
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	4	4,934	6,063	582	5,299	6,352
Other financial assets	5	14,000	11,000	7,267	14,038	11,038
Trade and other receivables	7	5,612	4,144	3,196	5,669	4,211
Inventories		16	19	0	36	40
Non-current assets held for sale	8	206	206	0	206	206
<b>Total current assets</b>		<b>24,768</b>	<b>21,432</b>	<b>11,045</b>	<b>25,248</b>	<b>21,847</b>
<b>NON-CURRENT ASSETS</b>						
Other financial assets	5	907	814	1,129	907	814
Derivative financial instruments	6	0	0	0	0	0
Trade and other receivables	7	27	30	29	27	30
Permanent art collection	9D	0	0	0	53	53
Property, plant, and equipment	9A, 9B, 9C	103,636	99,045	115,358	103,717	99,115
Aquatic assets	9E	13,708	14,800	9,552	13,708	14,800
Infrastructure assets	9F	695,185	643,011	699,836	695,185	643,011
Intangible assets		47	53	0	47	53
<b>Total non-current assets</b>		<b>813,510</b>	<b>757,753</b>	<b>825,904</b>	<b>813,644</b>	<b>757,876</b>
<b>TOTAL ASSETS</b>		<b>838,278</b>	<b>779,185</b>	<b>836,949</b>	<b>838,892</b>	<b>779,723</b>

CURRENT LIABILITIES	NOTE	ACTUAL PARENT	ACTUAL PARENT	BUDGET PARENT	ACTUAL GROUP	ACTUAL GROUP
		30 JUN 2020	30 JUN 2019	30 JUN 2020	30 JUN 2020	30 JUN 2019
		(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Payables and deferred revenue	10	8,129	8,032	9,353	8,299	8,192
Derivative financial instruments	6	49	46	0	49	46
Employee entitlements	11	1,128	787	684	1,163	815
Borrowings and other financial liabilities	12	8,000	9,000	3,829	8,000	9,000
<b>Total current liabilities</b>		<b>17,306</b>	<b>17,865</b>	<b>13,866</b>	<b>17,511</b>	<b>18,053</b>
<b>NON-CURRENT LIABILITIES</b>						
Derivative financial instruments	6	4,613	3,221	1,812	4,613	3,221
Employee entitlements	11	308	345	314	308	345
Borrowings and other financial liabilities	12	41,000	34,000	63,275	41,000	34,000
<b>Total non - current liabilities</b>		<b>45,921</b>	<b>37,566</b>	<b>65,401</b>	<b>45,921</b>	<b>37,566</b>
<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</b>		<b>775,051</b>	<b>723,754</b>	<b>757,682</b>	<b>775,460</b>	<b>724,104</b>

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



Wayne Guppy | MAYOR



Peter Kelly | CHIEF EXECUTIVE

# Statement of comprehensive revenue and expense for the year ended 30 June 2020

		ACTUAL PARENT 30 JUN 2020	ACTUAL PARENT 30 JUN 2019	BUDGET PARENT 30 JUN 2020	ACTUAL GROUP 30 JUN 2020	ACTUAL GROUP 30 JUN 2019
OPERATING REVENUE	NOTE	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Rates (net)	2A	42,390	40,007	42,762	42,390	40,007
Fees and charges <sup>12</sup>	2B	7,254	7,029	18,234	7,450	7,333
Reserve fund and development contributions		2,149	1,958	1,868	2,149	1,958
Subsidies and grants <sup>12</sup>	2C	5,611	3,597	7,552	5,693	3,966
Interest and dividends	2D	352	411	326	372	414
Gains		0	4	0	0	4
Other Revenue <sup>12</sup>	2E	11,006	4,328	0	11,006	4,328
<b>Total operating revenue</b>		<b>68,762</b>	<b>57,334</b>	<b>70,742</b>	<b>69,060</b>	<b>58,010</b>
<b>OPERATING EXPENDITURE</b>						
Personnel costs and councillor remuneration	3A	13,734	12,034	13,383	14,278	12,577
Depreciation and amortisation expense	3B	16,414	14,951	14,252	16,431	14,969
Finance costs		1,763	1,529	2,541	1,763	1,529
Bulk drainage levy		3,686	3,354	3,478	3,686	2,583
Bulk water levy		2,607	2,583	2,750	2,607	3,354
Other expenses	3C	23,747	24,271	26,472	23,425	24,387
<b>Total operating expenditure</b>		<b>61,951</b>	<b>58,722</b>	<b>62,876</b>	<b>62,190</b>	<b>59,399</b>
<b>SURPLUS/(DEFICIT) BEFORE AND AFTER TAX</b>		<b>6,811</b>	<b>(1,388)</b>	<b>7,866</b>	<b>6,870</b>	<b>(1,389)</b>

12. The prior year actuals for Fees and Charges, and for Subsidies and Grants have been restated to more accurately align with the revenue definitions in the Statement of Accounting Policies and Note 2: *Revenue*. An example of the restatement is Vested Assets, which were classified in Fees and Charges in prior year, but have been more accurately classified as Other Revenue in these Financial Statements. Prior year actuals in Note 2 have been restated accordingly.

<b>OTHER COMPREHENSIVE REVENUE AND EXPENSE</b>	<b>NOTE</b>	<b>ACTUAL PARENT 30 JUN 2020 (\$000)</b>	<b>ACTUAL PARENT 30 JUN 2019 (\$000)</b>	<b>BUDGET PARENT 30 JUN 2020 (\$000)</b>	<b>ACTUAL GROUP 30 JUN 2020 (\$000)</b>	<b>ACTUAL GROUP 30 JUN 2019 (\$000)</b>
Gains/(losses) on infrastructural property assets revaluations	9F	44,622	0	19,095	44,622	0
Gains/(losses) on operational, restricted property and aquatic assets revaluations	9A, 9B, 9E	(370)	7,705	38	(370)	7,705
<b>Total other comprehensive revenue and expense</b>		<b>44,252</b>	<b>7,705</b>	<b>19,133</b>	<b>44,252</b>	<b>7,705</b>
<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>

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

## Statement of cash flows for the year ended 30 June 2020

<b>OPERATING ACTIVITIES</b>	<b>NOTE</b>	<b>ACTUAL PARENT 30 JUN 2020 (\$000)</b>	<b>ACTUAL PARENT 30 JUN 2019 (\$000)</b>	<b>BUDGET PARENT 30 JUN 2020 (\$000)</b>	<b>ACTUAL GROUP 30 JUN 2020 (\$000)</b>	<b>ACTUAL GROUP 30 JUN 2019 (\$000)</b>
<b>Cash was provided from:</b>						
Rates		42,614	40,298	62,574	42,614	40,298
Other receipts		16,257	13,821	0	16,565	14,658
Interest received		362	419	326	382	422
Dividends received		0	0	0	0	0
Regional Council rates		11,655	10,896	0	11,655	10,896
		<b>70,888</b>	<b>65,434</b>	<b>62,900</b>	<b>71,216</b>	<b>66,274</b>
<b>Cash was applied to:</b>						
Suppliers and employees		(42,177)	(40,393)	(45,131)	(42,408)	(41,223)
Interest paid		(1,736)	(1,586)	(2,541)	(1,736)	(1,586)
Goods and Services Tax (net)		(59)	(384)	0	(49)	(390)
Regional Council rates		(11,571)	(10,935)	0	(11,571)	(10,935)
		<b>(55,543)</b>	<b>(53,298)</b>	<b>(47,672)</b>	<b>(55,764)</b>	<b>(54,134)</b>
<b>Net cash inflow (outflow) from operating activities</b>	<b>15</b>	<b>15,345</b>	<b>12,136</b>	<b>15,228</b>	<b>15,452</b>	<b>12,140</b>



INVESTING ACTIVITIES	NOTE	ACTUAL PARENT	ACTUAL PARENT	BUDGET PARENT	ACTUAL GROUP	ACTUAL GROUP
		30 JUN 2020	30 JUN 2019	30 JUN 2020	30 JUN 2020	30 JUN 2019
		(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Cash was provided from:						
Proceeds from sale of property, plant, and equipment		0	0	1,713	0	0
Maturity of investments		2,000	0	6,665	2,006	0
		<b>2,000</b>	<b>0</b>	<b>8,378</b>	<b>2,006</b>	<b>0</b>
Cash was applied to:						
Purchase of investments		(5,000)	(3,565)	0	(5,000)	(3,565)
Purchase of property, plant, and equipment		(19,474)	(13,071)	(35,485)	(19,511)	(13,131)
		<b>(24,474)</b>	<b>(16,636)</b>	<b>(35,485)</b>	<b>(24,511)</b>	<b>(16,697)</b>
<b>Net cash inflow (outflow) from investing activities</b>		<b>(22,474)</b>	<b>(16,636)</b>	<b>(27,107)</b>	<b>(22,505)</b>	<b>(16,696)</b>
<b>FINANCING ACTIVITIES</b>						
Cash was provided from:						
Loan raised		7,000	6,500	21,873	7,000	6,500
Cash was applied to:						
Loan repayments		(1,000)	0	(2,769)	(1,000)	0
<b>Net cash inflow (outflow) from financing activities</b>		<b>6,000</b>	<b>6,500</b>	<b>19,104</b>	<b>6,000</b>	<b>6,500</b>
Net increase (decrease) in Cash, Cash Equivalents and Bank Overdrafts						
		(1,129)	2,000	7,225	(1,053)	1,944
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>
<b>COMPOSITION OF CASH AND CASH EQUIVALENTS</b>						
Cash on hand and bank balances	4	1,734	1,063	282	2,098	1,314
Call account	4	3,200	5,000	300	3,201	5,038
		<b>4,934</b>	<b>6,063</b>	<b>582</b>	<b>5,299</b>	<b>6,352</b>

The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes. Operating activities include cash received from all income sources of Council and record the cash payments made for the supply of goods and services. Investing activities are those activities relating to the acquisition and disposal of non-current assets. Financing activities comprise the change in equity and debt capital structure of Council.

The forecast opening balance of budget year (2019 – 2020) may not agree to the closing balance year (2018 – 2019) due to the budget being finalised before year end.

The accompanying Accounting Policies and Notes form part of these Financial Statements.

Explanations of major variances against budget are provided in Note 18.

## Statement of changes in equity for the year ended 30 June 2020

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)
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>

The accompanying accounting policies form part of these financial statements.

Explanations of major variances against budget are provided in Note 18.

## NOTE 2 Revenue

### Exchange transactions

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

### Non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange.

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

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

## Specific accounting policies for major categories of revenue

### **RATES**

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which rates have been set. Rates revenue is recognised at the start of the financial year at amounts due.

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

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

Rates arising from late payment penalties are recognised as revenue when rates become overdue.

### **WAKA KOTAHI ROADING SUBSIDIES**

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

### **OTHER GRANTS RECEIVED**

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

### **METERED WATER CHARGES**

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

### **BUILDING AND RESOURCE CONSENT REVENUE**

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

## **PROVISION OF SERVICES**

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

## **SALE OF GOODS**

Revenue from sale of goods is recognised when a product is sold to the customer. Sales are usually in cash or by credit card. The recorded revenue is the gross amount of the sale including credit card fees payable for the transaction. Such fees are included in other expenses.

## **VESTED OR DONATED PHYSICAL ASSETS**

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

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

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

## **COMMISSION**

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

## **INTEREST AND DIVIDENDS**

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

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

## **DONATIONS—PERMANENT COLLECTION—EXPRESSIONS WHIRINAKI**

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

## **RESERVE FUND AND DEVELOPMENT CONTRIBUTIONS**

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

## 2A Non-exchange revenue rates

	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL PARENT 30 JUN 2019 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2019 (\$000)
General rates <sup>13</sup>	26,711	24,482	26,711	24,482
Targeted water fire protection rates	1,316	1,336	1,316	1,336
Targeted Stormwater disposal rates	2,983	2,643	2,983	2,643
Targeted Wastewater pan charges	7,422	7,492	7,422	7,492
Rates penalties	250	242	250	242
Water—targeted rates	3,949	3,989	3,949	3,989
<b>Total non-exchange gross rates revenue</b>	<b>42,631</b>	<b>40,184</b>	<b>42,631</b>	<b>40,184</b>
<b>LESS REMISSION</b>				
Land used for sport (general rates)	112	108	112	108
Rates penalties remissions	33	69	33	69
Remission Economic Development Stimulus Policy	96	0	96	0
<b>Total remission</b>	<b>241</b>	<b>177</b>	<b>241</b>	<b>177</b>
<b>TOTAL NON-EXCHANGE REVENUE NET OF REMISSION</b>	<b>42,390</b>	<b>40,007</b>	<b>42,390</b>	<b>40,007</b>

The total amount of rates charged on Council-owned properties that have not been eliminated from revenue and expenditure is \$2,010,000 (2019: \$1,781,000). For the group, rates of \$2,010,000 (2019: \$1,787,000) have not been eliminated.

	ACTUAL PARENT 30 JUN 2020 (\$000)
General rates	27,238
Refund of 2018/19 Business and Utilities over charge	527
<b>Net general rates<sup>13</sup></b>	<b>26,711</b>

13. The general rates figure is the net of the refund processed in 2019 – 2020 to correct overcharges on *Business* and *Utilities* properties relating to the 2018 – 2019 financial year. This overcharge came about due to a technical error, where the differentials for *Business* and *Utilities* properties in the Long Term Plan were not updated, to be in line with the Council resolution. In this instance, the Long Term Plan was deemed to take precedence over the Council resolution, resulting in the overcharge. The total amount of the refund is broken down in the table above:

# Rating information disclosure under Local Government Act 2002

	AS AT 30 JUN 2020	AS AT 30 JUN 2019
Total land valuations of rateable properties for the city	\$6,060,335,100	\$3,860,199,830
Total capital valuation of rateable properties for the city	\$11,835,867,300	\$8,663,487,330
Total number of rateable properties	17,511	17,342

The city properties were last revalued by Quotable Value Limited on 1 August 2019. The next revaluation is due in August 2022.

## Rates remissions

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

## Non-rateable land

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

Council is required by the Local Government Funding Authority (LGFA) Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other local authorities rate.

The annual rates income of Council for the year ended 30 June 2020 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown above.

## 2B Fees and charges revenue

	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL PARENT 30 JUN 2019 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2019 (\$000)
Permit and licence fees	2,121	1,797	2,121	1,797
Metered water charges <sup>14</sup>	1,627	1,373	1,627	1,373
Property rentals <sup>15</sup>	179	210	179	210
H <sub>2</sub> O Xtream and Expressions Whirinaki charges <sup>15</sup>	904	1,064	1,100	1,368
Library, parks, and community charges <sup>15</sup>	84	118	84	118
Other charges <sup>14</sup>	876	1,127	876	1,127
<b>Total non-exchange fees and charges revenue</b>	<b>5,791</b>	<b>5,689</b>	<b>5,987</b>	<b>5,993</b>
Solid waste	656	587	656	587
Dog charges	429	388	429	388
Cemetery charges	378	365	378	365
<b>Total exchange fees and charges revenue</b>	<b>1,463</b>	<b>1,340</b>	<b>1,463</b>	<b>1,340</b>
<b>TOTAL FEES AND CHARGES REVENUE</b>	<b>7,254</b>	<b>7,029</b>	<b>7,450</b>	<b>7,333</b>

## 2C Non-exchange revenue subsidies and grants

	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL PARENT 30 JUN 2019 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2019 (\$000)
Roading subsidies (NZTA)	2,969	3,109	2,969	3,109
Social community project grants	128	172	128	155
Donations from Expressions Whirinaki for extension	1,234	316	1,234	316
Donation from MCH for Expressions Whirinaki extension	1,280	0	1,280	0
Other grants and subsidies	0	0	82	386
<b>Total non-exchange revenue subsidies and grants</b>	<b>5,611</b>	<b>3,597</b>	<b>5,693</b>	<b>3,966</b>

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

14. Metered water charges are user charges imposed under Council's Water Supply Bylaw (2008) and thus treated as fees and charges. Under *Metered water charges*, Council has \$66K of water charges charged to Council properties from income and other operating expenses (2019: \$31K). Under *Other charges*, Council has \$0K of other internal charges and other operating expenses (2019: \$29K).

15. COVID-19 impact: Council's fees and charges revenue was impacted by COVID-19 related restrictions in two ways: 1. directly due closures (i.e. H<sub>2</sub>O Xtream, Expressions Whirinaki, and Library); and 2. indirectly due to the relief response decided by Council to help the community where possible (i.e. rental relief for Council tenants while they were unable to trade). These impacts can be seen in the decrease in revenue in the *Property rentals*, *H<sub>2</sub>O Xtream and Expressions Whirinaki charges*, and the *Library, parks, and community charges* lines in the table above.

## 2D Exchange revenue interest and dividends

	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL PARENT 30 JUN 2019 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2019 (\$000)
Other financial assets	351	367	371	370
Trade receivables—Community loans	1	1	1	1
Dividends	0	43	0	43
<b>Total interest and dividends</b>	<b>352</b>	<b>411</b>	<b>372</b>	<b>414</b>

## 2E Other revenue

	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL PARENT 30 JUN 2019 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2019 (\$000)
Vested assets	8,716	3,528	8,716	3,528
Petrol tax	160	143	160	143
Cost reimbursement from other agencies	1,876	387	1,876	387
Parking and vehicle infringements	254	270	254	270
<b>Total other revenue</b>	<b>11,006</b>	<b>4,328</b>	<b>11,006</b>	<b>4,328</b>

## 2F Non-cancellable operating lease commitment as a lessor

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

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



	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL PARENT 30 JUN 2019 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2019 (\$000)
Not later than one year	310	271	310	271
Later than one year and not later than five years.	817	729	817	729
Five years and later.	1,935	1,947	1,935	1,947
<b>Total non-cancellable operating leases</b>	<b>3,062</b>	<b>2,947</b>	<b>3,062</b>	<b>2,947</b>

No contingent rents have been recognised in the *Statement of comprehensive revenue and expense* during the period (2019: \$nil).

## NOTE 3 Expenses

### Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred. Council does not capitalise its interest on borrowings.

### Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received. Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.

### Allocation of overheads to significant activities

The gross costs of Support Services have been allocated to individual significant activities. These overheads have been allocated at the most appropriate pre-determined basis e.g. actual usage, staff numbers, rates contribution, floor area etc. applicable to the service provided to each significant activity.

### Internal transactions

Each cost centre is stated with the inclusion of internal costs and revenues. In order to present a true and fair view in the financial statements these transactions have not been eliminated. This method has no effect on the operating result for the year.

### Income taxation

Council has a tax exemption in relation to the surplus or deficit for the period.

## 3A Personnel costs and councillor remuneration

BREAKDOWN OF PERSONNEL COSTS AND COUNCILLOR REMUNERATION	ACTUAL PARENT	ACTUAL PARENT	ACTUAL GROUP	ACTUAL GROUP
	30 JUN 2020 (\$000)	30 JUN 2019 (\$000)	30 JUN 2020 (\$000)	30 JUN 2019 (\$000)
Salaries and wages	13,117	11,773	13,661	12,221
Defined contributions plan employee contributions	312	249	318	294
Increase/decrease employee entitlements	305	12	299	15
Other	0	0	0	47
<b>Total personnel costs and councillor remuneration</b>	<b>13,734</b>	<b>12,034</b>	<b>14,278</b>	<b>12,577</b>

### Remuneration of the Chief Executive

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

CURRENT CHIEF EXECUTIVE'S ACTUAL REMUNERATION	30 JUN 2020 (\$)	30 JUN 2019 (\$)
Salary (2020: 365 days, 2019: 214 days)	283,299	172,936
Private use of a car (2020: 365 days, 2019: 214 days)	11,374	6,669
<b>Total actual remuneration, including fringe benefit tax</b>	<b>294,673</b>	<b>179,605</b>

PREVIOUS CHIEF EXECUTIVE'S REMUNERATION	30 JUN 2020 (\$)	30 JUN 2019 (\$)
Salary	0	258,626
Private use of a car (365 days)	0	11,374
<b>Total annual remuneration, including fringe benefit tax (365 days)</b>	<b>0</b>	<b>270,000</b>

### Remuneration of elected members

During the year Upper Hutt City Council paid total costs, including meeting allowances of \$535,939 (2019: \$479,982) to elected members, as follows:

	30 JUN 2020 (\$)	30 JUN 2019 (\$)
His Worship the Mayor, Wayne Guppy	129,088	115,381
Deputy Mayor Hellen Swales (Deputy Mayor from 18/10/2019)	49,127	39,214
Cr. Blair Griffiths	44,053	39,331
Cr. Dave Wheeler	43,028	35,946
Cr. Chris Carson	41,983	32,678

	30 JUN 2020 (\$)	30 JUN 2019 (\$)
Cr. Steve Taylor	39,780	32,678
Cr. Paul Lambert	35,282	32,678
Cr. Angela McLeod	35,223	32,754
Cr. Heather Newell (commenced 18/10/2019)	29,451	0
Cr. Dylan Bentley (commenced 18/10/2019)	25,026	0
Cr. Tracey Ultra (commenced 18/10/2019)	25,026	0
Deputy Mayor John Gwilliam (resigned 17/10/2019)	15,128	45,749
Cr. Glenn McArthur (resigned 17/10/2019)	13,547	40,895
Cr. Ros Connelly (resigned 17/10/2019)	10,197	32,678
<b>Total remuneration of elected members</b>	<b>535,939</b>	<b>478,982</b>

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

	30 JUN 2020 (\$)	30 JUN 2019 (\$)
Deputy Mayor Hellen Swales	51	0
Cr. Blair Griffiths	43	117
Cr. Dave Wheeler	38	0
His Worship the Mayor, Wayne Guppy	17	0
Cr. Glenn McArthur	0	148
Cr. Angela McLeod	0	77
<b>Total resource consents hearing fees</b>	<b>149</b>	<b>342</b>

## Summary of employee levels

2019 – 2020	30 JUN 2020 EMPLOYEE NUMBERS	30 JUN 2020 FTE <sup>16</sup> EMPLOYEE NUMBERS
<b>Total remuneration ≤ \$60,000</b>		
Casual employees	24	5
Part-time employees	57	28
Full-time employees	63	62
	<b>144</b>	<b>95</b>
<b>Total remuneration \$60,001 – \$80,000</b>		
Part-time employees	2	2
Full-time employees	39	39
	<b>41</b>	<b>41</b>

16. FTE: Full-time equivalent employees

<b>2019 – 2020</b>	<b>30 JUN 2020 EMPLOYEE NUMBERS</b>	<b>30 JUN 2020 FTE EMPLOYEE NUMBERS</b>
<b>Total remuneration \$80,001 – \$100,000</b>		
Part-time employees	1	1
Full-time employees	22	22
	<b>23</b>	<b>23</b>
Full-time employee total remuneration \$100,001 – \$120,000	14	14
Full-time employee total remuneration \$120,001 – \$160,000	5	5
Full-time employee total remuneration \$160,001 – \$280,000	6	6
<b>Total employee numbers 2019 – 2020</b>	<b>233</b>	<b>184</b>

<b>2018 – 2019</b>	<b>30 JUN 2019 EMPLOYEE NUMBERS</b>	<b>30 JUN 2019 FTE EMPLOYEE NUMBERS</b>
<b>Total remuneration ≤ \$60,000</b>		
Casual employees	38	5
Part-time employees	46	18
Full-time employees	46	46
	<b>130</b>	<b>69</b>
<b>Total remuneration \$60,001 – \$80,000</b>		
Part-time employees	5	2
Full-time employees	42	42
	<b>47</b>	<b>44</b>
Full-time employee total remuneration \$80,001 – \$100,000	24	24
Full-time employee total remuneration \$100,001 – \$120,000	12	12
Full-time employee total remuneration \$120,001 – \$160,000	6	6
Full-time employee total remuneration \$160,001 – \$280,000	5	5
<b>Total employee numbers 2018 – 2019</b>	<b>224</b>	<b>160</b>

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

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

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

## Severance payments

For the year ending 30 June 2020 Council made 1 severance payment to employees amounting to \$20,000 (2019: \$nil).

## 3B Depreciation and amortisation expense by group of activity

	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL PARENT 30 JUN 2019 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2019 (\$000)
Leadership	0	0	0	0
Land transport	5,168	4,852	5,168	4,852
Water supply	2,007	1,884	2,007	1,884
Wastewater	3,889	3,592	3,889	3,592
Stormwater	2,149	1,823	2,149	1,823
Sustainability	18	5	18	5
Planning and regulatory services	2	0	2	0
Community and recreation	3,176	2,795	3,193	2,813
Economic development	5	0	5	0
<b>Total depreciation and amortisation expenses</b>	<b>16,414</b>	<b>14,951</b>	<b>16,431</b>	<b>14,969</b>

## 3C Other expenses

The prior year actuals for Note 3C: *Other expenses* have been restated to include more information on significant areas of expenditure that were previously amalgamated within Other operating expenses. An example of the restatement is Wellington Water Contract Fees, which were included in Other operating expenses in prior year, but have been separately disclosed in these Financial Statements.

	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL PARENT 30 JUN 2019 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2019 (\$000)
Insurance	586	622	592	629
Disaster fund insurance	316	258	316	258
Audit fees and disbursements	135	132	148	143
Audit fees (debenture trust deed)	0	4	0	4
Fringe benefit tax	46	44	46	44
Community grants	800	775	800	775
Equipment rental	269	122	269	122
Loss on disposal of assets	318	955	318	955
Consultants	1,237	858	1,259	874

	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL PARENT 30 JUN 2019 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2019 (\$000)
Electricity/gas energy (includes street lighting)	329	322	334	391
Rates on Council properties	2,010	2,131	2,010	2,131
IT licences, maintenance, and support	1,381	1,375	1,381	1,375
Parks and sportsgrounds maintenance	1,733	1,600	1,733	1,600
Land transport general maintenance	2,616	2,563	2,616	2,563
Water maintenance	1,610	1,276	1,610	1,276
Sewer maintenance	453	677	453	677
Drain maintenance	422	608	422	608
Wellington Water contract fees	1,459	1,192	1,459	1,192
Other operating expenses	8,027	8,757	7,659	8,770
<b>Total other expenses</b>	<b>23,747</b>	<b>24,271</b>	<b>23,425</b>	<b>24,387</b>

## INTERNAL CHARGES

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

	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL PARENT 30 JUN 2019 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2019 (\$000)
Upper Hut City Council rates on Council properties	1,645	1,781	1,645	1,781
Metered water charges on Council properties	66	31	66	31
Internal recoveries	0	29	0	29
<b>Total internal charges</b>	<b>1,711</b>	<b>1,841</b>	<b>1,711</b>	<b>1,841</b>

## 3D Operating leases

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

### Operating leases as lessee

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$nil (2019: \$nil).

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

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

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

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

<b>NON-CANCELLABLE OPERATING LEASE COMMITMENT AS A LESSEE FOR PROPERTY, PLANT, AND EQUIPMENT</b>	<b>ACTUAL PARENT 30 JUN 2020 (\$000)</b>	<b>ACTUAL PARENT 30 JUN 2019 (\$000)</b>	<b>ACTUAL GROUP 30 JUN 2020 (\$000)</b>	<b>ACTUAL GROUP 30 JUN 2019 (\$000)</b>
Not later than one year	424	269	451	322
Later than one year and not later than five years	517	279	599	294
Five years and later	25	14	25	14
<b>Total non-cancellable operating leases</b>	<b>966</b>	<b>562</b>	<b>1,075</b>	<b>630</b>

Council has other non-cancellable contracts approved under its tender process for the maintenance and provision of services for its city. The majority of these operating contracts have non-cancellable term of 24 months. The future contracts to be paid under the provision of future services are as follows:

<b>OTHER NON-CANCELLABLE CONTRACTS</b>	<b>ACTUAL PARENT 30 JUN 2020 (\$000)</b>	<b>ACTUAL PARENT 30 JUN 2019 (\$000)</b>	<b>ACTUAL GROUP 30 JUN 2020 (\$000)</b>	<b>ACTUAL GROUP 30 JUN 2019 (\$000)</b>
Not later than one year	8,097	8,539	8,097	8,539
Later than one year and not later than five years	2,458	2,579	2,458	2,579
Five years and later	0	0	0	0
<b>Total non-cancellable contracts</b>	<b>10,555</b>	<b>11,118</b>	<b>10,555</b>	<b>11,118</b>
<b>TOTAL NON-CANCELLABLE COMMITMENTS</b>	<b>11,521</b>	<b>11,680</b>	<b>11,630</b>	<b>11,748</b>

## **NOTE 4** Cash and cash equivalents

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

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

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

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

	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL PARENT 30 JUN 2019 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2019 (\$000)
<b>CASH AND CASH EQUIVALENTS</b>				
Cash on hand	3	3	3	4
Bank balances	1,731	1,060	2,095	1,310
Call account	3,200	5,000	3,201	5,038
<b>Total cash and cash equivalents</b>	<b>4,934</b>	<b>6,063</b>	<b>5,299</b>	<b>6,352</b>

## NOTE 5 Other financial assets

Council classifies its financial assets into the following three categories:

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

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

### Financial assets at fair value through surplus or deficit

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

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

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

### Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for maturities greater than 12 months after the balance date, which are included in non-current assets.



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

Investments in this category include term deposits and borrower notes.

## Financial assets at fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above.

They are included in non-current assets unless management intends to dispose of share investments within 12 months of balance date or if the debt instrument is not expected to be realised within 12 months of balance date.

This category encompasses:

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

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

Gains and losses are recognised directly in other comprehensive revenue and expense except for impairment losses which are recognised in the surplus or deficit.

On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to surplus or deficit.

## Impairment of financial assets

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

## Loans, receivables, and held-to-maturity investments

Impairment is established when there is evidence that Council and Group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment of term deposits, local authority stock, government bonds, and community loans, are recognised directly against the instrument's carrying amount.

## Financial assets at fair value through other comprehensive revenue and expense

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

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

## Breakdown of other financial assets

	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL PARENT 30 JUN 2019 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2019 (\$000)
<b>CURRENT PORTION</b>				
Loans and receivables				
Term deposits	14,000	11,000	14,038	11,038
<b>Total current portion</b>	<b>14,000</b>	<b>11,000</b>	<b>14,038</b>	<b>11,038</b>
<b>NON-CURRENT PORTION</b>				
Loans and receivables				
LGFA <sup>17</sup> borrower notes	736	608	736	608
Fair value through Equity—unlisted shares	171	206	171	206
<b>Total non-current portion</b>	<b>907</b>	<b>814</b>	<b>907</b>	<b>814</b>

## Fair value

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

## Impairment

There were no impairment provisions for other financial assets (2019: \$nil).

## NOTE 6 Derivative financial instruments

Council's derivative financial instruments are interest rate swaps. Council enters in to contracts to swap floating interest rates for fixed interest rates. Council uses derivative financial instruments to manage exposure to interest rate risks arising from financial activities. In accordance with its Treasury Policy, Council does not hold or issue derivative financial instruments for trading purposes.

17. LGFA: Local Government Funding Agency.

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

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

## Interest rate swaps—fair value

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

### INFORMATION ABOUT INTEREST RATE SWAPS

The notional principal amounts of the interest rate swap contracts for the Council as at 30 June 2020 is \$44.0 M (2019: \$46.0 M).

	<b>ACTUAL PARENT</b> <b>30 JUN 2020</b> <b>(\$000)</b>	<b>ACTUAL PARENT</b> <b>30 JUN 2019</b> <b>(\$000)</b>	<b>ACTUAL GROUP</b> <b>30 JUN 2020</b> <b>(\$000)</b>	<b>ACTUAL GROUP</b> <b>30 JUN 2019</b> <b>(\$000)</b>
Current liability portion	(49)	(46)	(49)	(46)
Non-current liability portion	(4,613)	(3,221)	(4,613)	(3,221)

## NOTE 7 Trade and other receivables

### Receivables

Rates receivables and sundry debtors, “Trade receivables” are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of receivable. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

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

## COMMUNITY LOANS

The fair value of community loans is \$31,000 (2019: \$39,000). Fair value has been determined using cash flows discounted at a rate of 1.00% to 3.00% (2019: 2.25% to 7.75%).

The face value of community loans is \$31,000 (2019: \$38,917).

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

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

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

As of 30 June 2020 and 2019, all overdue receivables (except for rates receivables) have been assessed for impairment and appropriate provisions applied. Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

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

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

RECEIVABLES	ACTUAL PARENT	ACTUAL PARENT	ACTUAL GROUP	ACTUAL GROUP
	30 JUN 2020	30 JUN 2019	30 JUN 2020	30 JUN 2019
	(\$000)	(\$000)	(\$000)	(\$000)
Rates receivables	1,176	832	1,176	832
Sundry debtors	468	702	520	770
Community loans	31	39	31	39
GST	561	502	574	527
Related party receivables	44	46	0	0
Accrued revenue	1,423	1,215	1,423	1,216
Prepayments	1,986	888	2,021	907
	<b>5,689</b>	<b>4,224</b>	<b>5,745</b>	<b>4,291</b>
Less provision for impairment of receivables	(50)	(50)	(50)	(50)
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<b>5,639</b>	<b>4,174</b>	<b>5,695</b>	<b>4,241</b>
Less non-current portion(s)—community loans	(27)	(30)	(27)	(30)
<b>Current portion</b>	<b>5,612</b>	<b>4,144</b>	<b>5,668</b>	<b>4,211</b>

<b>RECEIVABLES</b>	<b>ACTUAL PARENT 30 JUN 2020 (\$000)</b>	<b>ACTUAL PARENT 30 JUN 2019 (\$000)</b>	<b>ACTUAL GROUP 30 JUN 2020 (\$000)</b>	<b>ACTUAL GROUP 30 JUN 2019 (\$000)</b>
<b>Receivables from non-exchange transactions:</b>				
Includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	5,485	4,029	5,541	4,096
<b>Receivables from exchange transactions:</b>				
Includes outstanding dog charges, and cemetery and solid waste transactions	154	145	154	145
	<b>5,639</b>	<b>4,174</b>	<b>5,695</b>	<b>4,241</b>

Movements in the provision for impairment of receivables and community loans are as follows.

<b>PROVISION FOR IMPAIRMENT OF RECEIVABLES</b>	<b>ACTUAL PARENT 30 JUN 2020 (\$000)</b>	<b>ACTUAL PARENT 30 JUN 2019 (\$000)</b>	<b>ACTUAL GROUP 30 JUN 2020 (\$000)</b>	<b>ACTUAL GROUP 30 JUN 2019 (\$000)</b>
At 1 July	50	50	50	50
Additional provisions made during the year	52	10	10	10
Receivables written off during period	(52)	(10)	(10)	(10)
<b>At 30 June</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>

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

<b>AGE OF RATES RECEIVABLES</b>	<b>ACTUAL PARENT 30 JUN 2020 (\$000)</b>	<b>ACTUAL PARENT 30 JUN 2019 (\$000)</b>	<b>ACTUAL GROUP 30 JUN 2020 (\$000)</b>	<b>ACTUAL GROUP 30 JUN 2019 (\$000)</b>
Current 90 days over	968	692	968	692
1 to 2 years old	77	46	77	46
2 to 3 years old	38	30	38	30
Greater than 3 years old	93	64	93	64
<b>Carrying amount as at 30 June</b>	<b>1,176</b>	<b>832</b>	<b>1,176</b>	<b>832</b>

The age of sundry debtors are as follows:

<b>AGE OF SUNDRY DEBTORS</b>	<b>ACTUAL PARENT 30 JUN 2020 (\$000)</b>	<b>ACTUAL PARENT 30 JUN 2019 (\$000)</b>	<b>ACTUAL GROUP 30 JUN 2020 (\$000)</b>	<b>ACTUAL GROUP 30 JUN 2019 (\$000)</b>
Past due 1-30 days	266	434	318	502
Past due 31 -60 days	21	52	21	52
Past due 61 -90 days	9	28	9	28
Past due greater than 90 days	172	188	172	188
<b>Carrying amount as at 30 June</b>	<b>468</b>	<b>702</b>	<b>520</b>	<b>770</b>

## NOTE 8 Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less cost of sales.

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

Any increases in fair value (less cost to sell) are recognised up to the level of any impairment losses that have been previously recognised. Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. The Council has identified a parcel of land at Duncraig Street as being made available for sale.

	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL PARENT 30 JUN 2019 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2019 (\$000)
<b>NON-CURRENT ASSETS HELD FOR SALE</b>				
Land	206	206	206	206
<b>Total non-current assets held for sale</b>	<b>206</b>	<b>206</b>	<b>206</b>	<b>206</b>

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

### Intangible assets

#### SOFTWARE ACQUISITION AND DEVELOPMENT

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

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

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

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

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

## AMORTISATION

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Revenue and Expense.

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

## Property, plant, and equipment

This is split into four sections:

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

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

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

## Revaluation

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

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

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

## **OPERATIONAL ASSETS**

Land and buildings were revalued as at 30 June 2018 by Ken Tonks ANZIV SPINZ Principal Property, Plant & Machinery Valuer TSE Value Limited. In 2018, the Central Library was impaired while seismic strengthening was undertaken. The costs to repair the Central Library have been capitalised and the impaired value plus the costs to repair now make up the current book value.

H2O Xstream's aquatic assets were revalued at 30 June 2019 by Truebridge Partners. The valuer was Richard Arlidge ANZIV, Registered Valuer.

Plant and equipment assets were revalued as at 30 June 2018 by Peter Olivier BSC BE (Civil) FIPENZ CPEng IntPE MICE—an independent valuer of Calibre Consulting Ltd.

The revalued assets were valued depending on their nature on either a depreciated replacement cost or optimised depreciated replacement basis.

Minor structures, vehicles, computers, furniture, minor plant items, and minor miscellaneous office equipment are valued at historical cost.

Operational assets are revalued at least every 3 years.

## **INFRASTRUCTURE ASSETS**

Roading assets were independently valued as at 30 June 2018 by Peter Ollivier BSC BE (Civil) FIPENZ CPEng, IntPE MICE – an independent valuer of Calibre Consulting Ltd. Valuations are completed annually by updating the Road Construction Index (RCI) which is an index built into the RAMM software. This index is based on the Infrastructure Cost Indices from the NZTA procurement manual. Water, stormwater, and wastewater assets were valued by AON Valuation services Ltd as at 30 June 2020. The assets are valued under the depreciated replacement cost method and in accordance with the New Zealand Infrastructure Asset Valuation and Depreciation Guidelines 2006. The valuer was Roger Khoo MPINZ. These assets are due to be revalued again in June 2023.

Infrastructure assets are revalued at least every 3 years.

## **HUTT VALLEY WASTEWATER SCHEME**

These assets were valued by AON Valuation Services Limited as at 30 June 2020. The majority of these assets are valued at *optimised depreciated replacement cost* (ODRC), and the remaining at *depreciated replacement cost*. The valuer was Roger Khoo MPINZ. These assets are due to be revalued again in December 2023.

## **LAND UNDER ROADS**

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

## **RESTRICTED ASSETS**

These are operational assets that cannot be disposed of because of legal and other restrictions. These assets have been revalued as at 30 June 2018 by Ken Tonks, ANZIVS PINZ Registered Value of TSE Value Limited and Peter Ollivier BSC BE (Civil) FIPENZ CPEng, IntPE MICE. These assets are valued under the depreciated replacement cost method.



## **STREET TREES**

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

## **LIBRARY COLLECTION**

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

## **WORKS OF ART**

Works of Art are revalued every five years based on an estimate of current market value by an independent registered valuer. The Pumpkin Cottage collection was independently revalued as at 27 October 2015 by Suzanne Beere of Ngaio Fine Arts. Works of Art will be revalued in 2021. Revaluations are conducted more frequently if, at any balance date, the fair value differs materially from the carrying amount.

# Additions

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

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

# Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

# Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

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

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

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

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

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

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

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

## Value in use for non-cash-generating assets

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

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

## Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

# Depreciation

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

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

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

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

<b>DIMINISHING VALUE DEPRECIATION</b>	<b>YEARS</b>	<b>DIMINISHING VALUE DEPRECIATION</b>	<b>YEARS</b>
Furniture and office equipment	5	Vehicles and plant	5 – 105
Plant and equipment	4 – 50		

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

## Critical accounting estimates and assumptions

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

### THE IMPACT OF COVID-19 ON PROPERTY, PLANT, AND EQUIPMENT

The effect of COVID-19 on the estimates and assumptions used for Property, plant and equipment was fully considered. This consideration included the likely impacts on the carrying value of Council assets in the following scenarios:

- ⦿ the market prices driving the cost of construction up, thereby increasing the unit costs of replacement;
- ⦿ network demand, which determines the optimised quantum of infrastructure to be valued; and
- ⦿ impairment of cash-generating assets due to worsened market values as a direct impact of COVID-19 on demand

It is too early to be definitive about the impacts of COVID-19 on the costs of construction, however they are more likely to be subject short-term increases. For valuation purposes, the replacement costs used should reflect typical and sustainable market conditions, not short-term fluctuations. Also, COVID-19 is unlikely to lead to any reduction in the demand for the Council assets.

The revaluation of Council's 3-waters assets as at 30 June 2020 confirmed that there were no Covid-19 related impacts negatively affecting the value of Council's assets. This approach confirmed Council's assessment of the non-3-waters assets and no adjustment was made for demand, market price risk, and no Covid-19 related impairment.

## INFRASTRUCTURE ASSETS

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

- The physical deterioration and condition of an asset, for example Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example stormwater, wastewater, and water supply pipes those that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets.
- Estimating any obsolescence or surplus capacity of an asset.
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If the useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the surplus or deficit. To minimise this risk Council infrastructural asset useful lives have been determined with reference to the *New Zealand Infrastructure Asset Valuation and Depreciation Guidelines* published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition modelling are also carried out regularly as part of Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

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

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

VALUATION	LAND INCLUDING		FURNITURE AND EQUIPMENT (\$000)	LIBRARY BOOKS (\$000)	MOTOR VEHICLES (\$000)	PLANT AND EQUIPMENT (\$000)	WORK IN PROGRESS (\$000)	TOTAL PROPERTY, PLANT, AND EQUIPMENT (\$000)
	STREET TREES (\$000)	BUILDINGS (\$000)						
<b>Cost or valuation</b>								
Balance 1 July 2018	20,874	17,391	1,050	2,303	487	77	243	42,425
Additions	0	2,641	61	230	4	2	932	3,870
Revaluation increase/(decrease)	0	0	0	(1,322)	0	0	0	(1,322)
Disposals /write-offs	(95)	(366)	(15)	0	0	(1)	0	(477)
Transfers	0	0	0	0	0	0	(25)	(25)
<b>Cost or valuation at 30 June 2019</b>	<b>20,779</b>	<b>19,666</b>	<b>1,096</b>	<b>1,211</b>	<b>491</b>	<b>78</b>	<b>1,150</b>	<b>44,471</b>
<b>Add 2019 – 2020 movements</b>								
Additions	0	853	60	212	294	464	3,563	5,446
Revaluation increase/(decrease)	0	0	0	0	0	0	0	0
Disposals/write-offs	(3)	0	0	0	(20)	0	0	(23)
Transfers	0	0	0	0	0	0	(96)	(96)
<b>Cost or valuation at 30 June 2020</b>	<b>20,776</b>	<b>20,519</b>	<b>1,156</b>	<b>1,423</b>	<b>765</b>	<b>542</b>	<b>4,617</b>	<b>49,798</b>
<b>Accumulated depreciation and impairment losses</b>								
Balance 1 July 2018	0	0	(882)	(1,219)	(431)	0	0	(2,532)
Depreciation expense	0	(426)	(37)	(480)	(10)	(10)	0	(963)
Disposals/write-offs	0	0	4	0	0	0	0	4

Transfers	0	0	0	0	0	0	0	0	0	0	0	0
Revaluation increase/(decrease)	0	0	0	0	1,699	0	0	0	0	0	0	1,699
<b>Accumulated depreciation and impairment losses at 30 June 2019</b>	<b>0</b>	<b>(426)</b>	<b>(915)</b>	<b>0</b>	<b>0</b>	<b>(441)</b>	<b>(10)</b>	<b>0</b>	<b>(1,792)</b>	<b>0</b>	<b>0</b>	<b>(1,792)</b>
<b>Add 2019 – 2020 movements</b>												
Depreciation expense	0	(618)	(53)	(254)	(47)	(35)	0	0	(1,007)	0	0	(1,007)
Disposals/write-offs	0	0	0	0	17	0	0	0	17	0	0	17
Transfers	0	0	0	0	0	0	0	0	0	0	0	0
Revaluation increase/(decrease)	0	(370)	0	0	0	0	0	0	0	0	0	(370)
<b>Accumulated depreciation and impairment losses at 30 June 2020</b>	<b>0</b>	<b>(1,414)</b>	<b>(968)</b>	<b>(254)</b>	<b>(471)</b>	<b>(45)</b>	<b>0</b>	<b>(3,152)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(3,152)</b>
<b>CARRYING AMOUNTS PER ASSET CLASS</b>												
<b>At 30 June 2019</b>	<b>20,779</b>	<b>19,240</b>	<b>181</b>	<b>1,211</b>	<b>50</b>	<b>68</b>	<b>1,150</b>	<b>42,679</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>42,679</b>
<b>At 30 June 2020</b>	<b>20,776</b>	<b>19,105</b>	<b>188</b>	<b>1,169</b>	<b>294</b>	<b>497</b>	<b>4,617</b>	<b>46,646</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>46,646</b>

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

VALUATION	LAND (\$000)	BUILDINGS (\$000)	PARKS AND RESERVES SERVICES (\$000)	WORK IN PROGRESS (\$000)	TOTAL PROPERTY, PLANT, AND EQUIPMENT (\$000)
<b>Cost or valuation</b>					
Balance 1 July 2018	33,628	4,940	16,820	238	55,626
Additions	0	13	384	1,610	2,007
Revaluation increase/(decrease)	0	0	0	0	0
Disposals /write-offs	0	(8)	(118)	0	(126)
Transfers	0	0	0	(62)	(62)
<b>Cost or valuation at 30 June 2019</b>	<b>33,628</b>	<b>4,945</b>	<b>17,086</b>	<b>1,786</b>	<b>57,445</b>
<b>Add 2019 – 2020 movements</b>					
Additions	0	5	3,077	256	3,338
Revaluation increase/(decrease)	0	0	(27)	0	27
Disposals/write-offs	0	0	(121)	0	(121)
Transfers	0	0	0	(1,575)	(1,575)
<b>Cost or valuation at 30 June 2020</b>	<b>33,628</b>	<b>4,950</b>	<b>20,015</b>	<b>467</b>	<b>59,060</b>
<b>Accumulated depreciation and impairment losses</b>					
Balance 1 July 2018	0	0	0	0	0
Depreciation expense	0	(97)	(982)	0	(1,079)
Disposals/write-offs	0	0	0	0	0



Transfers	0	0	0	0	0	0
Revaluation increase/(decrease)	0	0	0	0	0	0
<b>Accumulated depreciation and impairment losses at 30 June 2019</b>	<b>0</b>	<b>(97)</b>	<b>(982)</b>	<b>0</b>	<b>(1,079)</b>	<b>(1,079)</b>
<b>Add 2019 – 2020 movements</b>						
Depreciation expense	0	(97)	(922)	0	(1,019)	
Disposals/write-offs	0	0	27	0	27	
Transfers	0	0	0	0	0	
Revaluation increase/(decrease)	0	0	0	0	0	
<b>Accumulated depreciation and impairment losses at 30 June 2020</b>	<b>0</b>	<b>(194)</b>	<b>(1,877)</b>	<b>0</b>	<b>(2,071)</b>	
<b>CARRYING AMOUNTS PER ASSET CLASS</b>						
<b>At 30 June 2019</b>	<b>33,628</b>	<b>4,848</b>	<b>16,104</b>	<b>1,786</b>	<b>56,366</b>	
<b>At 30 June 2020</b>	<b>33,628</b>	<b>4,756</b>	<b>18,138</b>	<b>467</b>	<b>56,989</b>	

# 9c Subsidiary assets, property, plant, and equipment

VALUATION	TOTAL OPERATIONAL PROPERTY, PLANT, AND EQUIPMENT (\$000)	TOTAL RESTRICTED PROPERTY, PLANT, AND EQUIPMENT (\$000)	TOTAL SUBSIDIARY PROPERTY, PLANT, AND EQUIPMENT (\$000)	TOTAL GROUP PROPERTY, PLANT, AND EQUIPMENT (\$000)
<b>Cost or valuation</b>				
Balance 1 July 2018	42,425	55,626	146	98,197
Additions	3,870	2,007	22	5,899
Revaluation increase/(decrease)	(1,322)	0	0	(1,322)
Disposals /write-offs	(477)	(126)	0	(603)
Transfers	(25)	(62)	0	(87)
<b>Cost or valuation at 30 June 2019</b>	<b>44,471</b>	<b>57,445</b>	<b>168</b>	<b>102,084</b>
<b>Add 2019 – 2020 movements</b>				
Additions	5,446	3,338	28	8,812
Revaluation increase/(decrease)	0	(27)	0	(27)
Disposals/write-offs	(23)	(121)	0	(144)
Transfers	(96)	(1,575)	0	(1,671)
<b>Cost or valuation at 30 June 2020</b>	<b>49,798</b>	<b>59,060</b>	<b>196</b>	<b>109,054</b>
<b>Accumulated depreciation and impairment losses</b>				
Balance 1 July 2018	(2,532)	0	(80)	(2,612)
Depreciation expense	(963)	(1,079)	(18)	(2,060)
Disposals/write-offs	4	0	0	4

Transfers	0	0	0	0	0
Revaluation increase/(decrease)	1,699	0	0	0	1,699
<b>Accumulated depreciation and impairment losses at 30 June 2019</b>	<b>(1,792)</b>	<b>(1,079)</b>	<b>(98)</b>	<b>(2,969)</b>	
<b>Add 2019 – 2020 movements</b>					
Depreciation expense	(1,007)	(1,019)	(17)	(2,043)	
Disposals/write-offs	17	27	0	44	
Transfers	0	0	0	0	
Revaluation increase/(decrease)	(370)	0	0	(370)	
<b>Accumulated depreciation and impairment losses at 30 June 2020</b>	<b>(3,152)</b>	<b>(2,071)</b>	<b>(115)</b>	<b>(5,338)</b>	
<b>CARRYING AMOUNTS PER ASSET CLASS</b>					
<b>At 30 June 2019</b>	<b>42,679</b>	<b>56,366</b>	<b>70</b>	<b>99,115</b>	
<b>At 30 June 2020</b>	<b>46,646</b>	<b>56,989</b>	<b>81</b>	<b>103,716</b>	

## Permanent art collection (owned by Expressions Whirinaki)

	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL PARENT 30 JUN 2019 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2019 (\$000)
Pumpkin Cottage Art Collection	0	0	53	53

# 9E Aquatic assets (H<sub>2</sub>O Xstream pool facility)

VALUATION	LAND <sup>18</sup> (\$000)	BUILDINGS (\$000)	PLANT (\$000)	TOTAL GROUP PROPERTY, PLANT, AND EQUIPMENT (\$000)
<b>Cost or valuation</b>				
Balance 1 July 2018	0	8,874	247	9,121
Additions	0	93	0	93
Revaluation increase/(decrease)	0	5,108	478	5,586
Disposals/write-offs	0	0	0	0
Transfers	0	0	0	0
<b>Cost or valuation at 30 June 2019</b>	<b>0</b>	<b>14,075</b>	<b>725</b>	<b>14,800</b>
<b>Add 2019 – 2020 movements</b>				
Additions	0	59	19	78
Revaluation increase/(decrease)	0	0	0	0
Disposals/write-offs	0	0	0	0
Transfers	0	0	0	0
<b>Cost or valuation at 30 June 2020</b>	<b>0</b>	<b>14,134</b>	<b>744</b>	<b>14,878</b>
<b>Accumulated depreciation and impairment losses</b>				
Balance 1 July 2018	0	(853)	(135)	(988)
Depreciation expense	0	(729)	(24)	(753)
Disposals/write-offs	0	0	0	0
Transfers	0	0	0	0
Revaluation increase/(decrease)	0	1,582	159	1,741
<b>Accumulated depreciation and impairment losses at 30 June 2019</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Add 2019 – 2020 movements</b>				
Depreciation expense	0	(1,076)	(94)	(1,170)
Disposals/write-offs	0	0	0	0
Transfers	0	0	0	0
Revaluation increase/(decrease)	0	0	0	0
<b>Accumulated depreciation and impairment losses at 30 June 2020</b>	<b>0</b>	<b>(1,076)</b>	<b>(94)</b>	<b>(1,170)</b>
<b>CARRYING AMOUNTS PER ASSET CLASS</b>				
<b>At 30 June 2019</b>	<b>0</b>	<b>14,075</b>	<b>725</b>	<b>14,800</b>
<b>At 30 June 2020</b>	<b>0</b>	<b>13,058</b>	<b>650</b>	<b>13,708</b>

18. Land is now included under Note 9A Council Plant, Property, and Equipment

# 9F 2019 Council infrastructure assets

VALUATION	LAND UNDER ROADS AND		HUTT VALLEY			TOTAL PROPERTY,			
	ROADS AT COST (\$000)	ROADS AND FOOTPATHS (\$000)	STORMWATER (\$000)	TELEMETRY (\$000)	WASTEWATER (\$000)	WATER (\$000)	WASTEWATER ASSETS (NOTE 9G) (\$000)	WORK IN PROGRESS (\$000)	PLANT, AND EQUIPMENT (\$000)
<b>Cost or valuation</b>									
Balance 1 July 2018	96,782	213,863	110,473	296	85,689	91,813	39,652	6,020	644,588
Additions	1,443 <sup>19</sup>	5,137 <sup>20</sup>	470	170	948 <sup>21</sup>	2,692 <sup>22</sup>	1,501	876	13,237
Revaluation increase/(decrease)	0	0	0	0	0	0	0	0	0
Disposals/write-offs	0	(250)	0	0	(64)	(43)	0	0	(357)
Transfers	0	0	0	0	0	0	0	(1,522)	(1,522)
<b>Cost or valuation at 30 June 2019</b>	<b>98,225</b>	<b>218,750</b>	<b>110,943</b>	<b>466</b>	<b>86,573</b>	<b>94,462</b>	<b>41,153</b>	<b>5,374</b>	<b>655,946</b>
<b>Add 2019 – 2020 movements</b>									
Additions	1,828 <sup>23</sup>	3,172 <sup>24</sup>	2,228 <sup>25</sup>	0	4,929 <sup>26</sup>	2,650 <sup>27</sup>	1,046	7,787	23,640
Revaluation increase/(decrease)	0	0	22,462	(41)	9,812	(1,119)	(2,352)	0	28,762
Disposals/write-offs	0	(18)	0	0	(175)	0	0	0	(193)
Transfers	0	0	0	0	0	0	0	(2,914)	(2,914)
<b>Cost or valuation at 30 June 2020</b>	<b>100,053</b>	<b>221,904</b>	<b>135,633</b>	<b>425</b>	<b>101,139</b>	<b>95,993</b>	<b>39,847</b>	<b>10,247</b>	<b>705,241</b>
<b>Accumulated depreciation and impairment losses</b>									
Balance 1 July 2018	0	0	0	0	0	0	(784)	0	(784)
Depreciation expense	0	(4,852)	(1,816)	(35)	(1,959)	(1,862)	(1,627)	0	(12,151)

Disposals/write-offs	0	166	0	0	60	11	0	0	237
Revaluation increase/(decrease)	0	(166)	0	0	(60)	(11)	0	0	(237)
<b>Accumulated depreciation and impairment losses at 30 June 2019</b>	<b>0</b>	<b>(4,852)</b>	<b>(1,816)</b>	<b>(35)</b>	<b>(1,959)</b>	<b>(1,862)</b>	<b>(2,411)</b>	<b>0</b>	<b>(12,935)</b>
<b>Add 2019 – 2020 movements</b>									
Depreciation expense	0	(5,169)	(2,142)	(37)	(2,142)	(1,983)	(1,741)	0	(13,214)
Disposals/write-offs	0	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0	0
Revaluation increase/(decrease)	0	0	3,956	72	4,100	3,812	4,153	0	16,093
<b>Accumulated depreciation and impairment losses at 30 June 2020</b>	<b>0</b>	<b>(10,021)</b>	<b>(2)</b>	<b>0</b>	<b>(1)</b>	<b>(33)</b>	<b>1</b>	<b>0</b>	<b>(10,056)</b>
<b>CARRYING AMOUNTS PER ASSET CLASS</b>									
<b>At 30 June 2019</b>	<b>98,225</b>	<b>213,898</b>	<b>109,127</b>	<b>431</b>	<b>84,614</b>	<b>92,600</b>	<b>38,742</b>	<b>5,374</b>	<b>643,011</b>
<b>At 30 June 2020</b>	<b>100,053</b>	<b>211,883</b>	<b>135,631</b>	<b>425</b>	<b>101,138</b>	<b>95,960</b>	<b>39,848</b>	<b>10,247</b>	<b>695,185</b>

The closing book value is the most recent estimate of the depreciated replacement cost.

For year ended 30 June 2019

19. Additions include vested assets of \$1,443,475
20. Additions include vested assets of \$1,368,177
21. Additions include vested assets of \$419,523
22. Additions include vested assets of \$296,491

For year ended 30 June 2020

23. Additions include vested assets of \$1,827,759
24. Additions include vested assets of \$1,405,731
25. Additions include vested assets of \$1,336,221
26. Additions include vested assets of \$2,965,005
27. Additions include vested assets of 1,180,891

## 9G Hutt Valley Wastewater Scheme

The Local Government (Wellington Region) Reorganisation Order 1989 transferred the functions of the Hutt Valley Drainage Board to the Hutt City Council. In so doing, the reorganisation provided for a joint committee to be established between Upper Hutt City Council (UHCC) and Hutt City Council (HCC) to consider the co-ordination of the two councils in respect of matters affecting the Hutt Valley as a whole, and the disposal of wastewater via the wastewater treatment plant. The joint Hutt Valley Wastewater Scheme has been constructed to improve the operation of the system and the quality of the discharge. UHCC pays an annual levy to the HCC, which manages the wastewater system, based on an apportionment of between 26% and 32% for UHCC. UHCC is funding the Hutt Valley Wastewater Scheme in line with the Strategic Plan Funding model. While UHCC does not have any direct control over the scheme it is entitled to a share of the proceeds from any sale of the scheme's assets.

The Hutt Valley Wastewater Scheme was valued on the depreciated replacement value basis as at 30 June 2020. The valuation of these assets was independently carried out by Aon Global Risk Consulting.

UHCC now has an interest in the total assets of \$39.847 M (2019: \$38.741 M) as recognised as part of infrastructure assets. This is the assessed net book value of the UHCC share.

Hutt Valley Wastewater Scheme transactions	ACTUAL PARENT	ACTUAL PARENT	ACTUAL GROUP	ACTUAL GROUP
	30 JUN 2020	30 JUN 2019	30 JUN 2020	30 JUN 2019
	(\$000)	(\$000)	(\$000)	(\$000)
Drainage levy	2,607	2,583	2,607	2,583
Capital contributions	1,046	1,501	1,046	1,501
Trade waste income	(211)	(244)	(211)	(244)

## 9H Capital commitments

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

Breakdown of capital commitments	ACTUAL PARENT	ACTUAL PARENT	ACTUAL GROUP	ACTUAL GROUP
	30 JUN 2020	30 JUN 2019	30 JUN 2020	30 JUN 2019
	(\$000)	(\$000)	(\$000)	(\$000)
Roading	5,139	7,645	5,139	7,645
Property	5,307	1,352	5,307	1,352
<b>Capital commitments approved and contracted</b>	<b>10,446</b>	<b>8,997</b>	<b>10,446</b>	<b>8,997</b>



# Insurance

## INSURANCE RISK CLAUSE 31A, SCHEDULE 10, LOCAL GOVERNMENT ACT 2002

- A** The total value of all above ground assets (excludes land and roads) of the local authority that are covered by insurance contracts is \$141 M. The maximum amount to which they are insured is \$600 M for any one event, including business interruption. (Combined Group limit of five councils)
- B** The total value of all assets of the local authority that are covered by financial risk sharing arrangements is underground/infrastructure assets with a total value of \$559 M. The maximum amount available to the local authority under those arrangements is \$600 M split 60/40 between Central Government and commercial insurance. (Combined group limit of four councils)
- C** The total value of all assets of the local authority that are self-insured is nil except for any insurance claims below the excess. Council has no funds maintained by the local authority for that purpose.

## INSURANCE OF COUNCIL ASSETS

The following information relates to the insurance of Council assets as at 30 June 2020:

	30 JUN 2020 (\$M)	30 JUN 2019 (\$M)
<b>The total value of all Council assets covered by insurance contracts</b>	<b>700</b>	<b>667</b>
• Above ground assets (excludes land and roads)	141	126
• Underground/infrastructure assets	559	541
The maximum collective amount to which insured assets are insured	600	600
The total collective value of all Council assets covered by financial risk sharing arrangements	4,832	4,961
<b>Maximum amount available to Council under financial risk sharing arrangements</b>	<b>660</b>	<b>660</b>
• Above ground assets	600	600
• Below ground assets	60	60
Total value of assets that are self-insured	Nil	Nil
The value of funds maintained for self-insurance	Nil	Nil

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

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

Council's threshold excess is \$859,842 (2019: \$648,193).

## NOTE 10 Payables and deferred revenue

### Payables

Short-term creditors and other payables are recorded at their face value.

### Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Breakdown of payables and deferred revenue	ACTUAL PARENT	ACTUAL PARENT	ACTUAL GROUP	ACTUAL GROUP
	30 JUN 2020	30 JUN 2019	30 JUN 2020	30 JUN 2019
	(\$000)	(\$000)	(\$000)	(\$000)
Trade creditors	4,385	4,546	4,463	4,630
Rates in advance	1,438	869	1,438	869
Greater Wellington Regional Council Rates	459	375	459	375
Fees in advance	401	419	405	426
Amounts due to related parties	(1)	3	0	0
Accrued interest payable	108	81	108	81
Payroll liability	161	175	161	175
Other liabilities (see included provisions below)	242	572	316	623
Deposits and trust accounts	936	992	949	1,013
<b>Payables and deferred revenue</b>	<b>8,129</b>	<b>8,032</b>	<b>8,299</b>	<b>8,192</b>
Payables and deferred revenue from non-exchange transactions	8,037	7,937	8,196	8,081
Payables and deferred revenue from exchange transactions	92	95	103	111
<b>Payables and deferred revenue</b>	<b>8,129</b>	<b>8,032</b>	<b>8,299</b>	<b>8,192</b>

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

Provisions included as part of <i>Other liabilities above</i>	ACTUAL PARENT	ACTUAL PARENT	ACTUAL GROUP	ACTUAL GROUP
	30 JUN 2020	30 JUN 2019	30 JUN 2020	30 JUN 2019
	(\$000)	(\$000)	(\$000)	(\$000)
Provision for internal process	(62)	(112)	(62)	(112)
Provision for district plan	0	(199)	0	(199)
Weathertightness claims	(50)	(50)	(50)	(50)

There is one claim lodged with the Weathertight Homes Resolution Service (WHRS) under the Financial Assistance Package (FAP) scheme as at 30 June 2020 (2019: 1).

This claim related to weathertightness issues of homes in the Upper Hutt area and name Council as well as other parties. The WHRS is a central government service established under the Weathertightness Homes Resolution Services Act 2006. The FAP is only available to eligible homeowners. The Council has opted into the FAP scheme.

A provision for these claims was established based at 20% on the actual assessment of claims based on historical average claim level and other information held. The Council has insurance in place that covers one claim over legal proceedings.

## NOTE 11 Employee entitlements

### Short term employee entitlements

Wages and salaries, annual leave, and other entitlements that are expected to be settled within twelve months of reporting date are measured at nominal values on an actual entitlement basis at current rates of pay. Council recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year.

### Long term entitlements

Entitlements that are payable beyond twelve months, such as long service leave and retirement gratuity, have been calculated on an actuarial basis.

The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlements information; and
- the present value of the estimated future cash flows.

### Presentation of employee entitlements

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

# Critical accounting estimates and assumptions

## ESTIMATING RETIREMENT AND LONG SERVICE LEAVE OBLIGATIONS

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

Expected future payments are discounted using forward discount rates derived from the 90-day call rate from NZ Treasury. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary. A weighted average discount rate of 1.5% (2019: 1.5%) and an inflation factor of 0.3% (2019: 1.5%) were used.

## Superannuation schemes

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

BREAKDOWN OF EMPLOYEE BENEFIT LIABILITIES	ACTUAL PARENT	ACTUAL PARENT	ACTUAL GROUP	ACTUAL GROUP
	30 JUN 2020 (\$000)	30 JUN 2019 (\$000)	30 JUN 2020 (\$000)	30 JUN 2019 (\$000)
Accrued pay	123	13	123	13
Annual leave	975	735	1,009	763
Sick leave	31	39	31	39
Retirement and long service leave	308	345	308	345
<b>Total employee benefit liabilities</b>	<b>1,437</b>	<b>1,132</b>	<b>1,471</b>	<b>1,160</b>
Current	1,129	787	1,163	815
Non-current	308	345	308	345
<b>Total employee benefit entitlements</b>	<b>1,437</b>	<b>1,132</b>	<b>1,471</b>	<b>1,160</b>

## NOTE 12 Borrowings and other financial liabilities

### Borrowings

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

## Fixed-rate debt

Council's secured debt of \$3.0 M (2019: \$5.0 M) is issued at fixed rates of interest.

## Floating-rate debt

Council's secured debt of \$46.0 M (2019: \$38.0 M) is issued at floating rates of interest.

## Interest-free loan

Council has no interest free loans.

## Security

The overdraft is unsecured. The maximum amount that can be drawn down against the overdraft facility is \$600,000 (2019: \$600,000). There are no restrictions on the use of this facility.

Council has two Westpac multi option credit line facilities available; current use is nil (2019: nil). Facilities available are \$5.2 M limit expiry on 30 June 2023, and \$5.0 M limit expiry on 31 July 2023.

Council also has with Westpac a business Mastercard facility limit \$250,000 (2019: \$250,000).

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

Council has issued security stock to the value of \$89.850 M (2019: \$75.850 M), under its Debenture Trust Deed. This stock has been issued to five banking institutions as security for existing facilities totalling committed funds of \$49.0 M (2019: \$43.0 M) and uncommitted facilities available to the value of \$3.506 M (2019: \$3.545 M).

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

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

<b>BREAKDOWN OF BORROWINGS</b>	<b>ACTUAL PARENT</b>	<b>ACTUAL PARENT</b>	<b>ACTUAL GROUP</b>	<b>ACTUAL GROUP</b>
	<b>30 JUN 2020</b>	<b>30 JUN 2019</b>	<b>30 JUN 2020</b>	<b>30 JUN 2019</b>
	<b>(\$000)</b>	<b>(\$000)</b>	<b>(\$000)</b>	<b>(\$000)</b>
Current				
Secured loans	8,000	9,000	8,000	9,000
<b>Total current borrowings</b>	<b>8,000</b>	<b>9,000</b>	<b>8,000</b>	<b>9,000</b>
Non-current				
Secured loans	41,000	34,000	41,000	34,000
<b>Total non-current borrowings</b>	<b>41,000</b>	<b>34,000</b>	<b>41,000</b>	<b>34,000</b>
<b>TOTAL BORROWINGS</b>	<b>49,000</b>	<b>43,000</b>	<b>49,000</b>	<b>43,000</b>

## Interest rates

The weighted average effective interest rate on loans outstanding (current and non-current) at 30 June 2020 was 1.22% (30 June 2019: 2.53%). The loans are secured by a rate made pursuant to Section 115 of the Local Government Act 2002 upon the rateable property in the City of Upper Hutt.

## Internal borrowings

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

## NOTE 13 Financial instruments

### 13A Financial instrument categories

	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL PARENT 30 JUN 2019 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2019 (\$000)
<b>LOANS AND RECEIVABLES</b>				
Cash at bank and cash equivalents	4,934	6,063	5,299	6,352
Debtors and other receivables	5,640	4,135	5,696	4,202
Other financial assets				
Term deposits	14,000	11,000	14,038	11,038
Community loans	31	39	31	39
LGFA borrow notes	736	608	736	608
<b>Total loans and receivables</b>	<b>25,341</b>	<b>21,845</b>	<b>25,800</b>	<b>22,239</b>
<b>FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE</b>				
Other financial assets				
Unlisted shares	171	206	171	206
<b>Total fair value through other comprehensive revenue and expense</b>	<b>171</b>	<b>206</b>	<b>171</b>	<b>206</b>
<b>FINANCIAL LIABILITIES</b>				
Fair value through surplus and deficit	4,662	3,267	4,662	3,267
<b>Derivative financial instrument</b>	<b>4,662</b>	<b>3,267</b>	<b>4,662</b>	<b>3,267</b>
<b>FINANCIAL LIABILITIES AT AMORTISED COST</b>				
Creditors and other payables	8,129	8,032	8,299	8,192
Borrowings				
Secured loans	49,000	43,000	49,000	43,000
<b>Total financial liabilities at amortised cost</b>	<b>57,129</b>	<b>51,032</b>	<b>57,299</b>	<b>51,192</b>

## 13B Fair value hierarchy disclosures

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

- A Quoted market price [LEVEL ONE]:** Financial instruments with quoted prices for identical instruments in active markets.
- B Valuation technique using observable inputs [LEVEL TWO]:** Financial instruments with quoted price for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- C Valuation techniques with significant non-observable inputs [LEVEL THREE]:** Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the Statement of Financial Position.

COUNCIL (PARENT) 30 JUNE 2020	TOTAL (\$000)	VALUATION TECHNIQUE		
		QUOTED (\$000)	OBSERVABLE (\$000)	NON-OBSERVABLE (\$000)
Financial assets				
Derivatives	0	0	0	0
Shares	171	0	171	0
Financial liabilities				
Derivatives	4,662	0	4,662	0

### GROUP 30 JUNE 2020

Financial assets				
Derivatives	0	0	0	0
Shares	171	0	171	0
Financial liabilities				
Derivatives	4,662	0	4,662	0

COUNCIL (PARENT) 30 JUNE 2019	TOTAL (\$000)	VALUATION TECHNIQUE		
		QUOTED (\$000)	OBSERVABLE (\$000)	NON-OBSERVABLE (\$000)
Financial assets				
Derivatives	0	0	0	0
Shares	206	0	206	0
Financial liabilities				
Derivatives	3,267	0	3,267	0

GROUP 30 JUNE 2019	TOTAL (\$000)	VALUATION TECHNIQUE		
		QUOTED (\$000)	OBSERVABLE (\$000)	NON-OBSERVABLE (\$000)
Financial assets				
Derivatives	0	0	0	0
Shares	205	0	205	0
Financial liabilities				
Derivatives	3,267	0	3,267	0

## 13C Financial instrument risks

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

### Market risks

#### PRICE RISK

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

#### CURRENCY RISK

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

#### FAIR VALUE INTEREST RATE RISK

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

#### CASH FLOW INTEREST RATE RISK

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



Generally, Council and Group raises long-term borrowings at floating rates and swaps them into fixed rates using interest rate swaps in order to manage the cashflow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rate that are generally lower than those available if Council or Group agrees with other parties to exchange, at specific intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

## CREDIT RISK

Credit risk is the risk that a third party will default on its obligations to Council causing Council to incur a loss. Due to the timing of its cash inflows and outflows, Council invests surplus cash into term deposits which gives rise to credit risk. Council's Investment policy limits the amount of credit exposure to any one financial institution or organisation. Council only invests with entities that have a Standard and Poor's credit rating of at least A+ for short-term and A- for long-term investments.

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

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

	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL PARENT 30 JUN 2019 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2019 (\$000)
<b>MAXIMUM EXPOSURE TO CREDIT RISK</b>				
Cash at bank and term deposits	18,934	17,063	19,337	17,390
Debtors and other receivables	5,640	4,135	5,696	4,202
Community and related party loans	31	39	31	39
Derivative financial instrument assets	0	0	0	0
<b>Total credit risk</b>	<b>24,605</b>	<b>21,237</b>	<b>25,064</b>	<b>21,631</b>

## 13D Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL PARENT 30 JUN 2019 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2019 (\$000)
<b>COUNTERPARTIES WITH CREDIT RATINGS</b>				
<b>Cash at bank and term deposits</b>				
AA+ (Standard and Pooers)	736	608	736	608
AA (Standard and Pooers)	0	0	0	0
AA- (Standard and Pooers)	12,931	17,060	13,334	17,386
A (Standard and Pooers)	6,000	0	6,000	0
<b>Total cash at bank and term deposits</b>	<b>19,667</b>	<b>17,668</b>	<b>20,070</b>	<b>17,994</b>

	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL PARENT 30 JUN 2019 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2019 (\$000)
<b>DERIVATIVE FINANCIAL INSTRUMENT ASSETS</b>				
A+ (Standard and Poors)	0	0	0	0
<b>Total derivative financial instrument assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>COUNTERPARTIES WITHOUT CREDIT RATINGS</b>				
Community and related party loans				
Existing counterparty with defaults in past	0	0	0	0
Existing counterparty with no defaults in past	31	39	31	39
<b>Total community and related party loans</b>	<b>31</b>	<b>39</b>	<b>31</b>	<b>39</b>

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

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

## 13E Liquidity risk

### Management of liquidity risk

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

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

Council has a maximum amount that can be drawn against its overdraft facility of \$600,000 (2019: \$600,000). There are no restrictions on the use of this facility.

## 13F Contractual maturity analysis of financial liabilities

The table below analyses Council's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

	<b>CARRYING AMOUNT (\$000)</b>	<b>CONTRACTUAL CASH FLOWS (\$000)</b>	<b>&lt; 1 YEAR (\$000)</b>	<b>1 – 2 YEARS (\$000)</b>	<b>2 – 5 YEARS (\$000)</b>	<b>&gt; 5 YEARS (\$000)</b>
<b>COUNCIL 2020</b>						
Creditors and other payables	8,129	8,129	8,129	0	0	0
Secured loans	49,000	52,454	8,561	4,507	20,259	19,127
<b>Total</b>	<b>57,129</b>	<b>60,583</b>	<b>16,690</b>	<b>4,507</b>	<b>20,259</b>	<b>19,127</b>
<b>GROUP 2020</b>						
Creditors and other payables	8,299	8,299	8,299	0	0	0
Secured loans	49,000	51,827	8,561	4,507	17,121	21,637
<b>Total</b>	<b>57,299</b>	<b>60,126</b>	<b>16,860</b>	<b>4,507</b>	<b>17,121</b>	<b>21,637</b>
<b>COUNCIL 2019</b>						
Secured loans	8,032	8,032	8,032	0	0	0
Total	43,000	48,123	9,994	5,868	13,903	18,358
<b>Total</b>	<b>51,032</b>	<b>56,155</b>	<b>18,026</b>	<b>5,868</b>	<b>13,903</b>	<b>18,358</b>
<b>GROUP 2019</b>						
Creditors and other payables	8,192	8,192	8,192	0	0	0
Secured loans	43,000	48,123	9,994	5,868	13,903	18,358
<b>Total</b>	<b>51,192</b>	<b>56,315</b>	<b>18,186</b>	<b>5,868</b>	<b>13,903</b>	<b>18,358</b>

# 13G Contractual maturity analysis of financial assets

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

<b>COUNCIL 2020</b>	<b>CARRYING AMOUNT (\$'000)</b>	<b>CONTRACTUAL CASH FLOWS (\$'000)</b>	<b>&lt; 1 YEAR (\$'000)</b>	<b>1 – 2 YEARS (\$'000)</b>	<b>2 – 5 YEARS (\$'000)</b>	<b>&gt; 5 YEARS (\$'000)</b>
Cash and cash equivalents	4,934	4,934	4,934	0	0	0
Debtors and other receivables	5,640	5,640	5,640	0	0	0
Other financial assets						
Term deposits	14,000	14,072	14,072	0	0	0
Community and related party loans	31	34	5	9	13	7
<b>Total</b>	<b>24,605</b>	<b>24,680</b>	<b>24,651</b>	<b>9</b>	<b>13</b>	<b>7</b>
<b>GROUP 2020</b>						
Cash and cash equivalents	5,299	5,299	5,299	0	0	0
Debtors and other receivables	5,696	5,696	5,696	0	0	0
Other financial assets						
Term deposits	14,038	14,111	14,111	0	0	0
Community and related party loans	31	34	5	9	13	7
<b>Total</b>	<b>25,064</b>	<b>25,140</b>	<b>25,111</b>	<b>9</b>	<b>13</b>	<b>7</b>
<b>COUNCIL 2019</b>						
Cash and cash equivalents	6,063	6,063	6,063	0	0	0
Debtors and other receivables	4,174	4,174	4,174	0	0	0
Other financial assets						
Term deposits	11,000	11,091	11,091	0	0	0
Community and related party loans	39	41	10	9	14	8
<b>Total</b>	<b>21,276</b>	<b>21,369</b>	<b>21,338</b>	<b>9</b>	<b>14</b>	<b>8</b>
<b>GROUP 2019</b>						
Cash and cash equivalents	6,352	6,352	6,352	0	0	0
Debtors and other receivables	4,241	4,241	4,241	0	0	0
Other financial assets						
Term deposits	11,038	11,130	11,130	0	0	0
Community and related party loans	39	41	10	9	14	8
<b>Total</b>	<b>21,670</b>	<b>21,763</b>	<b>21,733</b>	<b>9</b>	<b>14</b>	<b>8</b>

## 13H Sensitivity analysis

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

COUNCIL INTEREST RATE RISK	2020 (\$000)		2019 (\$000)	
	+100BPS	-100BPS	+100BPS	-100BPS
Financial assets				
Cash and cash equivalents	A	32	50	-50
Financial liabilities				
Term loans (floating rates)	B	460	380	-380
<b>Total sensitivity to interest rate risk</b>		<b>492</b>	<b>430</b>	<b>-430</b>

### Explanation of sensitivity analysis—Council

- A Cash and cash equivalents** include deposits at call totalling \$3.2 M (2019: \$5.0 M) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$32,000 (2019: \$50,000).
- B Secured loans**—Council has floating rate debt with a principal amount of \$46.0 M (2019: \$38.0 M). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$460,000 (2019: \$380,000).

## NOTE 14 Equity

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

The Local Government Act 2002 (the Act) requires the Council to manage its revenues, expenses, assets, liabilities, investment, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets today and not expecting them to meet the full costs of long term assets that will benefit ratepayers in future generations.

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

Components of equity are:

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

## 14A Breakdown of accumulated funds

	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL PARENT 30 JUN 2019 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2019 (\$000)
Opening balance 01 July	230,696	233,949	230,964	234,218
Net Surplus (deficit)	6,811	(1,388)	6,869	(1,389)
	<b>237,507</b>	<b>232,561</b>	<b>237,833</b>	<b>232,829</b>
<b>TRANSFER TO</b>				
Special funds	(4,724)	(2,504)	(4,725)	(2,505)
Other accounts restricted by law	(1,656)	(1,669)	(1,656)	(1,669)
Asset revaluation reserve on disposal of property, plant, and equipment	0	0	0	0
	<b>(6,380)</b>	<b>(4,173)</b>	<b>(6,381)</b>	<b>(4,174)</b>
<b>TRANSFER FROM</b>				
Special funds	1,294	1,102	1,314	1,103
Other accounts restricted by law	1,423	686	1,423	686
Asset revaluation reserve on disposal of property, plant, and equipment	234	520	234	520
	<b>2,951</b>	<b>2,308</b>	<b>2,971</b>	<b>2,309</b>
<b>CLOSING BALANCE 30 JUNE</b>	<b>234,078</b>	<b>230,696</b>	<b>234,423</b>	<b>230,964</b>

## 14B Restricted reserves

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

Council has the following Council restricted reserves:

- ⦿ Special funds
- ⦿ Other accounts restricted by law

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

Other accounts restricted by law are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves. Conditions applying to these reserves may not be revised by Council without reference to the Courts or third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL PARENT 30 JUN 2019 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2019 (\$000)
<b>RESTRICTED RESERVES</b>				
Reserve funds	10,658	7,228	10,698	7,285
Other accounts restricted by law	9,173	8,940	9,173	8,940
<b>Closing balance 30 June</b>	<b>19,831</b>	<b>16,168</b>	<b>19,871</b>	<b>16,225</b>

## Special funds

SPECIAL FUNDS FOR 2019 – 2020	PURPOSE (REFER PAGE 151)	BALANCE 1 JULY 2019 (\$000)	TRANSFERS INTO FUND (\$000)	TRANSFERS OUT OF FUND (\$000)	BALANCE 30 JUNE 2020 (\$000)
Sierra Way subdivision	G	140	3	0	143
Civic amenities fund	B	1	0	0	1
Amenities fund	B	537	18	0	555
Plant renewal	C	776	48	(290)	534
Reserve fund contribution	D	4,528	2,021	(990)	5,559
Council property sales	F	50	1	(1)	50
Cash in lieu parking fund account	E	3	0	0	3
Harcourt Park maintenance fund	H	5	14	(13)	6
General reserve fund	A	10	1,952	0	1,962
Blue Mountains roading levy	G	63	1	0	64
Akatārawa roading levy	G	190	62	0	252
Kaitoke roading levy	G	19	11	0	30
Mangaroa roading levy	G	263	16	0	279
Katherine Mansfield roading levy	G	41	87	0	128
Moonshine Hill Road levy	G	5	20	0	25
Alexander Road levy	G	10	4	0	14
Trench resealing levy	J	12	0	0	12

<b>SPECIAL FUNDS FOR 2019 – 2020</b>	<b>PURPOSE (REFER OPPOSITE)</b>	<b>BALANCE 1 JULY 2019 (\$000)</b>	<b>TRANSFERS INTO FUND (\$000)</b>	<b>TRANSFERS OUT OF FUND (\$000)</b>	<b>BALANCE 30 JUNE 2020 (\$000)</b>
Swamp Road Levy	G	0	0	0	0
Library redevelopment fund	I	0	0	0	0
Cemetery development fund	I	0	0	0	0
Kurth Crescent stormwater levy	K	48	1	0	49
H <sub>2</sub> O plant renewal reserve	M	16	202	0	218
Maidstone turf renewal	N	511	263	0	774
<b>Total special funds for 30 June Parent</b>		<b>7,228</b>	<b>4,724</b>	<b>(1,294)</b>	<b>10,658</b>
Arts scholarship fund	L	39	1	0	40
Expressions building extension reserve	O	18	0	(18)	0
<b>Total special funds for 30 June Group</b>		<b>7,285</b>	<b>4,725</b>	<b>(1,312)</b>	<b>10,698</b>

<b>SPECIAL FUNDS FOR 2018 – 2019</b>	<b>PURPOSE (REFER OPPOSITE)</b>	<b>BALANCE 1 JULY 2018 (\$000)</b>	<b>TRANSFERS INTO FUND (\$000)</b>	<b>TRANSFERS OUT OF FUND (\$000)</b>	<b>BALANCE 30 JUNE 2019 (\$000)</b>
Sierra Way subdivision	G	137	3	0	140
Civic amenities fund	B	1	0	0	1
Amenities fund	B	517	20	0	537
Plant renewal reserve	C	729	51	(4)	776
Reserve fund contribution	D	3,044	1,950	(466)	4,528
Council property sales	F	49	1	0	50
Cash in lieu parking fund account	E	3	0	0	3
Harcourt Park maintenance fund	H	2	3	0	5
General reserve fund	A	9	1	0	10
Blue Mountains roading levy	G	62	1	0	63
Akatārawa roading levy	G	153	37	0	190
Kaitoke roading levy	G	19	0	0	19
Mangaroa roading levy	G	249	14	0	263
Katherine Mansfield roading levy	G	0	41	0	41
Moonshine Hill Road levy	G	5	0	0	5
Alexander Road levy	G	10	0	0	10
Trench resealing levy	J	12	0	0	12
Swamp Road Levy	G	0	0	0	0
Library redevelopment fund	I	0	0	0	0
Cemetery development fund	I	0	0	0	0



<b>SPECIAL FUNDS FOR 2018 – 2019</b>	<b>PURPOSE (REFER BELOW)</b>	<b>BALANCE 1 JULY 2018 (\$000)</b>	<b>TRANSFERS INTO FUND (\$000)</b>	<b>TRANSFERS OUT OF FUND (\$000)</b>	<b>BALANCE 30 JUNE 2019 (\$000)</b>
Kurth Crescent stormwater levy	K	47	1	0	48
H <sub>2</sub> O plant renewal reserve	M	525	123	(632)	16
Maidstone turf renewal reserve	N	253	258	0	511
<b>Total special funds for 30 June Parent</b>		<b>5,826</b>	<b>2,504</b>	<b>(1,102)</b>	<b>7,228</b>
Arts scholarship fund	L	39	1	(1)	39
Expressions building extension reserve	O	18	0	0	18
<b>Total special funds for 30 June Group</b>		<b>5,883</b>	<b>2,505</b>	<b>(1,103)</b>	<b>7,285</b>

## SPECIAL FUND PURPOSES

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

- A General reserve**—available for any appropriate purpose.
- B Amenity fund(s)**—available for lending at concessional rates to community groups for the development/ construction of assets that will generate a benefit for the overall community.
- C Plant renewal**—funds allocated from rates to replace/upgrade plant assets in the activity charged with the original allocation.
- D Reserve fund contributions**—contributions levied on the developers of sub-divisions which are used to maintain and increase Council-provided community assets or fund interest costs and loan repayments in relation to providing such assets.
- E Cash in lieu of parking**—funds collected instead of requiring the provision of parking by developers and used for parking purposes.
- F Property sales**—profits generated by the sale of property and available to assist in the funding of Council's work programme.
- G Roading levies**—funds raised from sub-divisions in specific catchments and available for roading projects only in the catchment that provide the funds.
- H Harcourt Park maintenance**—funds collected from this activity and only available for approved maintenance purposes in that park.
- I Library and cemetery development**—funds collected for or generated by the specific activity and only available for projects in that activity.
- J Trench resealing levy**—funds collected to ensure the correct re-instatement of trenching work by third parties.
- K Kurth Crescent development levy**—funds to be collected from developers to provide stormwater upgrade in Kurth Crescent.

- L Arts scholarship**—funds collected to provide an annual scholarship.
- M H<sub>2</sub>O plant renewal reserve**—funds allocated from rates to replace/upgrade H<sub>2</sub>O Xtream plant and equipment.
- N Maidstone Park artificial turf renewal**—funds allocated from rates and fees and charges to replace/upgrade the artificial turf.
- O Expressions building extension reserve**—funds received from sponsors conditional on the extension of the Expressions Whirinaki building.

## Other accounts restricted by law

<b>OTHER ACCOUNTS RESTRICTED BY LAW FOR 2019– 2020</b>	<b>ACTIVITIES WHICH THE RESERVE RELATES TO</b>	<b>BALANCE 1 JULY 2019 (\$000)</b>	<b>TRANSFERS INTO FUND (\$000)</b>	<b>TRANSFERS OUT OF FUND (\$000)</b>	<b>BALANCE 30 JUNE 2020 (\$000)</b>
Dog control account	Dogs	0	0	0	0
Water rate account	Water	775	0	(823)	(48)
Water Rate Wellington Water Contingency Reserve	Water	7	0	0	7
Stormwater rate account	Stormwater	2,080	947	(205)	2,822
Stormwater Rate Wellington Water Contingency Reserve	Stormwater	5	0	(5)	0
Wastewater rate account	Wastewater	5,872	709	(390)	6,191
Wastewater Rate Wellington Water Contingency Reserve	Wastewater	201	0	0	201
<b>Closing balance 30 June</b>		<b>8,940</b>	<b>1,656</b>	<b>(1,423)</b>	<b>9,173</b>

<b>OTHER ACCOUNTS RESTRICTED BY LAW FOR 2018– 2019</b>	<b>ACTIVITIES WHICH THE RESERVE RELATES TO</b>	<b>BALANCE 1 JULY 2018 (\$000)</b>	<b>TRANSFERS INTO FUND (\$000)</b>	<b>TRANSFERS OUT OF FUND (\$000)</b>	<b>BALANCE 30 JUNE 2019 (\$000)</b>
Dog control account	Dogs	0	0	0	0
Water rate account	Water	1,378	0	(603)	775
Water Rate Wellington Water Contingency Reserve	Water	50	0	(43)	7
Stormwater rate account	Stormwater	1,545	535	0	2,080
Stormwater Rate Wellington Water Contingency Reserve	Stormwater	40	5	(40)	5
Wastewater rate account	Wastewater	4,785	1,087	0	5,872
Wastewater Rate Wellington Water Contingency Reserve	Wastewater	159	42	0	201
<b>Closing balance 30 June</b>		<b>7,957</b>	<b>1,669</b>	<b>(686)</b>	<b>8,940</b>

## Purpose of each fund

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

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

## 14C Asset revaluation reserves

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

BREAKDOWN OF ASSET REVALUATION RESERVES	ACTUAL PARENT	ACTUAL PARENT	ACTUAL GROUP	ACTUAL GROUP
	30 JUN 2020	30 JUN 2019	30 JUN 2020	30 JUN 2019
	(\$000)	(\$000)	(\$000)	(\$000)
Opening balance 01 July	476,890	469,705	476,915	469,730
Revaluation gains (losses)	44,486	7,705	44,486	7,705
Transfer of revaluation reserve to/from accumulated reserve on disposal of property, plant, and equipment	(234)	(520)	(234)	(520)
<b>Closing balance 30 June</b>	<b>521,142</b>	<b>476,890</b>	<b>521,167</b>	<b>476,915</b>
<b>CONSISTS OF</b>				
General asset revaluation reserve	37,298	37,730	37,323	37,755
Land and street trees asset revaluation reserve	37,982	37,985	37,982	37,985
Roading asset revaluation reserve	129,151	129,165	129,151	129,165
Stormwater asset revaluation reserve	124,927	98,505	124,927	98,505
Hutt Valley Wastewater Scheme revaluation reserve	30,756	28,955	30,756	28,955
Wastewater asset revaluation reserve	88,108	74,345	88,108	74,345
Water asset revaluation reserve	72,920	70,205	79,920	70,205
	<b>521,142</b>	<b>476,890</b>	<b>521,167</b>	<b>476,915</b>

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

	<b>ACTUAL PARENT 30 JUN 2020 (\$000)</b>	<b>ACTUAL PARENT 30 JUN 2019 (\$000)</b>	<b>ACTUAL GROUP 30 JUN 2020 (\$000)</b>	<b>ACTUAL GROUP 30 JUN 2019 (\$000)</b>
<b>BREAKDOWN OF ASSET REVALUATION RESERVES</b>				
Surplus/(deficit) after tax	6,811	(1,388)	6,870	(1,389)
<b>ADD/(LESS) NON-CASH ITEMS</b>				
Depreciation	16,414	14,947	16,427	14,965
Amortisation of intangible	0	4	0	4
Vested assets	(8,716)	(3,528)	(8,716)	(3,528)
Impairment of receivables	52	10	52	10
Loss (profit) on derivative	1,395	1,435	1,395	1,435
Rates remission	241	108	241	108
Potential weathertightness claims	0	(10)	0	(10)
	<b>9,386</b>	<b>12,966</b>	<b>9,399</b>	<b>12,984</b>
<b>ADD/(LESS) ITEMS CLASSIFIED AS INVESTING OR FINANCING ACTIVITIES</b>				
Impairment of investments	35	(4)	35	(4)
Loss on disposal of property, plant and equipment	380	955	380	955
	<b>415</b>	<b>951</b>	<b>415</b>	<b>951</b>
<b>MOVEMENTS IN WORKING CAPITAL ITEMS</b>				
(Increase)/decrease in trade receivable	(1,468)	325	(1,415)	344
(Increase)/decrease in inventories	3	(5)	4	(5)
Increase/(decrease) in trade and other payables	(107)	(712)	(100)	(749)
Increase/(decrease) in employee benefits	305	(1)	299	4
	<b>(1,267)</b>	<b>(393)</b>	<b>(1,232)</b>	<b>(406)</b>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>15,345</b>	<b>12,136</b>	<b>15,452</b>	<b>12,140</b>

## NOTE 16 Contingencies

### Guarantees

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

### Local Government Funding Agency

The Council is a guarantor of the New Zealand Government Funding Agency (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating of Standard and Poor's of AA+. There are 30 local authority shareholders (80%), New Zealand Government (20%), and 22 local authority guarantors of the LGFA.

The uncalled capital of shareholders is \$20 M (2019: \$20 M) and that is available in the event that an imminent default is identified. Also, together with the shareholder's uncalled capital and guarantors, the Council is a guarantor of all of the LGFA's borrowings.

At 30 June 2020, the LGFA had borrowings totalling \$11.908 billion (2019: \$9.531 billion).

Financial reporting standards require the Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- it is not aware of any local authority debt defaults events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligation if further funds were required.

### Unquantified claims

Council has three claims outstanding. Three have proceedings issued on them. (2019: five claims, three proceedings).

### Contingent liabilities

In April 2019 a class action was brought by Paine and others against Carter Holt Harvey (CHH) alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. CHH joined 32 councils as third parties to this claim. To date there have been insufficient details to quantify the Council's potential liability (2019: 1).

## Contingent assets

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

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

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

As at 30 June 2020, there are 33 facilities, having an approximate value of \$7.053 M (2019: 33 facilities—\$6.710 M). This estimate has been based on government valuations for the area.

	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL PARENT 30 JUN 2019 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2019 (\$000)
<b>CONTINGENT LIABILITIES</b>				
Other legal unqualified claims	893	893	893	893
<b>Total contingent liabilities</b>	<b>893</b>	<b>893</b>	<b>893</b>	<b>893</b>

## NOTE 17 Related party transactions

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

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

No provision has been required, nor expense recognised for impairment of receivables for any loans or other receivables to related parties (2019: \$nil).

## 17A Expressions Whirinaki

① During the year Council had the following transactions with Expressions Whirinaki Arts and Entertainment Trust (Expressions Whirinaki).

	ACTUAL 30 JUN 2020 (\$000)	ACTUAL 30 JUN 2019 (\$000)
Grants	672	655
Maintenance Management Fee	22	22
Other	5	5
<b>Total with Expressions Whirinaki</b>	<b>699</b>	<b>682</b>

- ② At year-end 2020, \$47,369 (2019: \$46,468) was owed by Expressions to Council. Also, Council owed \$2,400 to Expressions (2019: \$3,852).
- ③ Council received discounted or free venue hire and related service from the Trust.
- ④ Expressions Whirinaki has entered into a 3-year operating lease with Council for the building that they operate from. The lease agreement expires on 30 June 2021. The lease payments incurred by Expressions Whirinaki for the building are \$1 per annum, which is well below market related rate.
- ⑤ Expressions Whirinaki paid a donation of \$1,233,488 (2019: \$315,809) to Council for the specific purpose of contributing towards the upgrade of the Expressions Whirinaki facility. A further \$1,280,164 was received from the Ministry for Culture & Heritage (MCH) for the upgrade. An amount of \$0 (2019: \$200,000) is for the naming rights sponsorship for the new heritage gallery.

## 17B Related parties

	ACTUAL PARENT 30 JUN 2020 (\$)	ACTUAL PARENT 30 JUN 2019 (\$)	ACTUAL GROUP 30 JUN 2020 (\$)	ACTUAL GROUP 30 JUN 2019 (\$)
Upper Hutt Concert Grand Piano Trust (Net)	0	0	3,200	3,200
<b>Total</b>	<b>0</b>	<b>0</b>	<b>3,200</b>	<b>3,200</b>

Key management personnel include the Mayor, Councillors, Chief Executive, and Departmental Directors.

Close family members of key management personnel are employed by Council. The terms and conditions of those arrangements are no more favourable than Council would have adopted if there was no relationship to key management personnel. During the year Councillors and Senior Management, as part of a normal customer relationship were involved in minor transactions with the Council (such as payment of rates etc.). The total paid out in 2020 was \$nil (2019: \$nil). The group was \$nil (2019: \$nil).

There was no related party transactions by senior staff for this year for Expressions (2019: \$nil).

Expressions paid piano rental of \$3,200 (2019: \$3,200) to the Upper Hutt Concert Grand Piano Trust, well below normal market rates, and provided the Upper Hutt Concert Piano Trust with free event hire.

## 17C Key management personnel compensation

	ACTUAL PARENT 30 JUN 2020	ACTUAL PARENT 30 JUN 2019	ACTUAL GROUP 30 JUN 2020	ACTUAL GROUP 30 JUN 2019
The Mayor and Councillors				
Remuneration	\$535,939	\$479,982	\$535,939	\$479,982
Full-time equivalent members	11	11	11	11
Senior Management Team, including the Chief Executive				
Remuneration	\$1,349,671	\$1,330,856	\$1,456,109	\$1,435,002
Full-time equivalent members	7	7	8	8
<b>Total key management personnel compensation</b>	<b>\$1,885,610</b>	<b>\$1,810,838</b>	<b>\$1,992,048</b>	<b>\$1,914,984</b>
<b>Total full-time equivalent personnel</b>	<b>18</b>	<b>18</b>	<b>19</b>	<b>19</b>

## 17D Hutt Valley Youth Health Trust

Council and Hutt City Council appoint all seven Hutt Valley Youth Health Trust trustees and thus under section 6 of the Local Government Act 2002, the trust is classified as a Council Controlled Organisation. Other than its role in the appointment of trustees Council does not have influence over the operations of the trust nor does it provide funding. Council does not require any form of accountability from the trust.

## NOTE 18 Explanations of major variances against budget

The following are explanations for major variations from 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 \$1.980 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 in 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.

## NOTE 19 Discontinued activities

2020 nil (2019: nil)

## NOTE 20 Post balance date events

The following events that took place subsequent to balance date have had no impact on the financial statements.

### GOVERNMENT ANNOUNCEMENT OF FUNDING OF SHOVEL-READY PROJECTS

In April 2020 Council submitted a list of projects for consideration of government shovel-ready funding. In August 2020 the government announced funding of shovel-ready for the Upper Hutt Sports Hub totalling \$12 M (excluding GST).

### WATER REFORM

In July 2020, the Government announced funding to provide immediate post-COVID-19 stimulus to maintain and improve water networks infrastructure, and to support a three-year programme of reform of local government water services delivery arrangements. The reform programme is designed to support economic recovery post COVID-19 and address persistent systemic issues facing the three waters sector, through a combination of:

- stimulating investment, to assist economic recovery through job creation, and maintain investment in water infrastructure renewals and maintenance; and
- reforming current water service delivery, into larger scale providers, to realise significant economic, public health, environmental, and other benefits over the medium to long term.

Council signed the Memorandum of Understanding and the Three Waters Stimulus Funding Agreement and received total funding of \$2.35 M (excluding GST).

# Funding impact statement (\$'000)

Funding impact statement for 30 June 2020 for **all of Council** (See pages 18 – 67 for individual activity statements).

	2018 – 2019 LTP Y1	2018 – 2019 AR	2019 – 2020 AP	2019 – 2020 ACTUAL
<b>SOURCES OF OPERATING FUNDING</b>				
General rates, uniform annual general charges, rates penalties	25,517	24,547	27,222	26,711
Targeted rates	15,372	15,460	15,540	15,670
Subsidies and grants for operating purposes	1,716	769	1,847	679
Fees, charges	7,766	7,421	10,032	9,129
Interest and dividends from investments	374	411	326	351
Local authority fuel tax, fines, infringement fees, and other receipts	1,312	413	427	414
<b>Total operating funding (A)</b>	<b>52,057</b>	<b>49,022</b>	<b>55,394</b>	<b>52,954</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>				
Payments to staff and suppliers	41,518	39,809	44,430	42,655
Finance costs	2,044	1,529	2,541	1,763
Other operating funding applications	12	0	38	0
<b>Total applications of operating funding (B)</b>	<b>43,574</b>	<b>41,338</b>	<b>47,009</b>	<b>44,418</b>
<b>Surplus (deficit) of operating funding (A – B)</b>	<b>8,483</b>	<b>7,684</b>	<b>8,385</b>	<b>8,536</b>
<b>SOURCES OF CAPITAL FUNDING</b>				
Subsidies and grants for capital expenditure	1,990	2,827	5,557	4,932
Development and financial contributions	218	1,958	1,868	2,149
Increase(decrease) in debt	10,325	6,500	19,104	6,000
Gross proceeds from sale of assets	2,200	0	1,713	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>14,733</b>	<b>11,285</b>	<b>28,242</b>	<b>13,081</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>				
Capital expenditure				
to meet additional demand	4,260	1,850	10,968	5,771
to improve the level of service	8,899	5,152	17,691	7,755
to replace existing assets	8,248	7,133	6,826	5,701
Increase (decrease) in reserves	1,435	2,052	816	1,765
Increase (decrease) of investments	374	2,782	326	625
<b>Total applications of capital funding (D)</b>	<b>23,216</b>	<b>18,969</b>	<b>36,627</b>	<b>21,617</b>
<b>Surplus (deficit) of capital funding (C – D)</b>	<b>(8,483)</b>	<b>(7,684)</b>	<b>(8,385)</b>	<b>(8,536)</b>
<b>FUNDING BALANCE ((A – B) + (C – D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# Funding policy statement

SIGNIFICANT ACTIVITY	GENERAL RATES		SEPARATE RATES		USER CONTRIBUTIONS, SUBSIDIES, LOANS, SPECIAL FUNDS, AND OTHER SOURCES	
	POLICY	ACTUAL	POLICY	ACTUAL	POLICY	ACTUAL
Leadership	90% – 100%	97%			0% – 10%	3%
Land Transport	37% – 70%	55%			30% – 60%	45%
Water Supply			70% – 82%	71%	20% – 30%	29%
Wastewater <sup>28</sup>			90% – 100%	82%	0% – 10%	18%
Stormwater <sup>28</sup>			90% – 100%	44%	0% – 10%	56%
Sustainability <sup>29</sup>	0% – 100%	-7%			0% – 100%	107%
Planning and Regulatory Services						
City Planning <sup>30</sup>	65% – 90%	44%			10% – 35%	56%
Building and Compliance Services						
Dog Control	0% – 25%	3%			75% – 100%	97%
Building Control	0% – 40%	28%			60% – 100%	72%
Environmental Health	70% – 90%	80%			10% – 25%	20%
Parking Enforcement	0% – 15%	14%			85% – 100%	86%
Liquor Licensing	0% – 45%	43%			55% – 100%	57%
Community and recreation						
Community Development	0% – 100%	96%			0 – 100%	4%
Activation <sup>31</sup>	0% – 100%	81%			20% – 86%	19%
Emergency Management <sup>32</sup>	85% – 100%	68%			0% – 15%	32%
Parks and Reserves <sup>33</sup>	80% – 100%	44%			0% – 20%	56%
H <sub>2</sub> O Xtream	60% – 100%	70%			0% – 40%	30%
Library	85% – 100%	91%			0% – 15%	9%
Expressions <sup>34</sup>	0% – 100%	25%			0% – 100%	75%
Property	0% – 100%	64%			0% – 100%	36%
Akatarawa Cemetery <sup>35</sup>	0% – 40%	-13%			0% – 100%	113%
Economic Development <sup>33</sup>	95% – 100%	79%			0% – 5%	21%

28. An higher than expected recovery from GWRC has resulted in a lower funding needed from targeted rates.

29. Additional landfill revenue from Hutt City Council resulted in a surplus funding for this activity and no funding required from general rates.

30. An higher than expected revenue from 'other grants' has resulted in a lower funding needed from general rates.

31. Lower income from sports events resulted in the funding shortfall being funded by rates.

32. Additional revenue from 'NEMA Reimbursement COVID19' has resulted in a lower funding needed from general rates.

33. Increase in loan funding reduced the rate funding requirement.

34. Grants received for the extention of Expressions Whirinaki reduced the rate funding requirement.

35. Additional revenue from external contributions resulted in a surplus funding for this activity and no funding required from general rates.

# Schedule 5—Annual report disclosure statement

Annual report disclosure statement for year ending 30 June 2020

## What is the purpose of this statement?

The purpose of this statement is to disclose Council’s financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenue, expenses, assets, liabilities, and general financial dealings.

Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations Act 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in the statement.

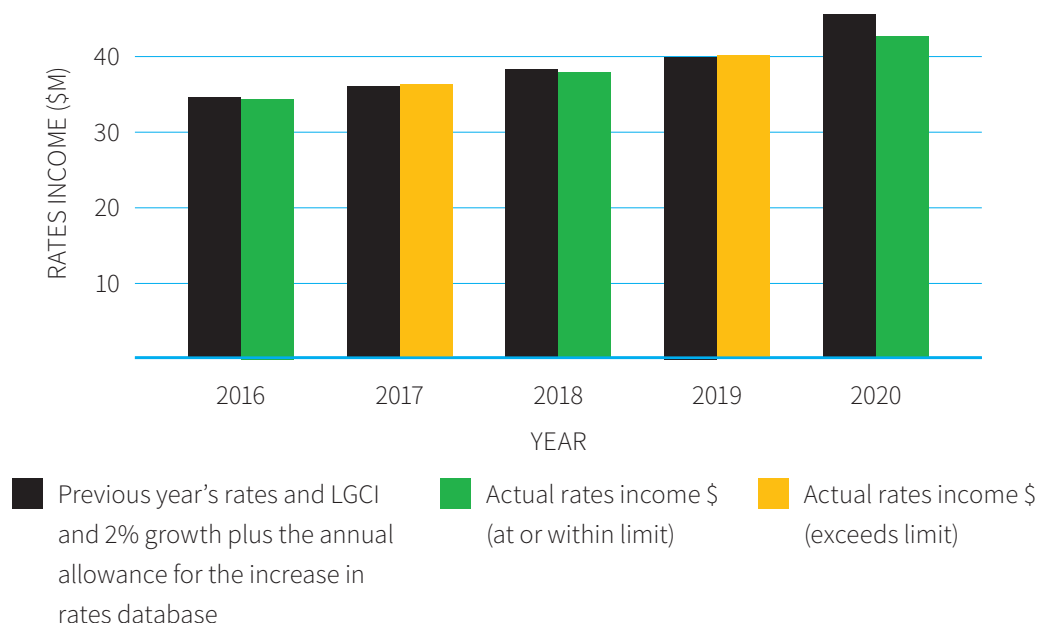
## Rates affordability benchmark

The council meets the rates affordability benchmark if:

- its planned rates income equals or is less than each quantified limit on rates; and
- its planned rates increases equal or are less than each quantified limit on rates increases.

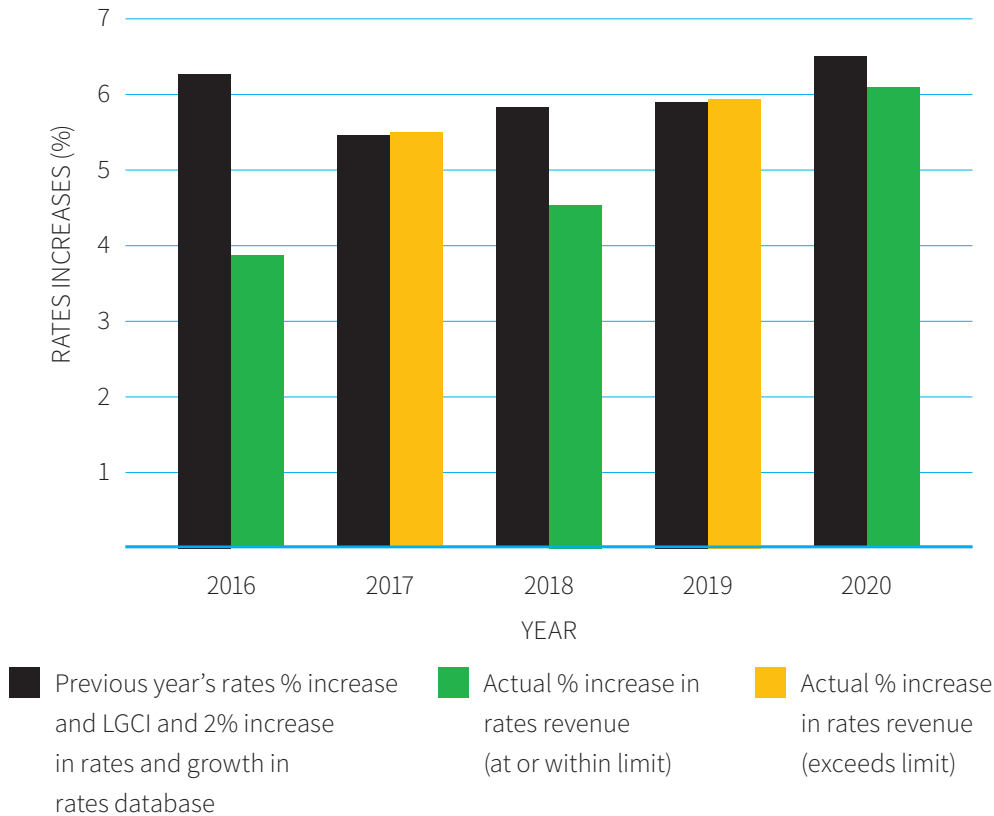
## Rates (income) affordability

The following graph compares Council’s actual rates with a quantified limit on rates contained in the financial strategy included in the Long Term Plan 2018 – 2028 (LTP). The quantified limit is the previous year’s planned rates, plus the Local Government Cost Index (LGCI) annual average percentage change (as provided by Business and Economic Research (BERL) plus 2% growth to the actual rates increases in dollar terms, plus the annual allowance of growth in the rates database.



## Rates (increases) affordability

The following graph compares Council's actual rates increases with a quantified limit on previous year planned rates increases contained in the financial strategy included in the LTP. The quantified limit is Local Government Cost Index (LGCI) annual average percent change as provided by BERL plus 2% increase in rates to the proposed rates increases in percentage terms and growth in the rates database.



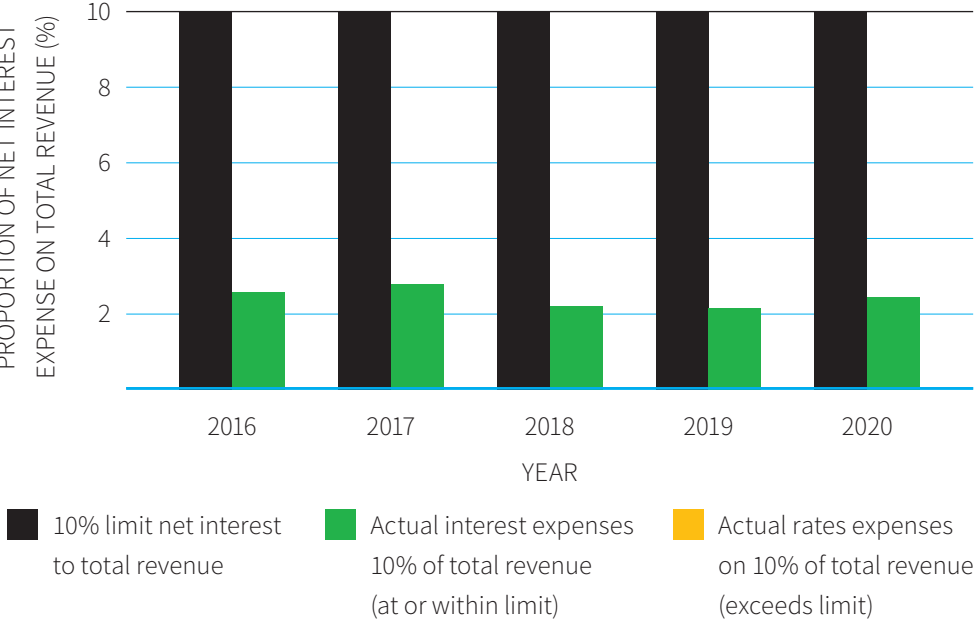
## Debt affordability benchmark

The council meets the debt affordability benchmark if its actual borrowing is within the following limits on borrowing:

- ⦿ Net interest expense over total revenue will not exceed 10%
- ⦿ Net interest expense over annual rates will not exceed 15%
- ⦿ Net debt over total revenue will not exceed 175% of total revenue (previously 140% and 150%)
- ⦿ External public debt per capita will not exceed \$3,000 adjusted by the LCGI
- ⦿ Liquidity (external, term debt + committed loan facilities + available liquid investment to existing external debt) will exceed 110%

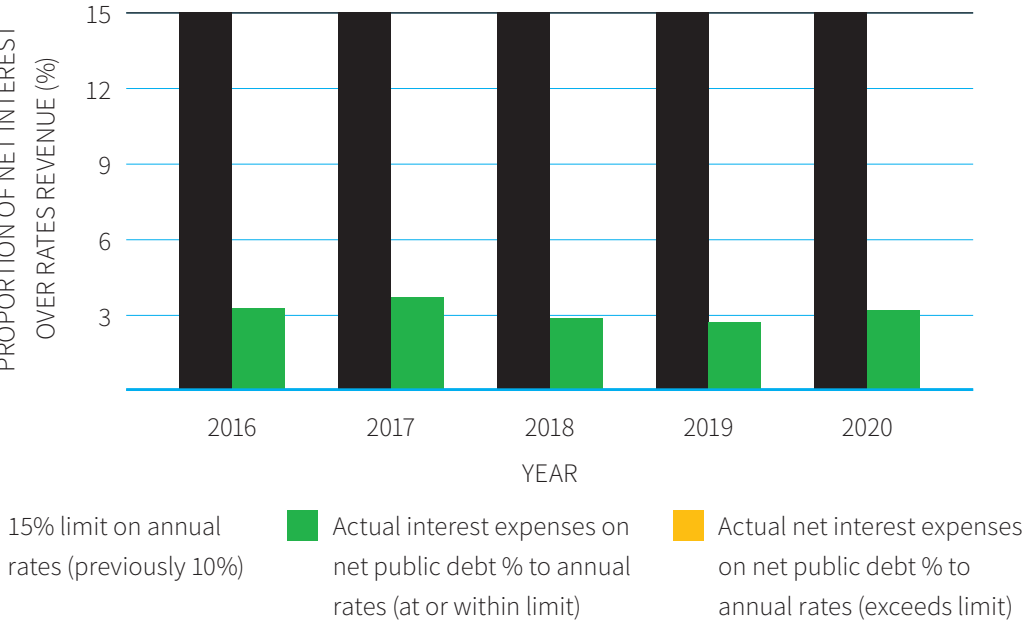
The following graph compares Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the LTP. The quantified limit is interest expense over total revenue and will not exceed 10% of the total revenue.

**NET INTEREST EXPENSES WILL NOT EXCEED 10% OF TOTAL REVENUE**



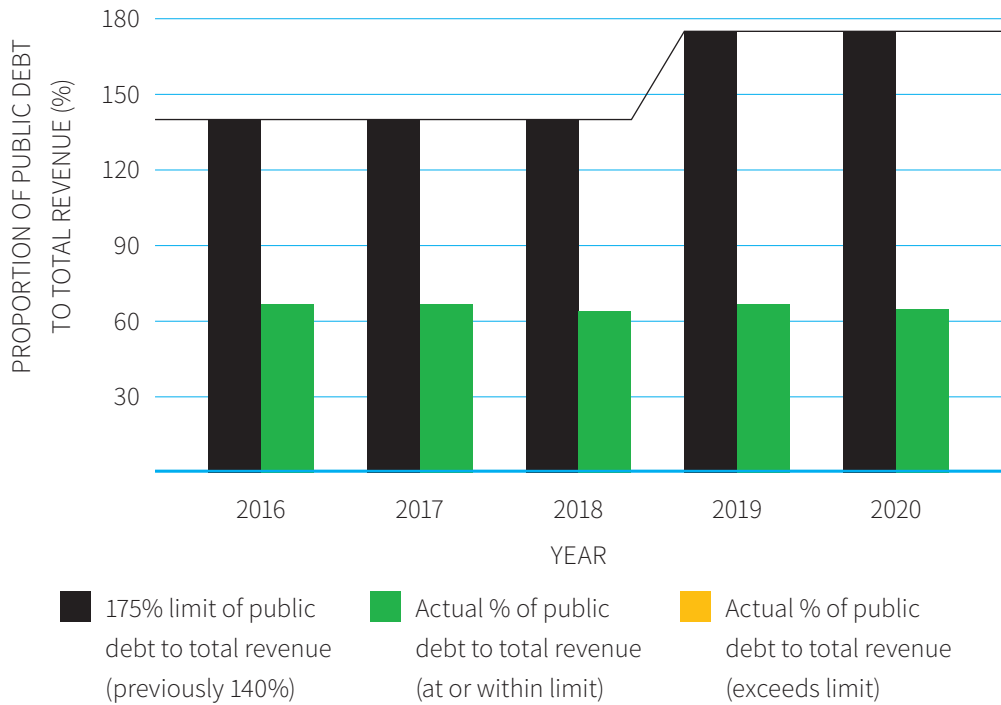
The following graph compares Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the LTP. The quantified limit is interest expense on public debt will not exceed 15% of the annual rates revenue. Previously this limit was 10%.

**NET INTEREST EXPENSES WILL NOT EXCEED 15% OF ANNUAL RATES REVENUE**



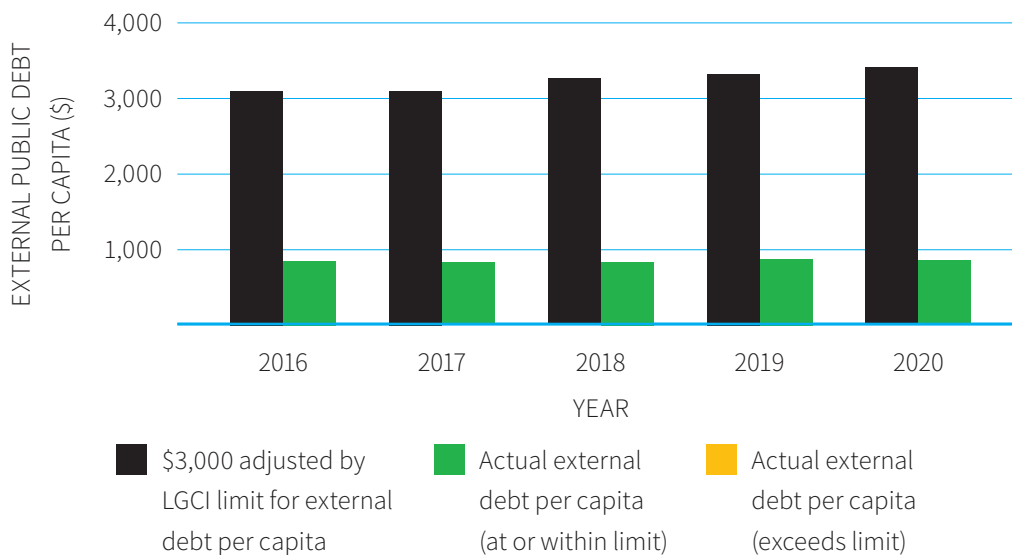
The following graph compares Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the LTP. The quantified limit is net external public debt will not exceed 175% of annual rates and levies. Previously this limit was 140%. In the Long Term Plan 2018 – 2028 Council approved a limit of 175%.

### NET EXTERNAL DEBT WILL NOT EXCEED 175% OF TOTAL REVENUE



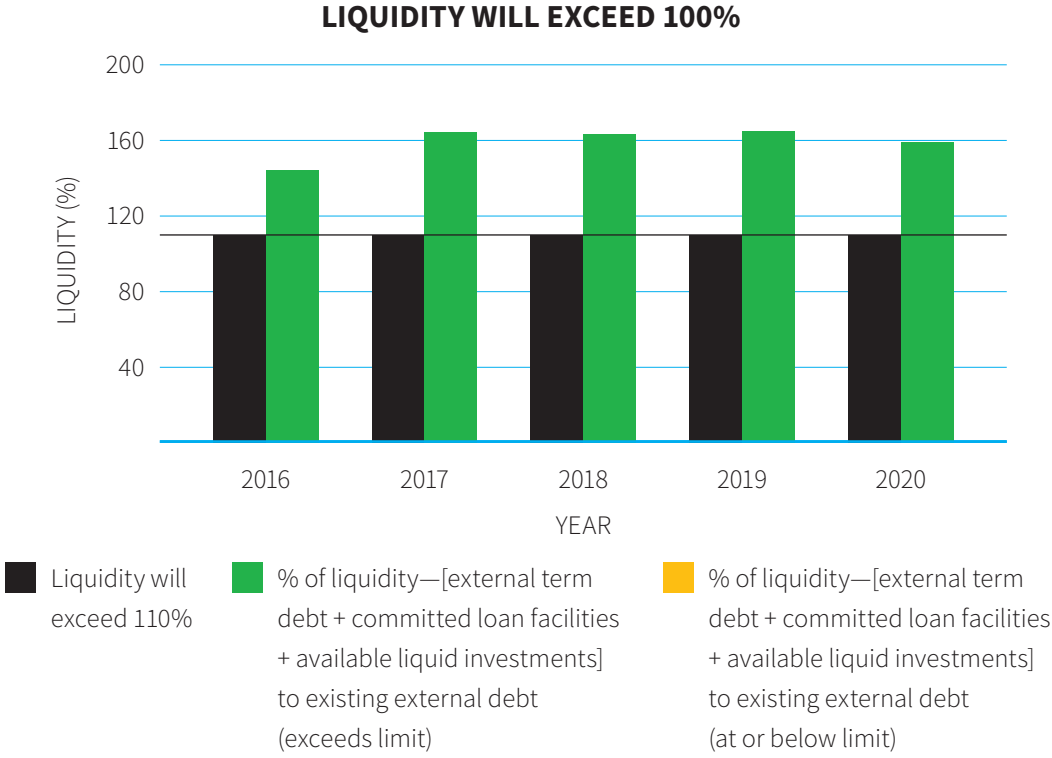
The following graph compares Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in LTP. The quantified limit is external public debt per capita in LTP will not exceed \$3,000 adjusted by the LGCI.

### EXTERNAL PUBLIC DEBT PER CAPITA WILL NOT EXCEED \$3,000 ADJUSTED BY THE LGCI



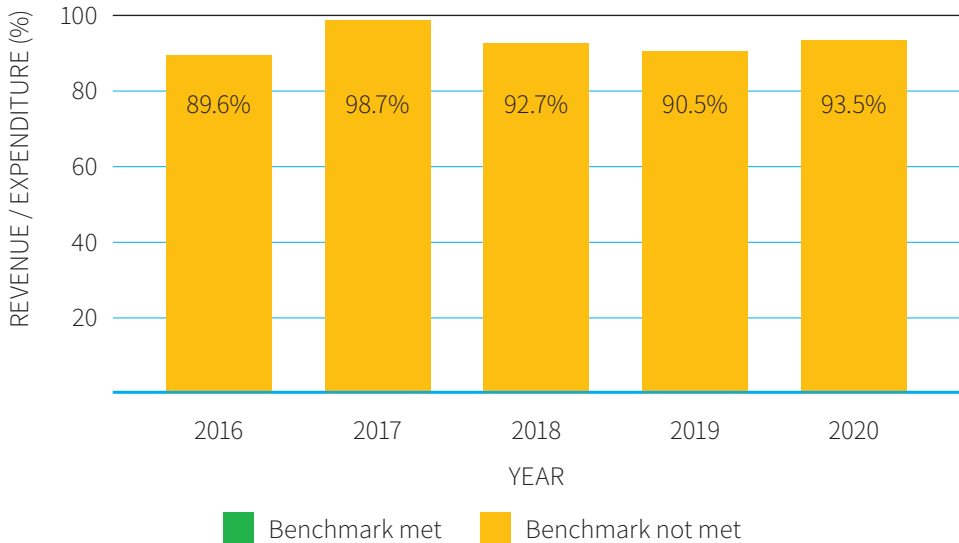


The following graph compares Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the LTP. The quantified limit is liquidity (external term debt + committed loan facilities + available liquid investments to existing external debt) will exceed 110%.



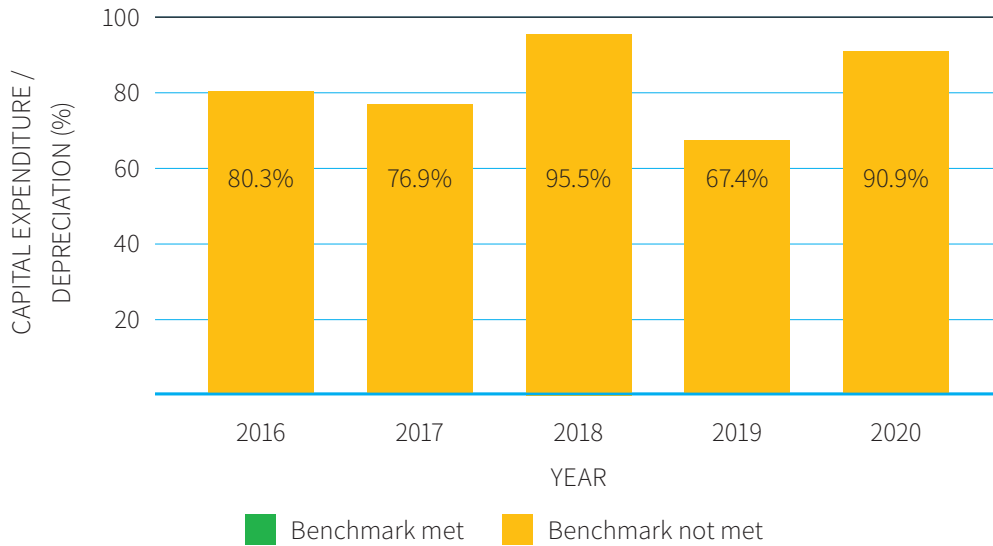
## Balanced budget benchmark

The following graph displays Council’s planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of actual operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, and equipment). Council meets this balanced budget benchmark if its revenue equals or is greater than its operating expenses.



## Essential services benchmark

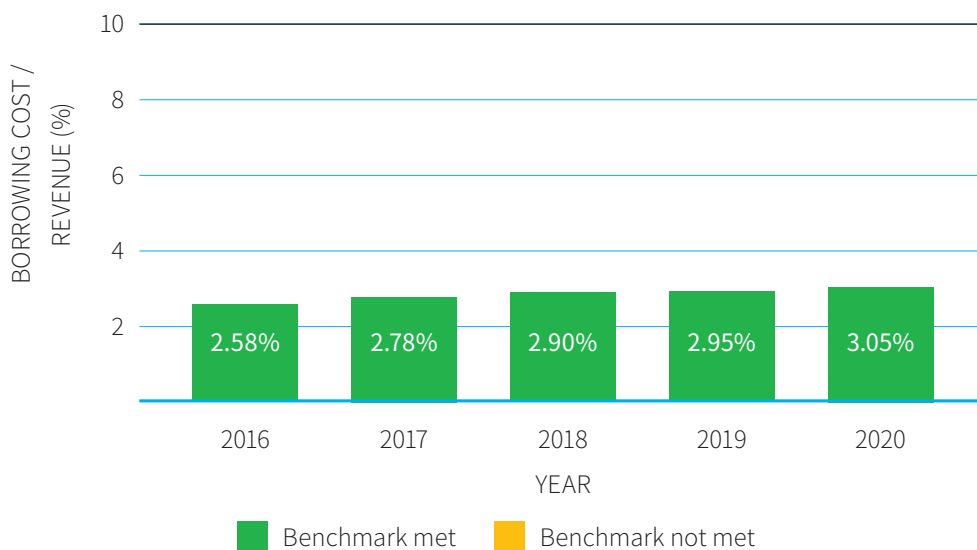
The following graph displays Council's capital expenditure on network services as a proportion of depreciation on network services. Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



## Debt servicing benchmark

The following graph displays Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, and equipment).

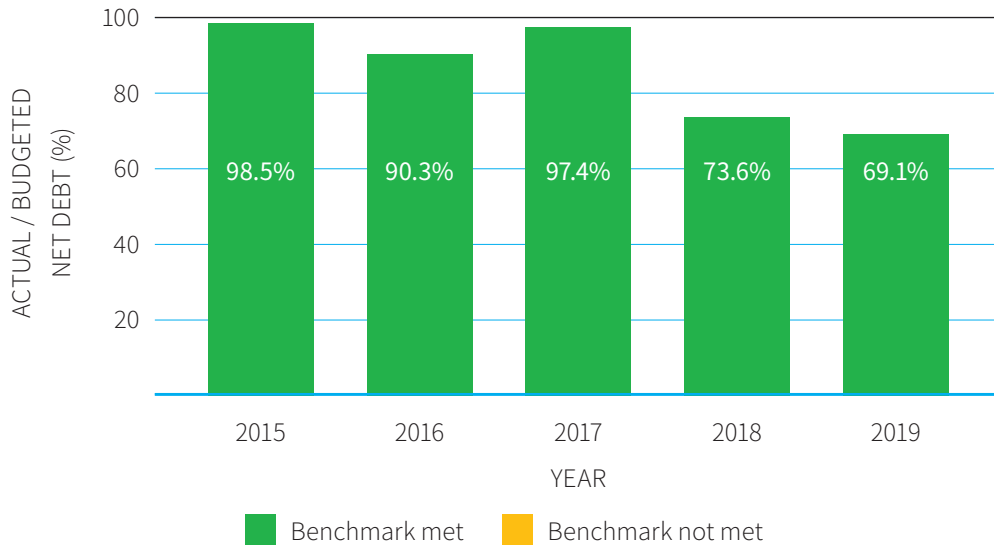
Because Statistics New Zealand projects Council's population will grow as fast as the national population is projected to grow, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



## Debt control benchmark

The following graph displays Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

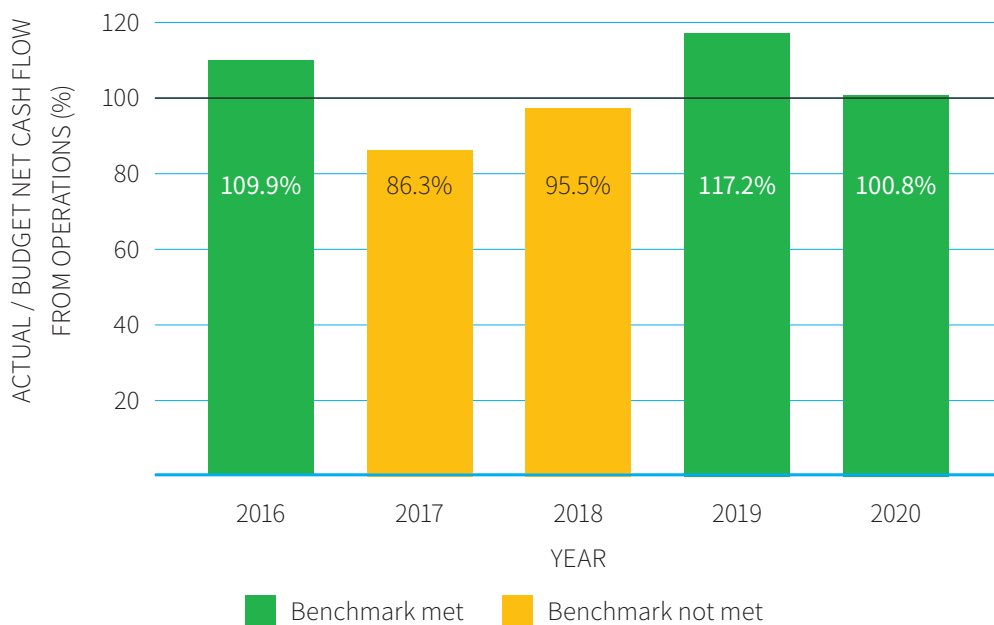
Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



## Operations control benchmark

This graph displays Council's actual net cash flow from operations as a proportion of the planned net cash flow from operations.

Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



# 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**

P Kelly

**TE TUMU WHAKARAE | CHIEF EXECUTIVE**

J Fink

**CHIEF FINANCIAL OFFICER**

# Further disclosure on three waters performance

Wellington Water Limited (WWL) have not been able to verify their results on some DIA mandatory measures to the auditor's standards, which equate to 13 measures in this Annual Report. As our service provider for the three waters (water supply, wastewater, and stormwater) in Upper Hutt, we have asked WWL to provide indications of remedial actions they will undertake to assure reliable reporting in the future.

## ISSUE

## PROPOSED REMEDIAL ACTION

### 1 Dry weather wastewater overflows (performance measure 43—page 78)

The original methodology Wellington Water applied to generate results did not follow DIA guidelines. We are confident the numbers reported using the new methodology fairly represent the number of overflow events. The criteria applied to determine the number of events included a multi-word search which did not rely on identifying the word "blockages" in isolation. Removing events that included the work blockages from the current results would result in under-reporting of these events. The target is zero for this measure and regardless of methodology, the number of events would result in hundreds of events.

Wellington Water will review and improve the methodology to improve the accuracy and reliability of results, this will include:

- Staff training to ensure wide understanding of the definition of dry weather overflow as "wastewater spilling to the surface"
- Updating field crew job requirements to include a mandatory step of confirming the overflow event by taking a photograph of the job site

### 2 Water loss and demand management (performance measures 35 and 41—pages 76 and 77)

Wellington Water's ability to report is impacted by low meter coverage. In the absence of meters across the Wellington region Wellington Water will continue to apply the current Benchloss methodology to calculate water loss. With the exception of Greater Wellington Regional Council and South Wairarapa District Council the regional result (19%) rather than council specific results are reporting for each council with a confidence interval of between 7% and 32%.

This end of year result is reported as a mean regional water loss percentage with a 95% confidence interval of between 7% and 32%. It is produced using an updated statistical methodology that aligns with the "Benchloss approach" described in the Water New Zealand Loss Guidelines and meets the requirements of the Non-Financial Performance Measure Rules 2013 specified by DIA. Reporting this result is more accurate as a regional percentage until more data is available to support this measure at a Council level.

### 3 Fault response times (performance measures 36, 37, 38, 39, 48, 49, and 57—pages 76, 77, 78, and 79)

**A Attendance times:** Wellington Water records for attendance were insufficient to enable results. Particularly in Quarter 1, to be verified. By applying E-Road geo-spatial data we can confirm 75% of attendance by matching the presence of one of our vehicles to address in the service request records.

Better recording and reporting of performance will be achieved through a number of activities as part of a wider programme of improvements and development of a more robust performance framework. Specific activities will include: Staff training for field crews and their supervisor; Continuing to match vehicle attendance using the E-Road data.

**B Resolution times:** Wellington Water could not independently verify fault resolution response times. Our proposed method of corroborating the data by matching timesheets to job sheets did not support sufficient data being available to match.

Internal system and/or manual controls will be built into the service request workflow to enable results to be certified. In practice this means implementing checking procedures to certify all urgent service requests on a daily basis and all non-urgent service requests will be checked on a sample basis as part of a wider internal audit programme. Next steps:

- Design and implement procedures for manual checking of results for all urgent service requests on a daily basis
- Design and implement an internal audit programme including routine quality assurance checks for all non-urgent service requests
- Conduct staff training for supervisors

### 4 Customer complaints (performance measures 40, 50, and 58—pages 77, 78, and 79)

Customer complaints reported through councils and Palmerston North City Council (PNCC) after hours contact centre were under reported.

We will work with the councils and PNCC to review and improve the complaint reporting procedures.

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



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# Our mayor and councillors



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 Executive support



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 KAIHAUTŪ RATONGA PĀPORI  
 DIRECTOR COMMUNITY SERVICES  
 Community development  
 Upper Hutt City Libraries  
 Expressions Whirinaki  
 Recreation services  
 H<sub>2</sub>O Xstream



**Richard Harbord**, KAIHAUTŪ RATONGA  
 WHAKAMAHERE ME TE WHAKARITERITE  
 DIRECTOR PLANNING AND REGULATORY SERVICES  
 Building control, consents, and compliance  
 Emergency response and management  
 Resource consents and compliance  
 Urban and rural planning  
 Environmental health  
 Parking enforcement  
 Liquor licensing  
 Animal control



**Julia Fink**, KAIHAUTŪ RATONGA RANGATŌPŪ  
 CHIEF FINANCIAL OFFICER—FINANCE, RISK,  
 AND DIGITAL SOLUTIONS  
 Digital and information solutions  
 Legal services  
 Insurances  
 Finance



**Geoff Swainson**, KAIHAUTŪ TAI AO  
 DIRECTOR ASSET MANAGEMENT AND OPERATIONS  
 Water supply, wastewater, stormwater  
 Solid waste and waste minimisation  
 Land development and engineering  
 Roads, footpaths, street lights  
 Asset management  
 Parks and reserves  
 Fleet management  
 Civil Defence  
 Property



**Sandra Stokes**,  
 KAIHAUTŪ PŪMANAWA TANGATA  
 MANAGER PERFORMANCE AND CAPABILITY  
 Human Resources  
 Health and safety  
 Recruitment



**Vibhuti Chopra**, KAIHAUTŪ RAUTAKI,  
 KŌTUITUI TANGATA, WHAKAWHANAKE Ā-IWI  
 DIRECTOR STRATEGY, PARTNERSHIPS, AND GROWTH  
 Communications and engagement  
 Corporate planning and reporting  
 Takawaenga kaupapa Māori  
 Marketing and promotions  
 Economic development  
 Democratic services  
 Strategy and policy  
 Customer service  
 Sustainability



# Independent auditor's report

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

The Auditor-General is the auditor of Upper Hutt City Council (the City Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Andrew Clark, using the staff and resources of Audit New Zealand, to report on the information in the City Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the City Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the City Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 21 December 2020. This is the date on which we give our report.

## Opinion

### Unmodified opinion on the audited information, excluding the statement of service provision

In our opinion:

- the financial statements on pages 86 to 160:
  - present fairly, in all material respects:
    - the City Council and Group's financial position as at 30 June 2020;
    - the results of the operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;

- the funding impact statement on page 161, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's Annual Plan.
- the statement about capital expenditure for each group of activities on pages 18 to 67 presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council's Annual Plan; and
- the funding impact statement for each group of activities on pages 18 to 67 presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the City Council's Long-term plan.

## Qualified opinion on the statement of service provision

In our opinion, except for the possible effects of the matters described in the Basis for our qualified opinion section of our report, the statement of service provision on pages 69 to 81, and 171:

- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2020, including:
  - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
  - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand.

## REPORT ON THE DISCLOSURE REQUIREMENTS

We report that the City Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 163 to 169, which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council's audited information and, where applicable, the City Council's Long-term plan and annual plans.

## 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.

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the audited information.

## Emphasis of matter – Impact of COVID-19

Without further modifying our opinion, we draw attention to the disclosures about the impact of COVID-19 on the City Council as set out in note 1 to the financial statements and pages 10 and 11 of the statement of service provision.

## Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the City Council and the Group or there is no realistic alternative but to do so.

## Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists.

Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error.

Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the City Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ◉ We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City Council and Group’s internal control.
- ◉ We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- ◉ We determine the appropriateness of the reported intended levels of service in the statement of service provision, as a reasonable basis for assessing the levels of service achieved and reported by the City Council.
- ◉ We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the City Council and Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the City Council and the Group to cease to continue as a going concern.
- ◉ We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- ◉ We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 3 to 174, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# Independence

We are independent of the City Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit of the audited information and our report on the disclosure requirements, 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 or its subsidiary and controlled entities.

A handwritten signature in blue ink that reads "Andrew Clark". The signature is written in a cursive style and is positioned above the printed name.

**Andrew Clark**

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand