



Pūrongo ā-Tau | 2020 – 2021 Annual Report



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Nau mai | Welcome

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

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

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

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

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

Kia kaha tonu mai tātou kia eke panuku.



Wayne Guppy
KOROMATUA | MAYOR

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

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

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

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

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

Let's keep building on this success.



Peter Kelly
TE TUMU WHAKARAE | CHIEF EXECUTIVE






Tō tātou whāinga | Our vision

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

Mouri tū. *Mouri ora!*

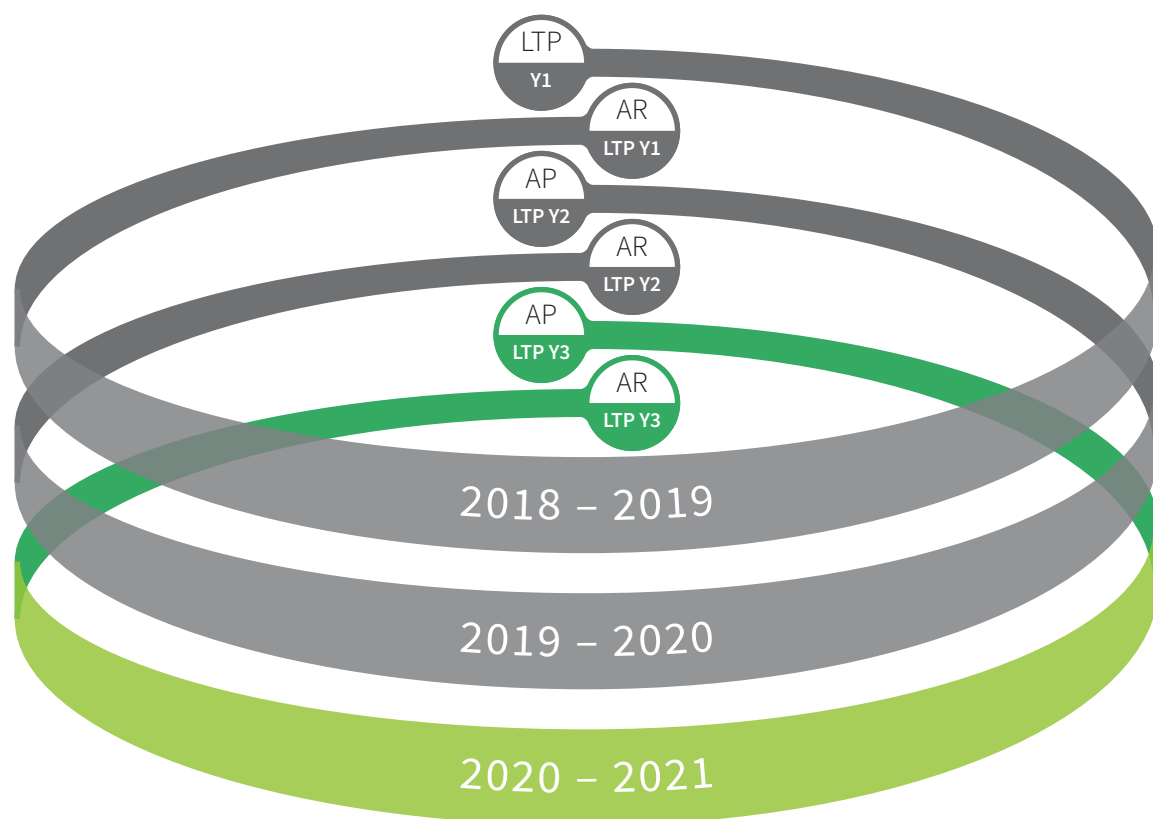
LIFE. LEISURE. *LIVE IT!*

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

HAPORI Community	TAIAO Environment	TE MANAWA City Centre	ŌHANGA Economy	TŪĀPAPA Infrastructure
We celebrate our heritage, culture, heroes, and uniqueness. We're a caring, safe and healthy community.	We're immersed in natural beauty, we love our river, our stunning parks, and we feel alive in our great outdoors.	Our city centre is alive, attractive, and vibrant.	We attract new investment and offer opportunities for people and businesses to prosper.	Built on stable foundations, we have reliable and efficient networks, supporting growth opportunities.
				
We're Upper Hutt We're family.	We're Upper Hutt We're a scenic playground.	We're Upper Hutt We're a centre for opportunity.	We're Upper Hutt We're enabling growth and success.	We're Upper Hutt We're connected.

Whakamāramatanga | About the Annual Report

The purpose of the Annual Report is to communicate information about our nine activities, services, and financials; and to compare actuals with what was planned for the 2020 – 2021 financial year.



This report is grouped into four sections

OVERVIEW

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

ACTIVITIES

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

PERFORMANCE

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

FINANCIALS

This section sets out our financial statements in detail.

Whakarāpopototanga | Overview

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



202,463 VISITS TO UPPER HUTT LIBRARIES



185,991 VISITS TO H₂O XTREAM



152,502 VISITS TO WHIRINAKI WHARE TAONGA



70,910 m² ROADS



TOTAL INCOME
(\$68 M budgeted)

14
PUBLIC PROGRAMMES



Whirinaki Whare Taonga

13
EXHIBITIONS



Whirinaki Whare Taonga



TOTAL SPEND
(\$66 M budgeted)

19
14

YOUTH

Assisted into higher education

Assisted into employment

10


Public consultations & engagements

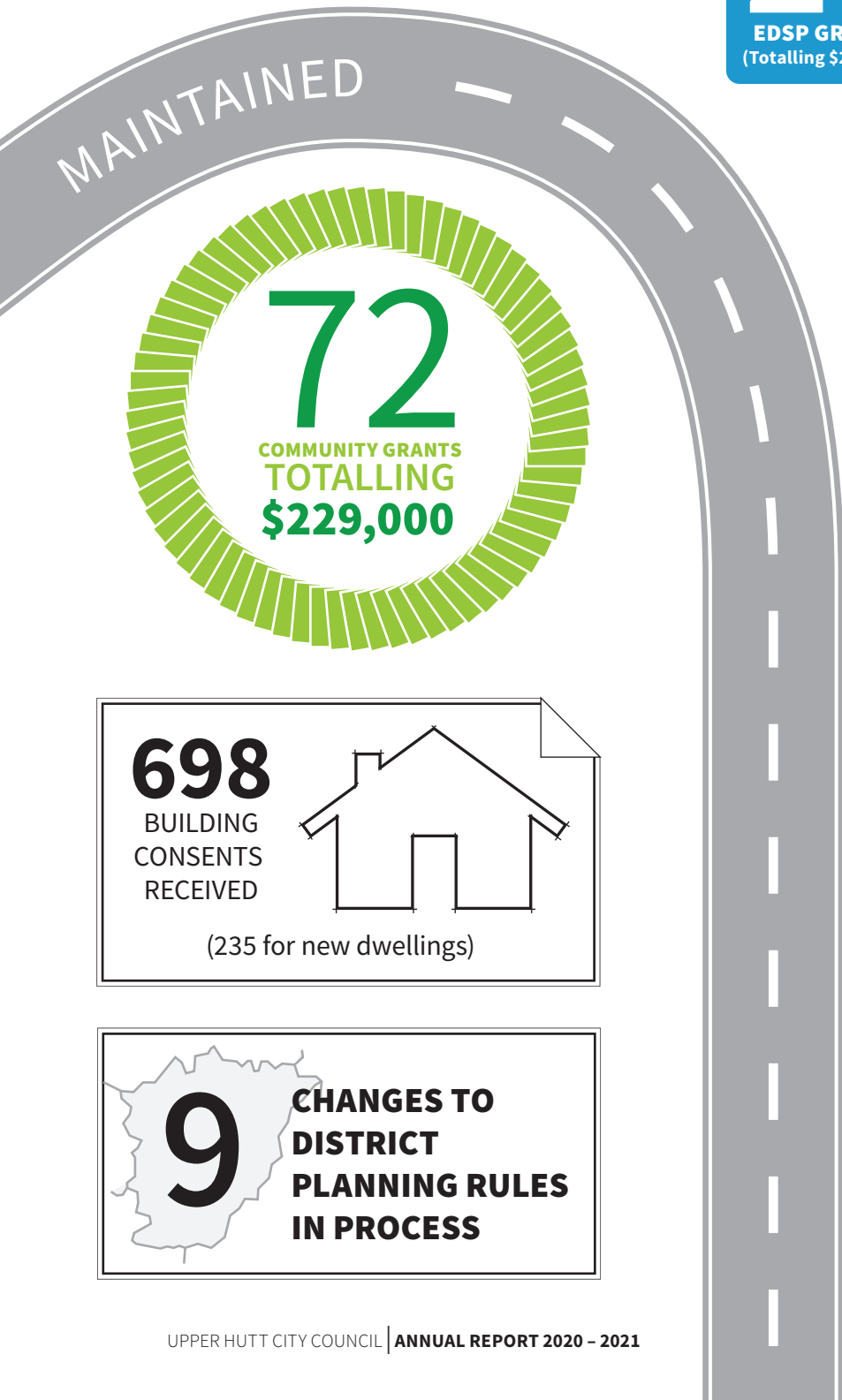
189
RESOURCE
CONSENTS
ISSUED

1,111

COMMUNITY PROGRAMMES RUN
AT UPPER HUTT LIBRARIES

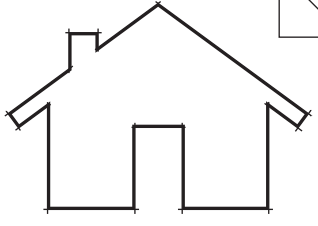
615 CODE OF COMPLIANCES
ISSUED



24 
EDSP GRANTS
(Totalling \$252,000)



72
COMMUNITY GRANTS
TOTALLING
\$229,000

3 PLAYGROUND UPGRADES


698
BUILDING
CONSENTS
RECEIVED

(235 for new dwellings)

9 CHANGES TO
DISTRICT
PLANNING RULES
IN PROCESS


375,490
BOOKS
AND OTHER
ITEMS
BORROWED


777.5
TONNES
recycled from
**Park Street
Recycling Station**

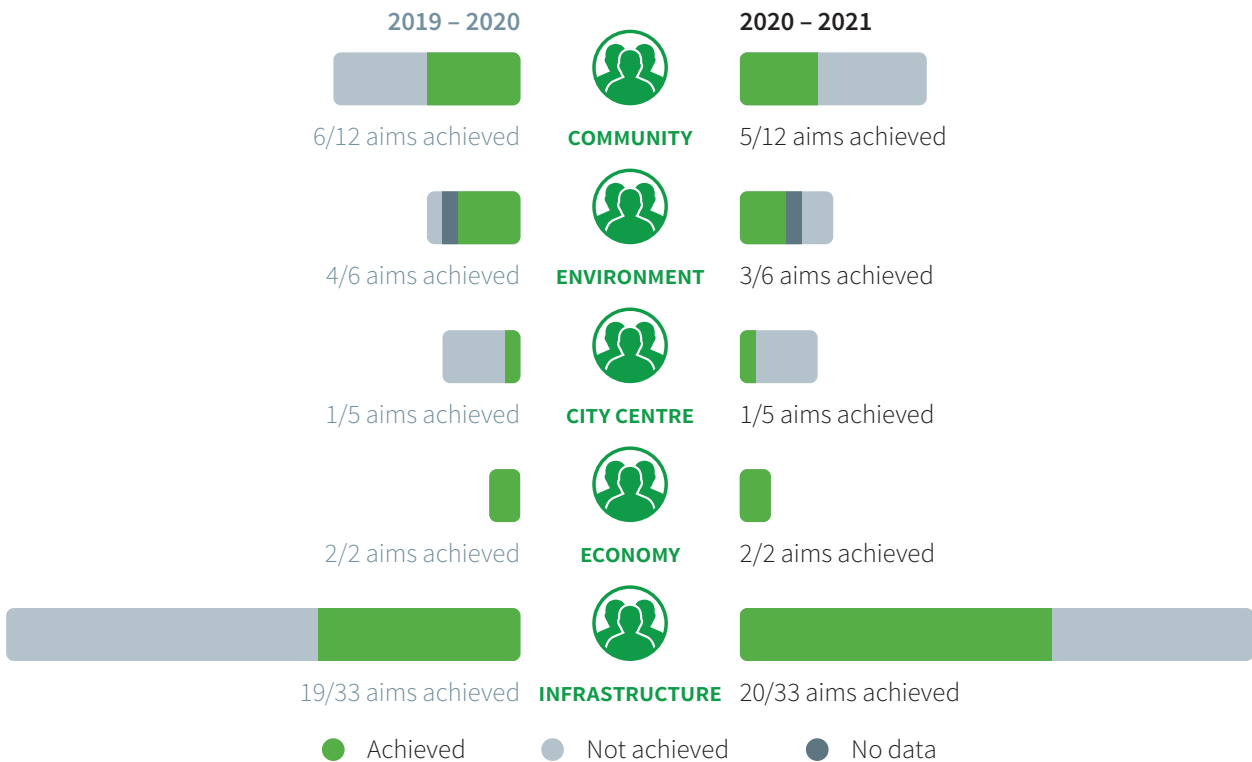

Everything we do for our community falls under five strategic priority areas:
COMMUNITY, ENVIRONMENT, CITY CENTRE, ECONOMY, AND INFRASTRUCTURE

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

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

Performance under our community outcomes

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



Community

Throughout the year the COVID-19 pandemic still played a significant role in the reduction of visitors at our major public facilities, specifically H2O Xtream and Upper Hutt Libraries. However, compared to this time last year attendance numbers were up. Digital connections to library platforms have increased, and aims related to physical attendance at facilities and events have not been met due to restrictions put in place during lockdowns.

Environment

As a community we continue to divert more recyclable materials from landfill evidenced by an increase in usage of the recycling drop-off station and comments from residents in the Community Survey. Usage of our parks remains high however the satisfaction of our public parks have reduced and comments in the Resident Satisfaction Survey relate this to the quality of our sports grounds despite the recent upgrade to Maidstone Park.

City Centre

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

Economy

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

Infrastructure

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

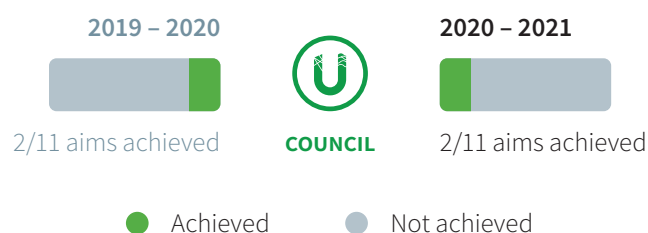
Road safety improved this year compared to last year with a drop in the numbers of serious injuries and crashed on the local road network. Council met its response times for customer service requests relating to footpath and road maintenance. However, residents commented on poor street lighting and the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

The performance results for the three waters which we have reported in this document, are as per WWL's reporting which indicate that WWL did not achieve aims for 9 of their 26 measures (see pages 68 – 71).

Wellington Water was not able to provide assurance over the reporting of some of their performance measures. These relate to four mandatory DIA measures which are included in this Annual Report. Results for Upper Hutt City Council performance measures 35, 40, 50, and 58 therefore could also be considered as being non-verifiable. Refer also to pages 61 and 163 for more detail.

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

Council is fit for purpose and capable



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

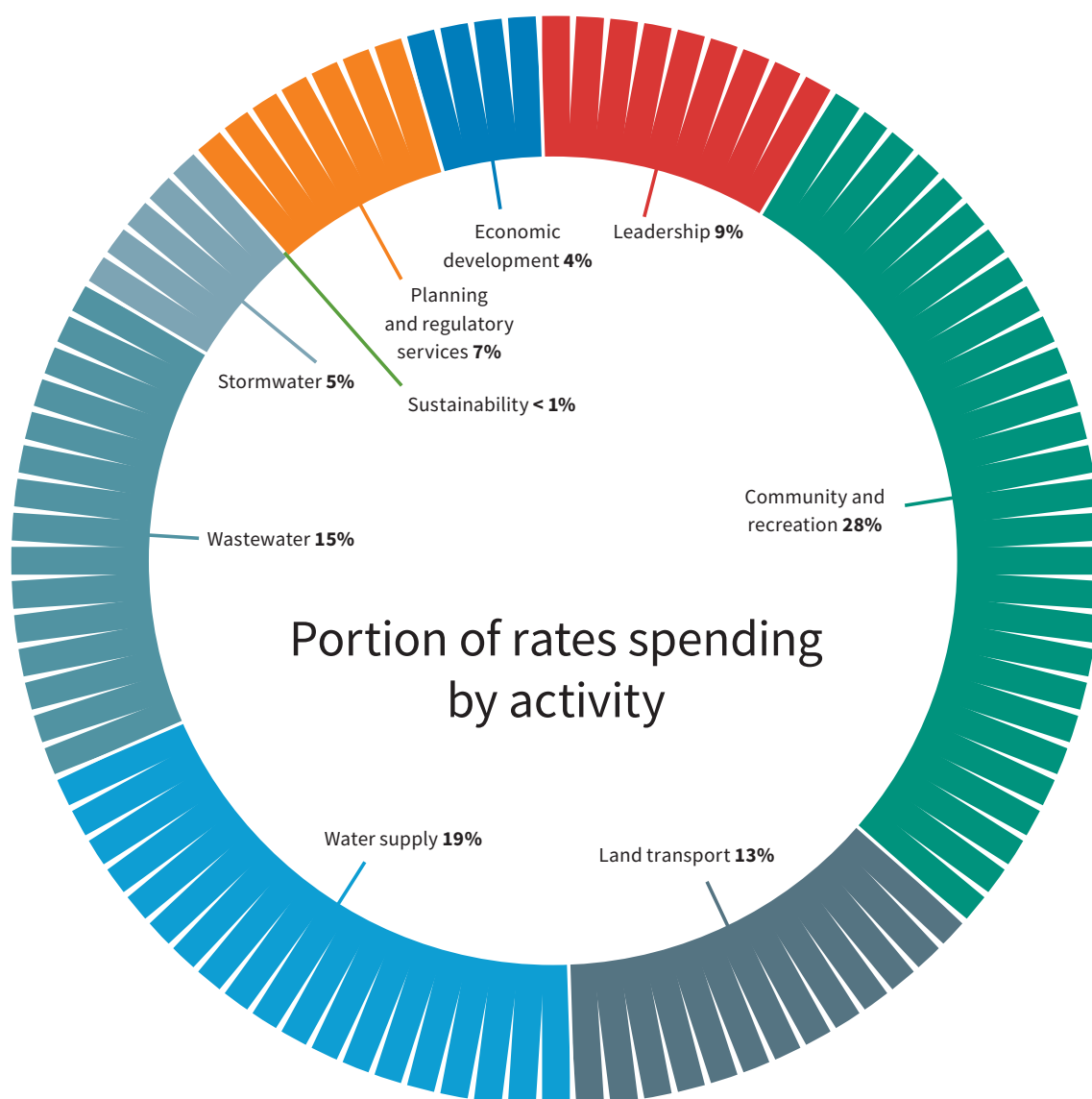
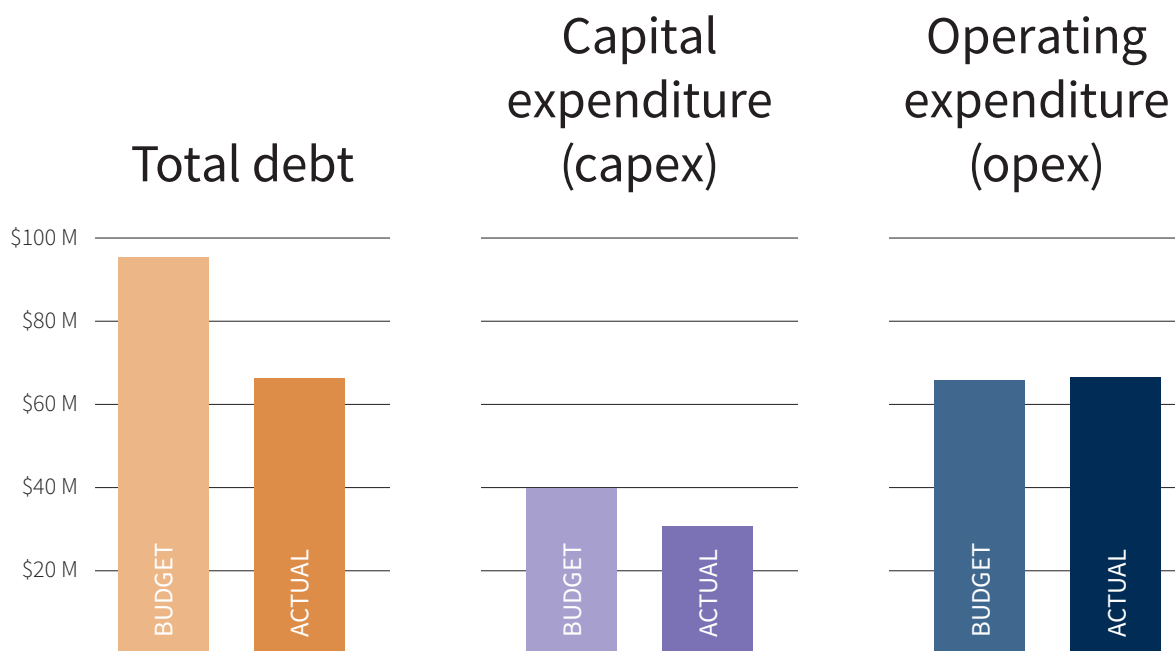
Financials

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

Our financial statements are prepared according to accounting standards, which means they have to include items that are not cash transactions (such as vested assets and depreciation). Actual cash received and spent during the year is detailed in the Statement of cash flows on page 86.

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

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



COVID-19 impact and response

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

How we supported our community

LIMITING COST INCREASES

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

Rates instalments, rates postponements, and penalty remission options were available for those who were in need. For the most part, we maintained the same fees and charges as the 2019 – 2020 year, essentially putting a freeze on increases for a year.

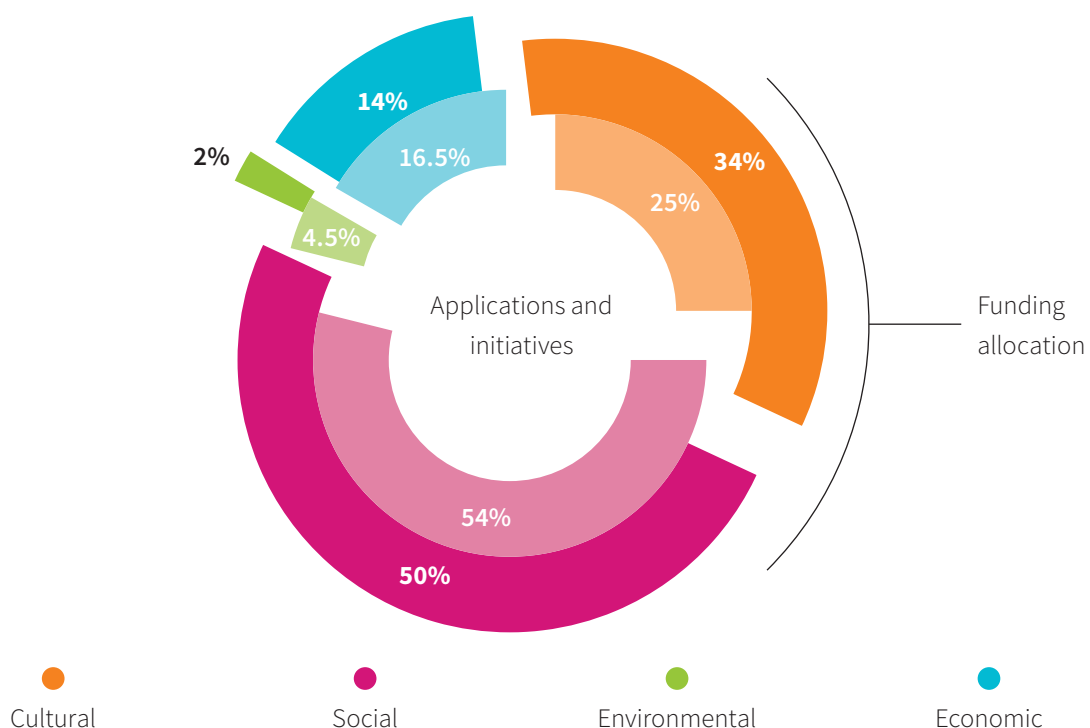
Budget savings were made and a COVID Recovery Fund was established to support those in need in the community.

RECOVERY FUND

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

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

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



BUSINESS AND COMMUNITY CARE

We continued our *Business Response Team* partnership with Hutt City Council, and the Hutt Valley Chamber of Commerce. Taking a collaborative approach gave us access to more resource than would otherwise be available. Through the Hutt Valley Covid 19 Business Support facebook page and group, we were able to connect businesses and provide quick information updates and links to support resources, as well as creating a valley-wide support network.

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

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

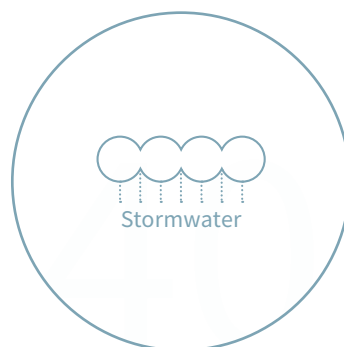
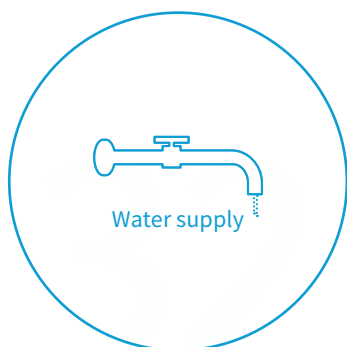
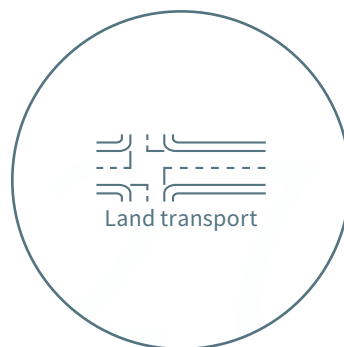
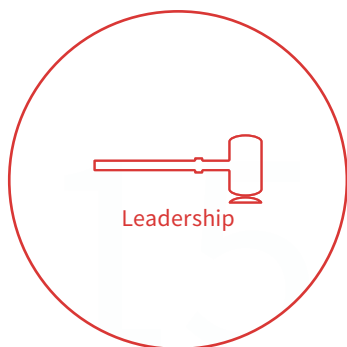
CHANGES TO COUNCIL SERVICES

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

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

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

LEADERSHIP



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



**HAPORI
Community**



**TAIAO
Environment**



**TE MANAWA
City Centre**



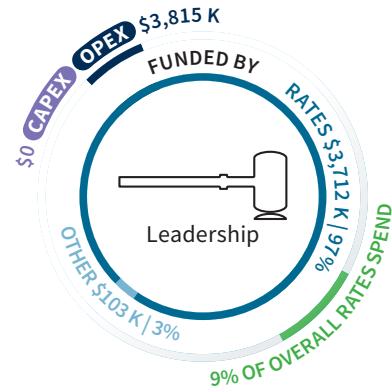
**ŌHANGA
Economy**



**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 2020 – 2021

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. The Mayor also hosted school visits to the Council Chambers for students to learn about governance and see where local decision making takes place. He also met with members of the public in his office each month.

The monthly ‘hot seat’ at the library initiative continued, providing an informal setting for anyone to speak with the Mayor.

Our citizenship programme continued to be disrupted due to COVID-19. In 2020 the Department of Internal Affairs issued certificates directly to new citizens. We were able to hold one ceremony in June 2021 at Whirinaki Whare Taonga where 30 people from 15 different countries became New Zealand citizens. This included people from Australia, Belgium, Chile, China, Czech Republic, England, Germany, India, Myanmar, Philippines, Russian Federation, South Africa, Thailand, United Kingdom and the United States of America.



Elected members

This year the Councilors were involved in a range of activities which included participating in public consultation for the Long Term Plan. As part of their governance role, they were involved in discussions and decisions on bylaws, policies and changes to legislation.

The Mayor and Councilors were also involved in both local and regional committees such as the Wellington Regional Leadership Committee, Regional Climate Change Group and Hutt Valley Services Committee, representing the Upper Hutt Community.



Long Term Plan

Significant work was undertaken this year to adopt the Upper Hutt City Council Long Term Plan 2021-2031. Through the engagement process a total of 973 submissions were received, almost three times as many as the previous long term plan, and provided the Council with community views on a number of key decisions. In particular on the support to upgrade H₂O Xstream, Civic Building, and adopting a Sustainability Stimulus Grant. The Long Term Plan also consulted and adopted a range of Council policies which included Fees & Charges, Significance and Engagement Policy, Residential Stimulus, and Rates Remission and Postponement Policy.

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

Over the last year Upper Hutt City Council have utilised Mana Whenua (Taranaki Whānui ki Te Upoko o Te Ika and Ngāti Toa Rangatira); and Mātāwaka (Ōrongomai Marae) in activities at both the consultation and application of Tikanga levels. This is consistent, with Council's aspirations and goals for effective engagement with Māori. During the year work also started on the revitalisation of Memorandums of Partnership with Mana Whenua groups and development of an internal Māori Cultural Competency Framework.

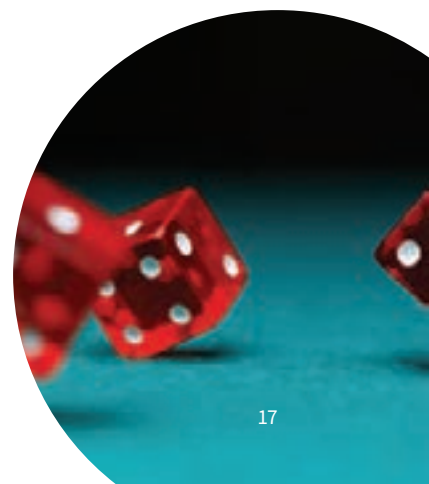
Democracy and governance

To support the governance of the city, the Council held 16 Council meetings, 35 Committee meetings, 2 Hearings meetings, 2 Creative Community Committee meetings, 1 Community Grants Committee meeting, 4 Hutt Valley Services meetings, 34 Council workshops (12 of which related to the Long Term Plan), and hosted 10 Mayoral and 10 Chief Executive Forums for the region – a total of 114 agendas.

Wellington COVID-19 alert level restrictions meant that 5 Council and Committee meetings were held virtually. The remote flexible arrangements allowed the public and elected members to safely participate and meetings were live-streamed over the Council's facebook page.

Gambling venues policy

A review of the Gambling Venues Policy was completed this year. The policy covers new venues for Pokie machine and TAB venues. Public consultation was open through to July 2020. The amended Policy ensures that the Council and the community have an influence over the provision and location of new gambling venues in the City.



Brothels Bylaw

This year the Council undertook a review of the Brothels Bylaw by engaging a wide cross section of the community. After listening to the feedback of the community, the Council decided to revoke the current bylaw as it was believed to be too restrictive and not in keeping with the Prostitution Reform Act 2003.

Funding impact statement (\$000)

Funding Impact Statement for 30 June 2021 for Leadership.

2019 – 2020 LTP Y2	SOURCES OF OPERATING FUNDING	2020 – 2021 LTP Y3	2020 – 2021 ACTUAL
2,644	General rates, uniform annual general charges, rates penalties	2,666	3,712
0	Targeted rates	0	0
0	Subsidies and grants for operating purposes	0	0
97	Fees, charges	0	103
40	Internal charges and overheads recovered	39	0
0	Local authority fuel tax, fines, infringement fees, and other receipts	0	0
2,781	Total operating funding (A)	2,705	3,815
	APPLICATIONS OF OPERATING FUNDING		
1,070	Payments to staff and suppliers	922	1,613
0	Finance costs	0	0
1,711	Internal charges and overheads applied	1,783	2,202
0	Other operating funding applications	0	0
2,781	Total applications of operating funding (B)	2,705	3,815
0	Surplus (deficit) of operating funding (A – B)	0	0

2019 – 2020 LTP Y2	SOURCES OF CAPITAL FUNDING	2020 – 2021 LTP Y3	2020 – 2021 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
0	Total sources of capital funding (C)	0	0
	APPLICATIONS OF CAPITAL FUNDING		
	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
0	Total applications of capital funding (D)	0	0
0	Surplus (deficit) of capital funding (C – D)	0	0
0	FUNDING BALANCE ((A – B) + (C – D))	0	0



Kaupapa pāpori me ngā mahi a te rēhia

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



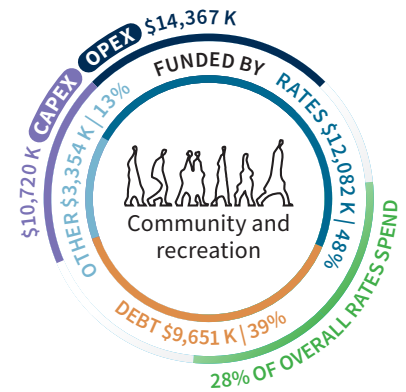
ŌHANGA
Economy



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

Whirinaki Whare Taonga (including Recreation Hall)

H₂O Xtream aquatic centre

Maidstone Max

Building upgrades

Emergency management

Upper Hutt Central, Pinehaven, and

Mobile Libraries

Community grants

Community engagement

Activation

What we delivered in 2020 – 2021

Whirinaki extension completed

On Thursday, 13 May 2021 the new extension of Whirinaki opened. We saw a substantial increase in the number of galleries: growing from two galleries to five. This new extension, five years in the making, features the Gillies Gallery, Heretaunga Rotary Gallery, and an upgrade to Dough Bakery. Alongside the opening of the new extension, Council also announced a new name for the facility: **Whirinaki Whare Taonga** (formerly Expressions Whirinaki) recognises the centre as a treasure house sitting at the heart of the Upper Hutt community; a place where art, culture and events are supported, and the community embraced.

Visitors to Whirinaki experienced a wide range of exhibitions and events ranging from a pop-inspired immersive installation to a giant moon, dramatic photographs of Maori moko to interactive digital art from Japan, and Upper Hutt's first seminal history exhibition Te Ara: Stories of our Streets.



Recreation Hall completed

Seismic strengthening works were also completed at the Professionals Recreation Hall alongside the Whirinaki Whare Toanga extension project.

Maidstone Max completed

Construction began in August 2020 on the redevelopment of Maidstone Max (Stage 1). The park was closing to accommodate the redevelopment works. The upgrade was completed and the new play area reopened to the public in May 2021, with the final cost of the project being \$5.2 M. Maidstone Max is now one of the largest, most accessible and exciting new playgrounds in the country. The Maidstone Community Sports Hub project (Stage 2) was included in the Long Term Plan 2018. In July 2020, the project received \$12 M through the Government's COVID-19 'Shovel Ready Projects Fund.' This meant sports clubs and organisations no longer needed to raise additional funds and the project was accelerated from its original start date of 2022 with detailed planning commencing in August 2021.



H₂O Xtream

Upper Hutt City Council has owned and operated the H₂O Xtream aquatic facility for close to 25 years. During this time the facility has maintained its position as a unique destination for youth throughout the region, particularly during the weekends and school holidays. People travel from around the region to visit H₂O Xtream for the opportunity to have fun on the water slides, wave pool and river ride. H₂O Xtream delivers programmes for the community including hydrobics, learn to swim, water safety (including kayaking and boat safety), and community events promoting youth and family connection time. H₂O Xtream provides rehabilitation, relaxation, and social spaces through the spa, sauna, and steam room.

Emergency Management

With the completion of the Community Response Plan for Riverstone, we now have a Community Response Plan for all designated areas in Upper Hutt. The completed plans provide a snapshot of local assets and priorities to help get the community responding to a large earthquake quickly and effectively. Council Emergency Operations Centre staff participated in *Exercise Parawhenua* alongside other Councils and response partners across the region. The exercise focused on coordinating an initial response to a distant source tsunami with Upper Hutt supporting neighbouring Councils.

Library buses launched

Pūrehurehu, our new mobile bus, was launched in July 2020 and commenced service on 24th July 2020. It regularly visits 6 primary schools, 23 Early Childhood Centres and Timberlea Community Centre. Pūrehurehu took part in the annual Christmas parade as well as participating in the Youth in Parks programme during the summer school holidays.

Library events

The Libraries continued to deliver a comprehensive range of events this year, despite the changes to the pandemic alert levels. The key focus for the year was to continue to support community driven initiatives, heritage and literature events, and children and young people. This included such events as; Multicultural Day, short films documenting life in Upper Hutt in the 1950s and 1960s; Grandparents Day, and School holiday programmes, including Story Time from Space -a National Simultaneous Storytime event, held across Australia, New Zealand and the Pacific, with astronaut Dr Shannon Walker reading from the International Space Station. Throughout the year there were over 30 unique events run to promote and celebrate our diverse community at the Library.

Community grants

Council allocated \$100,000 from the Covid-19 Recovery Fund to the Community Grants fund for 2020-2021, taking the total Community Grants funding available to \$229,000 for the year. A total of 82 applications were received, requesting over \$550,000 in funding. Council also voted to bring the allocation meeting forward to August to ensure that funds could be distributed to the Community as soon as possible to support their ongoing services and support to the community.

Community engagement

Throughout the year the Council worked with the community to support participation, connectedness, resilience, health, and community safety which included:

SUPPORTING YOUNG PEOPLE

A new group of Spearhead Leaders were recruited to help with personal development and leadership skills.

Five groups of young people aged between 18 and 24 (over 40 young people in all) have participated in the *Youth Employment Programme* in partnership with the Ministry of Social Development. They were given career guidance and learned a wide variety of skills and attitudes essential for employment, such as developing targeted CVs and cover letters, practising their interview skills, and understanding workplace expectations. The supportive and inclusive programme included valuable work experience within the local business community. The young people grew in confidence and were able to follow their passions as they were guided into full time employment or tertiary study.

COMMUNITY WORKSHOPS

We delivered a range of community based workshops throughout the year to enable our community to thrive. A funding workshop was held to support local organisations and provide them with the opportunity to hear from a range of funders, both local and regional. The Council in partnership with Regional Public Health hosted a free suicide prevention workshop delivered by internationally recognised expert Professor Annette Beautrais. Council also facilitated (We facilitates) an Upper Hutt Food Resilience hui which was attended by over twenty individuals and groups who connected and engaged together and shared information, ideas and solutions regarding access to nutritious foods, resilience in times of adversity and sustainability.

NEIGHBOURHOOD SUPPORT

Council continued to administer (support) the Neighbourhood Support scheme in Upper Hutt.

Activation

We collaborated with strategic partners this year to deliver both annual and regular events, community programmes, learning opportunities, club development and sports leagues which included:

PARKS AND PLACES EVENTS 2021

The Gas Hub's *Parks and Places 2021* attracted over 2,900 participants which provided several opportunities for the Upper Hutt community to engage with events that promoted wellbeing through active recreation, sport and play. The series of events are targeted towards children and their whanau in the parks and spaces in Upper Hutt.

BIKE RECYCLE

The Bike Recycle project is a joint initiative we have partnered with Rimutaka Prison, Greater Wellington Regional Council and The Cycle Centre. The project has been extended to not only provide refurbished bikes to Upper Hutt residents who require them but to primary and intermediate schools to support their bikes in schools' initiatives.

PARKRUN LAUNCHED

We worked with *Parkrun* to establish a weekly running event in Upper Hutt. *Parkrun* is a free, weekly, community event international branded franchise. The course is 5 km and takes place every Saturday morning at Trentham Memorial Park. The inaugural Trentham Memorial Park Run was held on 30 January 2021. More than 250 runners and walkers completed the 5 km course.

ORIENTEERING COURSE OPEN

In May 2021, Upper Hutt Mayor, His Worship Wayne Guppy, officially opened the permanent orienteering course at Harcourt Park. The Council partnered with the Hutt Valley Orienteering Club to establish the course. The course has several permanent checkpoints installed throughout Harcourt Park and has four course options for various difficulty levels and distances. It is suitable for all ages and abilities.

BIKE THE TRAIL 2021

There were close to 900 registrations this year for *Bike the Trail* which included a free breakfast, DJ, riding skills course and play activities at Harcourt Park. The event was co-delivered this year with Hutt City Council and the Greater Wellington Regional Council. A significant change was the removal of the Stokes Valley start point and offering a shorter loop course from Harcourt Park.

Funding impact statement (\$'000)

Funding Impact Statement for 30 June 2021 for Community and recreation.

2019 – 2020 LTP Y2	SOURCES OF OPERATING FUNDING	2020 – 2021 LTP Y3	2020 – 2021 ACTUAL
11,676	General rates, uniform annual general charges, rates penalties	12,343	12,082
0	Targeted rates	0	0
69	Subsidies and grants for operating purposes	71	404
2,155	Fees and charges	2,115	2,223
185	Internal charges and overheads recovered	197	192
0	Local authority fuel tax, fines, infringement fees, and other receipts	0	199
14,085	Total operating funding (A)	14,726	15,100
	APPLICATIONS OF OPERATING FUNDING		
10,604	Payments to staff and suppliers	11,031	10,197
814	Finance costs	1,164	572
1,442	Internal charges and overheads applied	1,479	3,598
35	Other operating funding applications	36	0
12,895	Total applications of operating funding (B)	13,710	14,367
1,190	Surplus (deficit) of operating funding (A – B)	1,016	733

2019 – 2020		2020 – 2021	2020 – 2021
LTP Y2	SOURCES OF CAPITAL FUNDING	LTP Y3	ACTUAL
1,082	Subsidies and grants for capital expenditure	1,082	336
0	Development and financial contributions	0	0
9,586	Increase (decrease) in debt	3,352	9,651
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Other dedicated capital funding	0	0
10,668	Total sources of capital funding (C)	4,434	9,987
	APPLICATIONS OF CAPITAL FUNDING		
	Capital expenditure		
4,368	– to meet additional demand	4,348	6,532
7,800	– to improve the level of service	1,534	7,093
582	– to replace existing assets	602	490
(892)	Increase (decrease) in reserves	(1,034)	(461)
0	Increase (decrease) of investments	0	(2,934)
11,858	Total applications of capital funding (D)	5,450	10,720
(1,190)	Surplus (deficit) of capital funding (C – D)	(1,016)	(733)
0	FUNDING BALANCE ((A – B) + (C – D))	0	0



Ngā waka tūmatanui

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



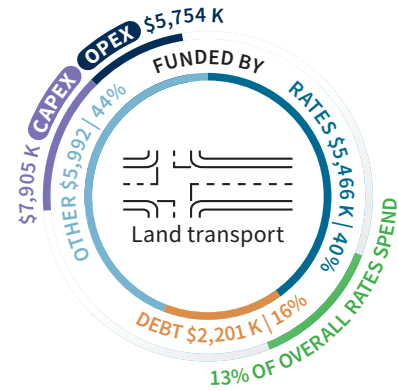
OHANGA
Economy



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 2020 – 2021

Maintenance operations and renewals

Resealing and seal smoothing work were carried out up to the limit of the budgets available.

The Whitemans Valley Road upgrade work was completed.

Resource consent issues with the extension to Katherine Mansfield Drive were resolved and work resumed. This work will address the current high maintenance costs for this road and will also ensure a safe road environment with increased traffic due to development. These works are being paid for in part from development contributions.

Emergency works

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



Road safety

Minor improvements to road safety and operations were carried out. These included the installation of a new pedestrian crossing near Wallaceville Railway Station, a roundabout on Kirton Drive, and a new pedestrian crossing on Messines Avenue.

Throughout the year the Council undertook a number of road safety education programmes which included; Reinforcement and promotion of Waka Kotahi NZ Transport Agency initiatives; Alcohol Impairment Education Programme; Sober driver campaign through local licensed premises; safety around schools campaign; and Learner License Courses.

Work began on the replacement of two culverts that were at end of life in Silverstream and Pinehaven. Both these culverts cross the Pinehaven Stream so the project was managed by Wellington Water in coordination with further stormwater improvements expected to begin in 2022. For more information see the Stormwater activity section on page 41.

Funding impact statement (\$000)

Funding Impact Statement for 30 June 2021 for Land transport.

2019 – 2020		2020 – 2021	2020 – 2021
LTP Y2	SOURCES OF OPERATING FUNDING	LTP Y3	ACTUAL
7,200	General rates, uniform annual general charges, rates penalties	7,423	5,466
0	Targeted rates	0	0
1,676	Subsidies and grants for operating purposes	1,695	598
104	Fees and charges	106	122
541	Internal charges and overheads recovered	126	0
148	Local authority fuel tax, fines, infringement fees, and other receipts	152	170
9,699	Total operating funding (A)	9,502	6,356
	APPLICATIONS OF OPERATING FUNDING		
3,902	Payments to staff and suppliers	4,031	3,662
844	Finance costs	1,079	354
1,238	Internal charges and overheads applied	1,309	1,738
0	Other operating funding applications	0	0
5,984	Total applications of operating funding (B)	6,419	5,754
3,685	Surplus (deficit) of operating funding (A – B)	3,083	602

2019 – 2020		2020 – 2021	2020 – 2021
LTP Y2	SOURCES OF CAPITAL FUNDING	LTP Y3	ACTUAL
4,182	Subsidies and grants for capital expenditure	5,181	5,055
218	Development and financial contributions	218	47
2,439	Increase (decrease) in debt	4,389	2,201
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Other dedicated capital funding	0	0
6,839	Total sources of capital funding (C)	9,788	7,303
	APPLICATIONS OF CAPITAL FUNDING		
	Capital expenditure		
5,160	– to meet additional demand	8,027	1,848
2,581	– to improve the level of service	2,047	3,131
2,565	– to replace existing assets	2,579	2,879
218	Increase (decrease) in reserves	218	47
0	Increase (decrease) of investments	0	0
10,524	Total applications of capital funding (D)	12,871	7,905
(3,685)	Surplus (deficit) of capital funding (C – D)	(3,083)	(602)
0	FUNDING BALANCE ((A – B) + (C – D))	0	0



Ngā puna wai

WATER SUPPLY



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



HAPORI
Community



TAIAO
Environment



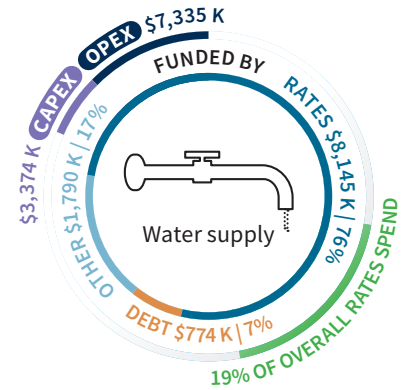
OHANGA
Economy



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

10 pump stations (including the Seddon Street bore)

15,939 service connections, 1,639 hydrants, and 16,328 valves

284 km of water mains

Water conservation

Detection and mitigation of leaks and structural failure

What we delivered in 2020 – 2021

Pipeline renewal upgrade

This year we have progressed through much of the construction of the Pempsey Street Watermain renewal, as well as getting underway on the Kingsley Main upgrade. The Silverstream Pipe Bridge Watermain renewal is well into the design phase, with construction due to start in the upcoming financial year.

Reservoir upgrade

We have progressed through much of the seismic strengthening of the Trentham Reservoir. Construction of auto shut off valves for the Cruikshank Reservoir is complete..

Miscellaneous works

This year we have progressed through work on corrosion prevention for our pipelines with Cathodic Protection. So far, this work has been completed in Silverstream and is soon to get underway in Te Marua. The Timberlea Pump Station and Maymorn Pump Station renewals were progressed through detailed design. Work was done to detect leaks in our pipes with innovative drone technology and thermal imagery.

Funding impact statement (\$000)

Funding Impact Statement for 30 June 2020 for Water supply.

2019 – 2020 LTP Y2	SOURCES OF OPERATING FUNDING	2020 – 2021 LTP Y3	2020 – 2021 ACTUAL
0	General rates, uniform annual general charges, rates penalties	0	0
5,689	Targeted rates	6,632	8,145
0	Subsidies and grants for operating purposes	0	0
1,322	Fees and charges	1,354	1,790
100	Internal charges and overheads recovered	100	0
0	Local authority fuel tax, fines, infringement fees, and other receipts	0	0
7,111	Total operating funding (A)	8,086	9,935
	APPLICATIONS OF OPERATING FUNDING		
5,597	Payments to staff and suppliers	6,205	6,458
90	Finance costs	96	56
634	Internal charges and overheads applied	654	821
0	Other operating funding applications	0	0
6,321	Total applications of operating funding (B)	6,955	7,335
790	Surplus (deficit) of operating funding (A – B)	1,131	2,600

2019 – 2020		2020 – 2021	2020 – 2021
LTP Y2	SOURCES OF CAPITAL FUNDING	LTP Y3	ACTUAL
0	Subsidies and grants for capital expenditure	0	0
0	Development and financial contributions	0	0
143	Increase (decrease) in debt	161	774
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Other dedicated capital funding	0	0
143	Total sources of capital funding (C)	161	774
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
20	– to meet additional demand	21	0
207	– to improve the level of service	257	689
785	– to replace existing assets	1,179	1,466
(79)	Increase (decrease) in reserves	(165)	1,219
0	Increase (decrease) of investments	0	0
933	Total applications of capital funding (D)	1,292	3,374
(790)	Surplus (deficit) of capital funding (C – D)	(1,131)	(2,600)
0	FUNDING BALANCE ((A – B) + (C – D))	0	0



Waiparu

WASTEWATER



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



HAPORI
Community



TAIAO
Environment



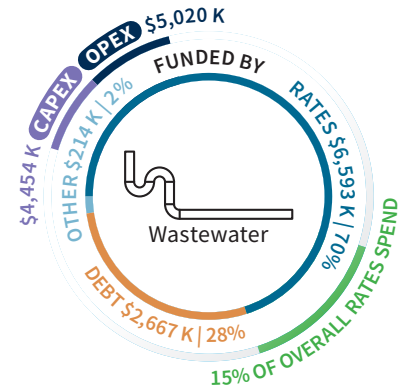
OHANGA
Economy



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

227 km of sewer mains

17 pump stations

4,934 wastewater manholes

One overflow chamber

One pipe bridge

What we delivered in 2020 – 2021

Throughout 2020 – 2021 we have progressed investigations and design work on a number of wastewater projects, including at Gibbons Street and Cole Grove.

We have also completed the seismic strengthening of the Seaview Wastewater Treatment Plant, as a part of our wastewater joint venture with Hutt City Council. The scope of the works included ground improvement and structural improvements to two buildings within the treatment plant, pumping station building, and milliscreen treatment building to meet current and future seismic requirements.

Funding impact statement (\$000)

Funding Impact Statement for 30 June 2021 for Wastewater.

2019 – 2020		2020 – 2021	2020 – 2021
LTP Y2	SOURCES OF OPERATING FUNDING	LTP Y3	ACTUAL
0	General rates, uniform annual general charges, rates penalties	0	0
7,713	Targeted rates	7,994	6,593
0	Subsidies and grants for operating purposes	0	0
113	Fees and charges	116	214
129	Internal charges and overheads recovered	129	0
0	Local authority fuel tax, fines, infringement fees, and other receipts	0	0
7,955	Total operating funding (A)	8,239	6,807
	APPLICATIONS OF OPERATING FUNDING		
4,339	Payments to staff and suppliers	4,448	3,887
828	Finance costs	972	559
992	Internal charges and overheads applied	1,031	574
0	Other operating funding applications	0	0
6,159	Total applications of operating funding (B)	6,451	5,020
1,796	Surplus (deficit) of operating funding (A – B)	1,788	1,787

2019 – 2020		2020 – 2021	2020 – 2021
LTP Y2	SOURCES OF CAPITAL FUNDING	LTP Y3	ACTUAL
0	Subsidies and grants for capital expenditure	0	0
0	Development and financial contributions	0	0
746	Increase (decrease) in debt	5,295	2,667
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Other dedicated capital funding	0	0
746	Total sources of capital funding (C)	5,295	2,667
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
21	– to meet additional demand	21	223
15	– to improve the level of service	0	557
2,743	– to replace existing assets	7,320	2,510
(237)	Increase (decrease) in reserves	(258)	1,164
0	Increase (decrease) of investments	0	0
2,542	Total applications of capital funding (D)	7,083	4,454
(1,796)	Surplus (deficit) of capital funding (C – D)	(1,788)	(1,787)
0	FUNDING BALANCE ((A – B) + (C – D))	0	0



Waiāwhā

STORMWATER



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



HAPORI
Community



TAIAO
Environment



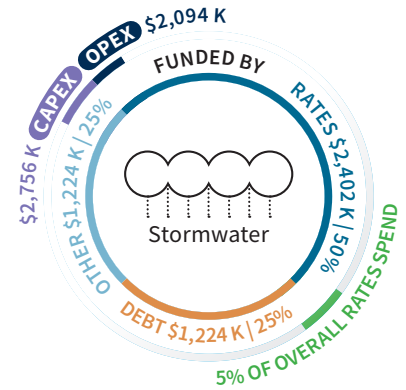
OHANGA
Economy



TUĀPAPA
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

183 km of stormwater mains

7 pump stations

3,505 stormwater manholes

Two detention dams

11.4 km of open drains

What we delivered in 2020 – 2021

Pinehaven stormwater improvements



The Pinehaven stormwater improvements project is required to reduce the risk to the community the event of a 1-in-100-year flooding event in Pinehaven and Silverstream.

Work to upgrade two culverts along the Pinehaven Stream began in May. While technically a roading upgrade (see also, page 29), the culverts needed to be designed and installed in coordination with the remaining stream work that will follow, so the project has been managed by Wellington Water. This part of the project is scheduled to be completed during the next financial year (2021 – 2022).



Funding impact statement (\$000)

Funding Impact Statement for 30 June 2021 for Stormwater.

2019 – 2020		2020 – 2021	2020 – 2021
LTP Y2	SOURCES OF OPERATING FUNDING	LTP Y3	ACTUAL
0	General rates, uniform annual general charges, rates penalties	0	0
3,016	Targeted rates	3,369	2,402
0	Subsidies and grants for operating purposes	0	0
3,075	Fees and charges	3,150	1,224
36	Internal charges and overheads recovered	36	0
0	Local authority fuel tax, fines, infringement fees, and other receipts	0	0
6,127	Total operating funding (A)	6,555	3,626
	APPLICATIONS OF OPERATING FUNDING		
1,507	Payments to staff and suppliers	1,543	1,566
121	Finance costs	259	125
486	Internal charges and overheads applied	499	403
0	Other operating funding applications	0	0
2,114	Total applications of operating funding (B)	2,301	2,094
4,013	Surplus (deficit) of operating funding (A – B)	4,254	1,532

2019 – 2020		2020 – 2021	2020 – 2021
LTP Y2	SOURCES OF CAPITAL FUNDING	LTP Y3	ACTUAL
0	Subsidies and grants for capital expenditure	0	0
0	Development and financial contributions	0	0
3,021	Increase (decrease) in debt	2,942	1,224
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Other dedicated capital funding	0	0
3,021	Total sources of capital funding (C)	2,942	1,224
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
0	– to meet additional demand	0	0
7,088	– to improve the level of service	6,518	2,958
100	– to replace existing assets	986	198
(154)	Increase (decrease) in reserves	(308)	(400)
0	Increase (decrease) of investments	0	0
7,034	Total applications of capital funding (D)	7,196	2,756
(4,013)	Surplus (deficit) of capital funding (C – D)	(4,254)	(1,532)
0	FUNDING BALANCE ((A – B) + (C – D))	0	0



Whakauka

SUSTAINABILITY



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



HAPORI
Community



TAIAO
Environment



TE MANAWA
City Centre



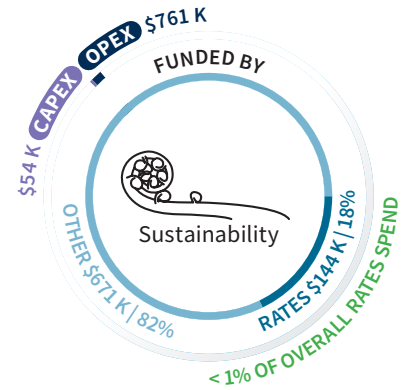
ŌHANGA
Economy



TŪĀPAPA
Infrastructure

What we do

The activity delivers on sustainability and solid waste initiatives across the city. The *Sustainability Strategy* and the *Wellington Region Waste Management and Minimisation Plan 2017 – 2023* (WMMP) set the outcomes and activities for us to deliver.



SUSTAINABILITY INCLUDES

Recycling drop-off facility

Waste minimisation education and projects

Rubbish bag collection

Sustainability strategy and initiatives

What we delivered in 2020 – 2021

Sustainability strategy

The Sustainability Strategy was adopted in June 2020, and an action plan for the next three years was established thereafter. Sustainability has been embedded into council decisions, and a range of programmes. This year we delivered energy, water and waste audits for the six major Council buildings; a vehicle Fleet Optimisation Report was completed; Council purchased its first Electric Vehicle as part of the new library outreach program; and Council agreed to introduce a Sustainability Stimulus Grant through the Long Term Plan that will promote involvement of the local community on sustainability.

Support for sustainability initiatives

This year \$10,000 was granted to the community through the Environment and Waste Minimisation Fund. We continued with our support for Enviroschools and Zero waste education in our local schools. Through the Eco Design Advisor Program we assisted families with warmer and dryer homes.

We have been working with other councils in the region to support the *Wellington Region Climate Change Working Group* and has started to scope our *Climate Change Risk Profile and Mitigation Plan*.

Waste bylaw adopted

Development of a new *Solid Waste Management and Minimisation 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 bylaw will allow the Council to improve its understanding of the solid waste collection services in the city, and where the different waste streams by volume are being disposed of.

Hazardous waste collection

In November 2020, 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. Residents were able to dispose of Hazardous items such as oils, solvents, and common household chemicals.

Waste projects



The upgrade to Maidstone Park included Upper Hutt's first recycling bins in an open space, this project was supported by the packaging forum. Kate Meads ran two workshops, one focusing on minimising common domestic waste and the other on food waste. Keep the Hutt Valley Beautiful have been engaging with the community and running regular clean-up events in our open spaces.

Recycling services

Residents can choose their preferred waste supplier and or to use the community recycling station. This recycling station is serviced 9 times a week for paper/cardboard, plastics numbered 1, 2, and 5, cans, and glass. Two swap-out containers were purchased this year bringing the total to 6. Demand for the station continues to grow and we regularly monitor the station and assess the need for additional servicing and dumping of non-recyclable material.



Statement of proposal

Solid Waste Management
and Minimisation
Bylaw



Funding impact statement (\$'000)

Funding Impact Statement for 30 June 2021 for Sustainability.

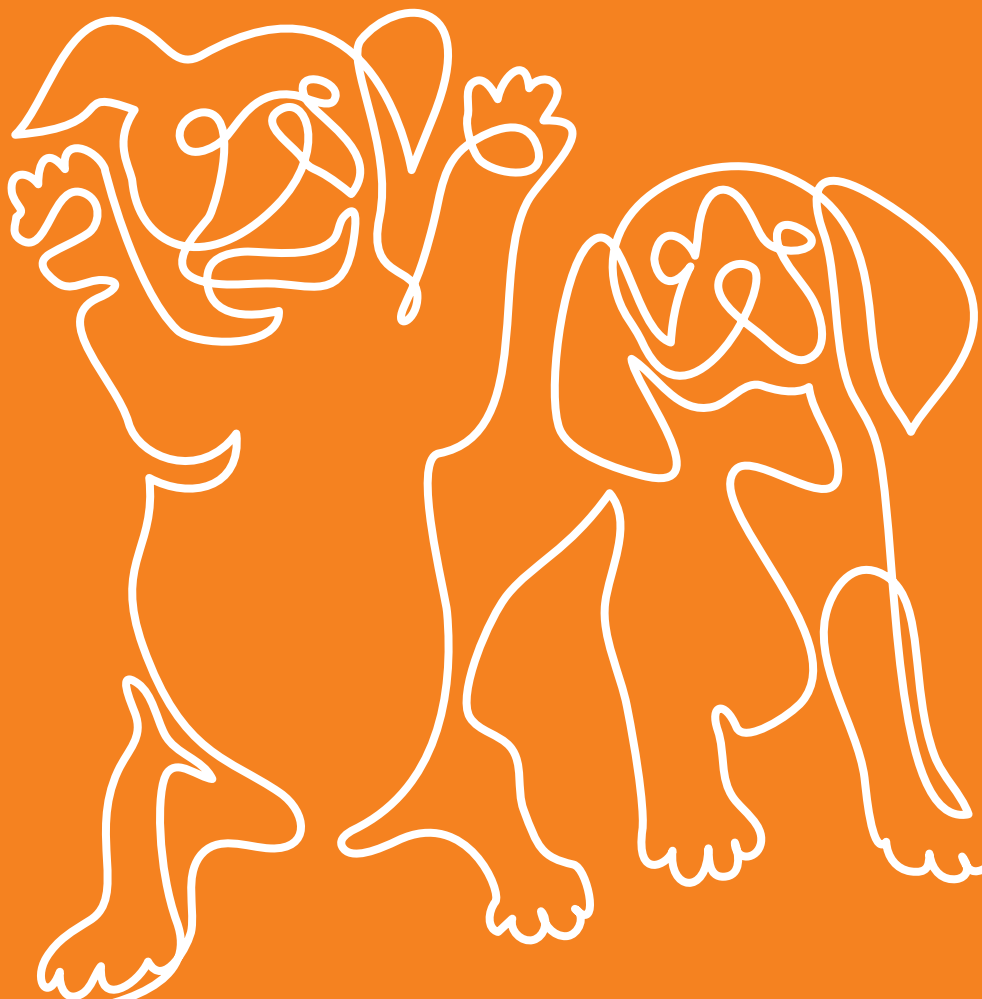
2019 – 2020		2020 – 2021	2020 – 2021
LTP Y2	SOURCES OF OPERATING FUNDING	LTP Y3	ACTUAL
(8)	General rates, uniform annual general charges, rates penalties	(7)	144
0	Targeted rates	0	0
0	Subsidies and grants for operating purposes	0	0
533	Fees and charges	546	671
4	Internal charges and overheads recovered	4	0
0	Local authority fuel tax, fines, infringement fees, and other receipts	0	0
529	Total operating funding (A)	543	815
	APPLICATIONS OF OPERATING FUNDING		
373	Payments to staff and suppliers	382	646
0	Finance costs	0	0
156	Internal charges and overheads applied	161	115
0	Other operating funding applications	0	0
529	Total applications of operating funding (B)	543	761
0	Surplus (deficit) of operating funding (A – B)	0	54

2019 – 2020 LTP Y2	SOURCES OF CAPITAL FUNDING	2020 – 2021 LTP Y3	2020 – 2021 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
0	Total sources of capital funding (C)	0	0
APPLICATIONS OF CAPITAL FUNDING			
	Capital expenditure		
0	– to meet additional demand	0	0
0	– to improve the level of service	0	76
0	– to replace existing assets	0	0
0	Increase (decrease) in reserves	0	(22)
0	Increase (decrease) of investments	0	0
0	Total applications of capital funding (D)	0	54
0	Surplus (deficit) of capital funding (C – D)	0	(54)
0	FUNDING BALANCE ((A – B) + (C – D))	0	0



Ratonga whakamahere me te whakariterite

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



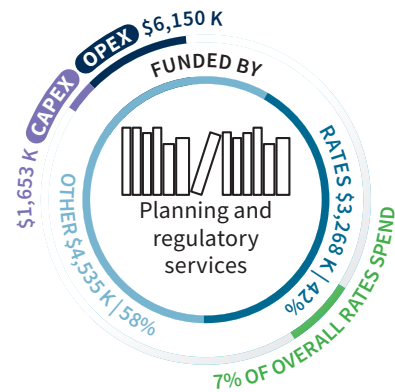
ŌHANGA
Economy



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 2020 – 2021

District Plan change reviews

Throughout the year the Council's undertook work on key District Plan changes:

- We completed a Private Plan Change 52 to rezone a site on Stroma Way in Mount Marua from Rural Hill Zone to Rural Lifestyle Zone.
- To implement the Government's housing components of the National Policy Statement for Urban Development (NPS-UD) we engaged the public on Plan Change 50 to review rural and residential zones.
- We engaged with affected landowners about significant natural areas and landscapes (Plan Change 48). A total of 216 enquires were received, we carried out 87 site visits, we held 12 meetings at Council and attended 6 community workshops.
- Commenced work on Plan Change 54 for business zones and we continued to work towards developing further plan changes.

Residential Stimulus Policy

During this financial year, \$162 K of fees have been subsidised. This relates to projects approved for remissions since 2018. 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. Many projects that have been approved have not been started yet and therefore fees have not been 'spent' yet, but will be accounted for in the next financial year.

Funding impact statement (\$'000)

Funding Impact Statement for 30 June 2021 for Planning and regulatory services.

2019 – 2020 LTP Y2	SOURCES OF OPERATING FUNDING	2020 – 2021 LTP Y3	2020 – 2021 ACTUAL
2,811	General rates, uniform annual general charges, rates penalties	2,834	3,268
0	Targeted rates	0	0
0	Subsidies and grants for operating purposes	0	0
3,642	Fees and charges	3,566	2,610
59	Internal charges and overheads recovered	60	70
261	Local authority fuel tax, fines, infringement fees, and other receipts	267	240
6,773	Total operating funding (A)	6,727	6,188
	APPLICATIONS OF OPERATING FUNDING		
3,499	Payments to staff and suppliers	3,439	4,168
4	Finance costs	1	0
1,840	Internal charges and overheads applied	1,902	1,982
0	Other operating funding applications	0	0
5,343	Total applications of operating funding (B)	5,342	6,150
1,430	Surplus (deficit) of operating funding (A – B)	1,385	38

2019 – 2020 LTP Y2	SOURCES OF CAPITAL FUNDING	2020 – 2021 LTP Y3	2020 – 2021 ACTUAL
0	Subsidies and grants for capital expenditure	0	0
0	Development and financial contributions	0	1,615
(97)	Increase (decrease) in debt	(20)	0
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Other dedicated capital funding	0	0
(97)	Total sources of capital funding (C)	(20)	1,615
	APPLICATIONS OF CAPITAL FUNDING		
	Capital expenditure		
0	– to meet additional demand	0	38
0	– to improve the level of service	0	0
0	– to replace existing assets	0	0
1,333	Increase (decrease) in reserves	1,365	1,615
0	Increase (decrease) of investments	0	0
1,333	Total applications of capital funding (D)	1,365	1,653
(1,430)	Surplus (deficit) of capital funding (C – D)	(1,385)	(38)
0	FUNDING BALANCE ((A – B) + (C – D))	0	0



Whakawhanake ōhanga

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 marketing and promotions

.....
City Centre management and promotion

.....
City events

.....
Business support, partnerships, and liaison

What we delivered in 2020 – 2021

Supporting businesses during lock-down

Council undertook a number of new initiatives this year to support business in Upper Hutt during the pandemic response to help them get through:

BUILDING CAPACITY WORKSHOPS

We partnered with Synthesis Marketing to deliver a four workshop series providing advice, tips and techniques for building capability. The workshops were 1 hour each and the sessions covered marketing a small business, facebook for beginners, social media for business and driving customers to your website. There were 65 businesses that attended workshops, which took place between February and May.

DIGITAL BOOST PROGRAMME

In addition to the workshops, we promoted the Ministry of Business, Innovation & Employment's centrally-funded 'Digital Boost' programme to local businesses, coordinating an introductory workshop and information session which was delivered to over 60 business attendees.

STREET NUMBER FOR 'CLICK AND COLLECT'

With an increase in 'click and collect' services, particularly at alert level three, we ran a campaign which saw the majority of Main Street businesses installing Fantail-themed street number decals in large format above doorways throughout the city centre. This helps couriers and the community in locating business premises to collect orders more effectively. More than 80 shops took up this offer in the first month, with more coming on board throughout the year.

VIRTUAL BUSINESSES

We partnered with a local video company to create 360° virtual tours of local specialty retail shops. Eight businesses took up this offer, which allowed them to incorporate the interactive video in their website as they built their online shopping presence.

Partnership activity

In conjunction with Hutt City and Pop Up Business School, we offered a two week intensive programme to start-up entrepreneurs. The opportunity was taken up by 58 locals, 28% of whom were self-employed and 39% unemployed at the start of the course.

We worked closely with WellingtonNZ to identify businesses who may benefit from up to \$5,000 of business coaching or advice from a fund provided by Ministry of Business, Innovation and Employment. This included running information sessions in Upper Hutt, delivered at the Library and at Whirinaki Whare Taonga. Businesses working in the tourism sector also had access to a further \$5,000 recovery voucher to support them to adapt to the drop-off in international visitor numbers. In total, 74 vouchers were issued to Upper Hutt businesses through this scheme.

City Centre events and promotions

We ran a series of city centre events designed to activate our Main Street when the city was not in lock-down. This included night-time Circus performances by Highly Flammable which attracted over 400 people, and weekend street clowning performances. We coordinated feature articles in regional magazines, including bi-monthly Vibrant Hutt and summer issues of Regional News, highlighting some of our top performing businesses.

Economic Development Stimulus Grant

Throughout the year, we approved 24 incentive grants totaling \$251,620 to new or expanding businesses in the city who met the policy purpose of creating jobs in Upper Hutt or increasing the vibrancy of our city centre. The projects we assisted has generated 79 new full time jobs and saw private investment of \$1.24 M in our commercial infrastructure through new or upgraded commercial building stock in the city. Councilors visited businesses

across the city, from Eastern Hutt Rd to Kaitoke, to review first-hand how the funding had been used through our Economic Development Stimulus Policy incentive scheme.

Marketing and promotion

Through the year the Upper Hutt City Council ran a number of marketing campaigns to promote the city:

HUTT VALLEY NZ SUMMER CAMPAIGN

The summer campaign was designed for locals and people within a two-hour drive to spend time in the Hutt Valley. A number of tactics were selected and detailed below to target three persona groups including family groups, spontaneous travellers and planned travellers. Channels selected for the campaign included print, operator video, radio competition, digital ads and social media. Of note, the radio competition received substantial callers and reached 22,000 people on social media.

HUTT VALLEY NZ AUTUMN CAMPAIGN

Hutt Valley NZ trialled a fresh approach in the autumn campaign. It was loud and proud and was designed to challenge people's perceptions of the Hutt Valley by throwing the audience off guard. It was successful in engaging the audience which was seen through strong website and social media traffic. The content is focused on four main categories: food, outdoors, art and shopping. Print, website and social media were the chosen channels for the campaign. Page followers increased 2.5% and post engagement was in excess of 5,000 users.

THE PAVED CANVAS

To celebrate community and culture and to support local business and artists, Council ran Upper Hutt's first 'Art Trail' from Saturday 28 November until 19 December 2020. Named the 'The Paved Canvas', it consisted of local artists installing or painting their works throughout Main Street. The art trail began with a launch day featuring a programme of entertainment and pop-up activations. The community were given a map to make sure they stopped by all the top spots along the way. Feedback was positive and several great suggestions were made.

SUPER RUGBY PRESEASON GAME

On 13 February 2021 Council supported the Game of Three Halves Super Rugby Aotearoa Preseason game with the Hurricanes, Chiefs and Blues. Council support focussed on offering a single point of contact for venue hire, venue preparation, waste minimisation, traffic management, liquor licensing and event promotion. The event ran successfully with a crowd of thousands enjoying rugby at its grass roots. Community feedback was positive, with hopes for it to be repeated.





RETAIL AND EXPLORE GUIDES

Council refreshed the Retail Guide and Explore Guide. The Retail Guide (shopping and food) was designed to capture the vibrant and diverse energy of Upper Hutt. It highlights 48 retail and eatery options and has an add-ed panel dedicated to op shops.

The Upper Hutt Explore Guide (trails) was printed on 'write on' paper, encouraging an interactive adventure around Upper Hutt. There are also activities that the family can complete together such as spotting certain trees and birds that are commonly found in Upper Hutt. These guides were released in March 2021.

UPPER HUTT, WHO KNEW?—MUSIC VIDEO

Through the power of music and storytelling, Council created an emotive music video that challenged pre-existing assumptions about Upper Hutt, empowered visitors to explore again and fostered pride within our community. *'Upper Hutt, who knew?'* featured an over-zealous backpacker who finds himself in Upper Hutt and has the time of his life immersing himself in Upper Hutt's nature, culture and community. 15 of Upper Hutt's favorite spots including nature, business, retail, and our beloved community groups were highlighted in the video.



SUSTAINABLE SHOPPING CAMPAIGN

Our spring 2020 campaign aimed to take advantage of the rise in sustainable shopping as a major growth area in New Zealand and position Upper Hutt as the 'go-to' city in the Wellington Region for the thrill of the sustainable hunt. Tactics selected for the campaign included an urban sustainable fashion photoshoot, sustainable shopping guide, video series and a pop-up sustainable fashion market. Of note, the photoshoot was published in the October double edition of Capital Magazine. Linked to this was the Sustainable Fashion Market run by My Walk in Wardrobe which attracted 860 attendees. According to MarketView data the event increased spend in the City compared to previous Saturdays by 3.55% on event day.

Funding impact statement (\$000)

Funding Impact Statement for 30 June 2021 for Economic development.

2019 – 2020		2020 – 2021	2020 – 2021
LTP Y2	SOURCES OF OPERATING FUNDING	LTP Y3	ACTUAL
2,235	General rates, uniform annual general charges, rates penalties	2,394	1,681
0	Targeted rates	0	0
0	Subsidies and grants for operating purposes	0	0
30	Fees and charges	31	15
18	Internal charges and overheads recovered	19	0
0	Local authority fuel tax, fines, infringement fees, and other receipts	0	0
2,283	Total operating funding (A)	2,444	1,696
	APPLICATIONS OF OPERATING FUNDING		
2,211	Payments to staff and suppliers	2,237	1,942
101	Finance costs	115	44
453	Internal charges and overheads applied	473	611
0	Other operating funding applications	0	0
2,765	Total applications of operating funding (B)	2,825	2,597
(482)	Surplus (deficit) of operating funding (A – B)	(381)	(901)

2019 – 2020		2020 – 2021	2020 – 2021
LTP Y2	SOURCES OF CAPITAL FUNDING	LTP Y3	ACTUAL
0	Subsidies and grants for capital expenditure	0	0
0	Development and financial contributions	0	0
482	Increase (decrease) in debt	431	795
0	Gross proceeds from sale of assets	0	0
0	Lump sum contributions	0	0
0	Other dedicated capital funding	0	0
482	Total sources of capital funding (C)	431	795
	APPLICATIONS OF CAPITAL FUNDING		
	Capital expenditure		
0	– to meet additional demand	0	0
0	– to improve the level of service	50	0
0	– to replace existing assets	0	0
0	Increase (decrease) in reserves	0	(106)
0	Increase (decrease) of investments	0	0
0	Total applications of capital funding (D)	50	(106)
482	Surplus (deficit) of capital funding (C – D)	381	901
0	FUNDING BALANCE ((A – B) + (C – D))	0	0



Tātaritanga

PERFORMANCE



Performance framework

This section sets the performance measures that enable Council to monitor and report against our community outcomes and service performance.

Alignment with the city vision

Upper Hutt's community outcomes are expressed through the city vision and its five strategic priority areas: Environment, Community, City Centre, Economy, and Infrastructure. Aims are set so that Council can measure and continually improve services provided to the community.

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 ensure consistency of measurement across all councils.

For this year (2020 – 2021), Wellington Water (WWL) reported on 34 DIA mandatory performance measures, and 69 Statement of Intent non-financial measures. WWL reports 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. These correlate to 26 measures specific to Upper Hutt City Council.

WWL reports 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 has not been able to provide assurance on some of these measures to the auditor's standards, which equate to four measures (numbered 35, 40, 50, and 58, on pages 68, 69, and 71) in this Annual Report.

For measures 36 – 39, 48, and 49 (pages 68 – 70), there are gaps in the data, so we have included a range showing the possible minimum and maximum median times. The median time could be as low as the minimum, as high as the maximum, or anywhere in the range.

Last year WWL agreed with its shareholder councils and the auditor that it will continue to work on improving its performance management system over the following two years. This work is well underway, indicated by the reduced quantity of performance measures that are not verifiable compared to 13 in last year's Annual Report (2019 – 2020). For further information, you can read Audit NZ's independent auditor's report (opinion) for this Annual Report on page 167.

Community survey

Several of the measures are reliant on the results from the Community survey. The survey was carried out by an online survey and via telephone, with a sample of 600 residents living in the Upper Hutt area between June and July 2021. Data collection is managed to quota targets by age, geographic area, and ethnicity. After data collection, the sample is weighted so it is aligned with known population distributions as contained in the Census. At an aggregate level the sample has an expected 95% confidence interval (margin of error $\pm 4\%$).

Other surveys

Other surveys carried out on behalf of Council by Public Voice annually are the Economic Development, Community Groups, and Building Consent surveys.

COMMUNITY OUTCOME

Hapori | Community



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

- 1 Number of physical visits to library facilities in the 12 months to June

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
186,918	≥ previous financial year	202,463	Door counter (5% margin of error)

- 2 Number of digital connections made to library platforms in the 12 months to June¹

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
1,170,883	Minimum 640,000	1,023,891	Internal data analytics tool

- 3 User satisfaction with customer service provided by library staff—respondents satisfied or very satisfied

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
96%	95%	92%	Community survey

RATIONALE: Overall the residents provided positive feedback in the community survey and the results were good. However, the target was not achieved and we believe this is due to the Libraries reducing services due to COVID-19 restrictions.

- 4 H2O Xtream: annual attendance figures (represented by paying users)

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
163,319	210,000	185,991	Internal point of sale system

RATIONALE: Performance results may have been affected by Alert Level 2 restrictions throughout the year in response to the COVID-19 pandemic. Visitor numbers and events were restricted during these periods.

- 5 H2O Xtream: user satisfaction with the facility—users satisfied or very satisfied

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
84%	80%	69%	Community survey

RATIONALE: Verbatim comments recorded in the community survey highlight concerns about the number of pool closures. Suggestions include better enforcement of rules and having separate pools for toddlers.

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.

- 6 H2O Xtream: satisfaction with service provided by staff—users satisfied or very satisfied

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
89%	90%	84%	Community survey

RATIONALE: Overall the residents provided positive feedback in the community survey. There were no direct comments relating to services provided by staff, and we will continue to monitor this.

- 7 Whirinaki Whare Taonga (formerly Expressions Whirinaki): number of visitors in 12 months to June

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
94,078	100,000	152,502	Internal booking system/attendance records

- 8 Whirinaki Whare Taonga (formerly Expressions Whirinaki): community satisfaction with the range and quality of events and exhibitions provided at the centre—respondents satisfied or very satisfied

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
93%	90%	86%	Community survey

RATIONALE: There are no comments from the community survey responses that help us identify what could be improved. Satisfaction may have been affected by COVID-19 Alert Level 2 restrictions throughout the year. Visitor numbers and events were restricted during these periods.

WE HAVE A HEALTHY AND RESILIENT COMMUNITY

- 9 Attendance figures at flagship events: *Parks and Places* programme, buggy walks, and *Play* events

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
7,991	≥ previous year	8,519	Internal bookings/ attendance records

- 10 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)

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
16%	> previous year	2%	Community survey

RATIONALE: The results may have dropped because we have not run a promotional campaign this year.

- 11 Council emergency preparedness: attendance at Emergency Operations Centre (EOC) trainings

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
64%	90%	0%	EOC training attendance audit

RATIONALE: This measure was not achieved because there was no training provided.

- 12 Community group satisfaction: engagement with the Community Development team—respondents satisfied or very satisfied

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
93%	90%	97%	Annual Community Groups survey

Taiao | Environment



OUR CITY IS CONNECTED TO ITS OPEN SPACES

- 13 Percentage of households that have visited parks, reserves or gardens in the previous 12 months (includes Trentham Memorial Park, Maidstone Park, and Harcourt Park)

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
86%	≥ previous year	86%	Community survey

- 14 Resident satisfaction with parks, reserves and gardens (includes Trentham Memorial Park, Maidstone Park, and Harcourt Park)—users satisfied or very satisfied

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
91%	95%	87%	Community survey

RATIONALE: There were some verbatim comments from respondents of the community survey that questioned the priority of spending at Maidstone Park and, the new playing surface at Maidstone as being boggy and that the water is not draining away.

- 15 Number of users on the Upper Hutt pathways network, as indicated by a counter at a specific site

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
Continuing issues with counter, no data	≥ previous year	No data	Counter on network

RATIONALE: The counter was damaged in 2019 – 2020 and was not repaired in time to collect the data for the year. The counter has now been repaired and upgraded to provide electronic download options.

- 16 User satisfaction with the Upper Hutt pathways network—users satisfied or very satisfied

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
89%	≥ previous year	66%	Community survey

RATIONALE: Verbatim comments recorded in the community survey show that residents appear to be less satisfied with aspects of the city’s walkways and cycleways. There are no specifics about improvements sought.

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

- 17 Increasing total tonnage of recycling materials being deposited at the drop-off station

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
638.76 t (+9.2%)	≥ previous year	777.51 t	Quarterly provider data

- 18 Percentage of households that have used the drop off station in the previous 12 months

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
49%	≥ previous year	61%	Community survey

Te manawa | City centre



PEOPLE FEEL WELCOME AND CONNECTED TO OUR CITY CENTRE

19 City centre on street parking occupancy levels

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
92%	80 – 85%	85.1%	Monitoring via sensors

RATIONALE: We intended to start monitoring via sensors but were unable to install them due to COVID-19 restrictions. We therefore continued to monitor with annual targeted surveys. The result is more-or-less within range. Demand can still be accommodated within the main off-street carparks.

20 Resident satisfaction: appearance of the City Centre—residents satisfied or very satisfied

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
60%	75%	46%	Community survey

RATIONALE: Comments from respondents in the community survey indicate concerns with safety, cleanliness and making it more pedestrian friendly.

21 Resident satisfaction with safety in the City Centre—residents satisfied or very satisfied

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
69%	85%	53%	Community survey

RATIONALE: The community survey provided no comments that specify what could be done to improve safety in the City Centre. We will assess areas for improvement.

22 Resident satisfaction with safety in their neighbourhood—residents satisfied or very satisfied

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
82%	85%	60%	Community survey

RATIONALE: There are a wide range of safety concerns highlighted in the verbatim comments from respondents of the community survey that range from dangerous footpaths, dangerous roads and lack of street lighting.

23 The number of ground floor vacancies in the City Centre

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
6.1%	≤ previous year	4.8%	Six-monthly physical audit

COMMUNITY OUTCOME

Ōhanga | Economy



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

24 Engaged business: satisfaction with the level of Council support in relation to economic development
—respondents satisfied or very satisfied

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
100%	75%	100%	Business survey

25 Engaged retailers: satisfaction with the level of support provided by Retail and Business Liaison Officer
—respondents satisfied or very satisfied

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
100%	85%	100%	Retailers survey

COMMUNITY OUTCOME

Tūāpapa | Infrastructure



ROADING: WE WILL PROVIDE A SAFE ROADING NETWORK

26 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

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
7	≤ previous year	3	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

- 27 Road conditions: the average quality of ride on a sealed local road network, measured by smooth travel exposure (STE)

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
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77%	80%	76%	Annual roughness survey
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RATIONALE: Additional funding has been included in the Long Term Plan for the coming three years to carry out additional remedial work.

- 28 Road maintenance: the area of the sealed local road network that is resurfaced (expressed as percentage of work programmed in Asset Management Plan delivered)

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
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71% ²	95%	83.7% ³	Internal register and database
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RATIONALE: Some areas required treatments that cost more than the proposed treatment in the work programme. Costs to carry out resurfacing have also increased as a result of construction activity and demand in the Wellington Region. These factors combined and resulted in the costs that exceeded the budget, meaning not all the work could be carried out. Additional funding has been included in the Long Term Plan for the coming three years to address this funding shortfall.

- 29 Footpaths: the percentage of footpaths within Upper Hutt that fall within the level of service as set out in the Long Term Plan (2018 – 2028) and Asset Management Plan

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
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99.45%	95%	99.35%	Internal database
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- 30 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 (2018 – 2028)—3 days

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
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94.9%	≥ 90%	94.6%	Internal database
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- 31 Resident satisfaction with street lighting—residents satisfied or very satisfied

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
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75%	85%	64%	Community survey
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RATIONALE: LEDs (installed in 2017 – 2018) are less susceptible to failure leading to fewer unplanned outages. Despite this, survey respondents' satisfaction with streetlights in Upper Hutt has decreased year on year since that time. Although there is no apparent insight through the community survey to explain this, we will be assessing causes and improvement areas.

- 32 Resident satisfaction with street cleanliness—residents satisfied or very satisfied

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
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76%	85%	65%	Community survey
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RATIONALE: Regular performance monitoring shows that objectively street cleanliness is being maintained to a consistent standard, and that reported faults are being responded to promptly. Despite this, the subjective responses in the community survey have continued to decline. The verbatim comments in the community survey do not provide information about why this is the case.

2. 47,431 m²/66,634 m²

3. 70,910 m²/84,738 m²

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

- 33 Safety: Council's drinking water supply meets bacterial compliance criteria (Part 4) of the Drinking-Water Standards

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
100%	100%	100%	WWL data

- 34 Safety: Council's drinking water supply meets protozoal compliance criteria (Part 5) of the Drinking-Water Standards

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
100%	100%	100%	WWL data

- 35 Maintenance of the reticulation network: the percentage of real water loss from the local authority's networked reticulation system

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
19% ⁴	< 17%	24% ⁵	WWL data

RATIONALE: Due to the limited water meter information (less than 1% of the region's residential population) there is a wide variance in the confidence intervals for Council specific results. Therefore we continue to report this result as a representative regional percentage until more meters are available to support this measure at a Council level. Recent installation of small area monitor meters should allow more accurate assessment of water losses for 2021 – 2022 results, however we cannot distinguish between public and private leaks without domestic metering. End of year mean regional result is 17% with a 95% confidence interval of between 6% and 27%. Leakage remains high, both public and private leaks, as seen from regional night-flow data. We continue to target detection and fixing leaks as a key priority.

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:

- 36 (A) Attendance to urgent call-outs from the time that the local authority receives notification to the time that service personnel reach site

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
102 min ⁶	60 min	131 min (range: 121 – 172 min)	WWL data (refer to page 61)

- 37 (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

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
6.48 hours ⁶	4 hours	14 hours (range: 13.5 – 14.87 hours)	WWL data (refer to page 61)

RATIONALE (36) AND (37): WWL noted that, due to ageing infrastructure, maintenance teams across the region have experienced work volumes exceeding their capacity throughout the year—including response to, and resolution of, a number of incidents. The shortage of skilled labour in the industry continues to compromise their ability to resource adequately and meet targets.

- 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 of our Annual Report 2019 – 2020.
- WWL's auditor could not obtain assurance of the accuracy of reporting for this measure. For more information, please refer to pages 9, 61, 163, and 169.
- In 2019 – 2020, WWL records for attendance at events and fault resolution response times were insufficient to enable results to be verified and we received a qualification in our audit opinion on these. The qualification has been cleared this year. Consequently, the results for the prior and current year are not comparable.

- 38 C Attendance for non-urgent call-outs from the time that the local authority receives notification to the time that service personnel reach the site

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
99.7 hours ⁷	36 hours	106 hours (range: 95 – 124 hours)	WWL data (refer to page 61)

RATIONALE: WWL noted that, due to ageing infrastructure, maintenance teams across the region have experienced work volumes exceeding their capacity throughout the year—including response to, and resolution of, a number of incidents. The shortage of skilled labour in the industry continues to compromise their ability to resource adequately and meet targets.

- 39 D 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

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
9.98 days ⁷	15 days	7 days (range: 6.12 – 7.13 days)	WWL data (refer to page 61)

- 40 Customer satisfaction: the total number of complaints received about any of the following (expressed per 1,000 connections): A drinking water clarity, B drinking water taste, C drinking water odour, D drinking water pressure or flow, and E continuity of supply.

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
2.93 ⁸	≤ 30	3.5 ⁹	WWL data

- 41 Demand management: the average consumption of drinking water per day per resident

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
413 l ⁸	335 l	394 l	WWL data

RATIONALE: WWL provided the following explanation: 12 month rolling average results are consistently above target, in part due to leakage, both public and private leaks, as seen from night-flow data. We continue to target detection and fixing leaks as a key priority. Additional service crews are targeting proactive leak repairs. Increasing number of network meters will help to identify leaks quicker. Detection and repair times will remain challenging without further meters.

- 42 Interruptions to the water supply: the number of unplanned supply cuts per 1,000 connections

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
2.6	< 4	5.26	WWL data

RATIONALE: WWL provided the following explanation: The water supply network is ageing and the associated work volume to repair is increasing. WWL has introduced a revamped site management process to minimize the impact of water interruptions to the residents. It includes the deployment of water tanks and bottled water to the affected area, and diversified communications channels, such as mobile text messages, emails and website notification, to share the information with the public. The year end result is the combined figure across the year.

7. In 2019 – 2020, WWL records for attendance at events and fault resolution response times were insufficient to enable results to be verified and we received a qualification in our audit opinion on these. The qualification has been cleared this year. Consequently, the results for the prior and current year are not comparable.

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 of our Annual Report 2019 – 2020.

9. WWL's auditor could not obtain assurance of the accuracy of reporting for this measure. For more information, please refer to pages 9, 61, 163, and 169.

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

- 43 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

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
1.82 ¹⁰	0	2.67	WWL data

RATIONALE: WWL provided the following explanation: *The dry weather sewerage overflows are primarily caused by deteriorated sewerage pipes and blockages from tree roots, fats, and sanitary products. WWL strives to minimise their risks to the environment and people with a prompt response and effective post-event clean ups. WWL also actively tracks the overflow records to aid the targeted maintenance regime and capex renewals programme.*

Discharge compliance: compliance with Council's resource consents for discharge from its sewerage system, measured by the number of:

- 44 (A) Abatement notices for discharges from the wastewater system received by Council in relation to those resource consents

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
0	0	0	WWL data

- 45 (B) Infringement notices for discharges from the wastewater system received by Council in relation to those resource consents

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
0	0	0	WWL data

- 46 (C) Enforcement orders for discharges from the wastewater system received by Council in relation to those resource consents

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
0	0	0	WWL data

- 47 (D) Convictions for discharges from the wastewater system received by Council in relation to those resource consents

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
0	0	0	WWL 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:

- 48 (A) Attendance time: from the time that notification is received to the time that service personnel reach the site

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
132.77 min ¹¹	≤ 60 min	143 min (range: 124 – 192 min)	WWL data (refer to page 61)

- 49 (B) Resolution time: from the time that notification is received to the time that service personnel confirm resolution of the blockage or other fault

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
4.68 hours ¹¹	≤ 6 hours	18 hours (range: 7.67 – 24 hours)	WWL data (refer to page 61)

RATIONALE (48) AND (49): *WWL noted that, due to ageing infrastructure, maintenance teams across the region have experienced work volumes exceeding their capacity throughout the year—including response to, and resolution of, a number of incidents. The shortage of skilled labour in the industry continues to compromise their ability to resource adequately and meet targets.*

10. In 2019 – 2020, the original methodology applied by WWL for reporting dry weather wastewater overflows to generate results did not follow DIA guidelines. As a result, the numbers did not fairly represent the number of dry weather overflow events. The qualification has been cleared this year. Consequently, the results for the prior and current year are not comparable.
11. In 2019 – 2020, WWL records for attendance at events and fault resolution response times were insufficient to enable results to be verified and we received a qualification in our audit opinion on these. The qualification has been cleared this year. Consequently, the results for the prior and current year are not comparable.

- 50 Customer satisfaction: the total number of complaints received about any of the following (expressed per 1,000 connections): (A) sewerage odour, (B) sewerage system faults, (C) sewerage system blockages, and (D) Council's response to the sewerage system issues

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
6.86 ¹²	≤ 30	9.68 ¹³	WWL data

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

System adequacy—reported against Wellington Water Limited (WWL) Statement of Intent target:

- 51 (A) The number of flooding events that occur in the district

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
1	0	0	WWL data

- 52 (B) For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to the stormwater system)

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
0.07	0	0	WWL data

Discharge compliance: compliance with Council's resource consents for discharge from its stormwater system, measured by the number of:

- 53 (A) Abatement notices received by Council in relation to those resource consents

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
0	0	0	WWL data

- 54 (B) Infringement notices received by Council in relation to those resource consents

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
0	0	0	WWL data

- 55 (C) Enforcement orders received by Council in relation to those resource consents

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
0	0	0	WWL data

- 56 (D) Convictions received by Council in relation to those resource consents

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
0	0	0	WWL data

- 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

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
1,559 min	≤ 60 min	0 ¹⁴	WWL data

- 58 Customer satisfaction: the number of complaints received by Council about the performance of its stormwater system (expressed per 1,000 connections)

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
2.36 ¹²	≤ 25	2.25 ¹³	WWL data

12. 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 of our Annual Report 2019 – 2020.

13. WWL's auditor could not obtain assurance of the accuracy of reporting for this measure. For more information, please refer to pages 9, 61, 163, and 169.

14. Due to no call-outs.

COMMUNITY OUTCOME

Council is fit-for-purpose and capable

SERVICE PROVISION MEETS ALL REGULATORY REQUIREMENTS

59 Process LIMs within statutory time frames

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
94%	100%	100%	Internal database

60 Process resource consents within statutory time frames

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
100%	100%	88%	Internal database

RATIONALE: Processing timeframes were exceeded due to heavy workloads from a high number of resource consents, reflecting the market drivers for residential development. Additionally, a high number of larger or more complex applications were received over this period. In particular the heavy workload impacts on the ability to get feedback on a timely basis from experts, such as engineering. Outsourcing of consent processing has assisted however the high work volume has also affected consultants being able to complete consents on time.

61 Process building consents within the statutory time frames

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
87%	100%	73%	Internal database

RATIONALE: Council continues to receive unprecedented work volumes, along with challenges recruiting and retaining staff due to industry shortages. As a result of these industry challenges, performance has decreased this year compared with previous years.

62 Satisfaction with building consenting service—users satisfied or very satisfied

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
96%	92%	76%	Annual Building Consents Survey

RATIONALE: As mentioned above, Council has struggled to meet timeframes due to unprecedented work volumes and resourcing challenges. COVID-19 restrictions are also a factor. We're working to address these issues.

63 All food and hairdresser premises inspections conducted on time in accordance with the Act

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
73%	100%	72%	Internal database

RATIONALE: Hairdresser inspections for the last quarter were 100% achieved and conducted on time. During Q3 the backlog of food inspections from COVID-19 lockdowns (where we couldn't do verifications) was cleared.

The failure to meet this target was largely due to food businesses requesting extensions, high workloads, increased compliance requirements for Councils conducting food verifications (via QMS requirements), shortages in suitably qualified staff.

64 Timeliness of response to complaints of excessive noise—respond within one hour to excessive noise reports

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
78%	90%	91%	Internal database

65 Timeliness of initial response to reported dog attacks—respond within two hours of the complaint being received

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
89%	100%	93%	Internal database

RATIONALE: During Quarter 4, staff workloads greatly increase due to doing database maintenance and management in preparation for the forthcoming dog registration year. This combined with current staff under resourcing has meant that we have not been able to respond in time.

UPPER HUTT CITY COUNCIL HAS A POSITIVE REPUTATION

66 Reputation—respondents are satisfied or very satisfied

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
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74%	> previous year	54%	Community Survey
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RATIONALE: *There are no verbatim comments available from the survey to provide insight into this result.*

67 Perceived value for money—respondents are satisfied or very satisfied

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
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59%	> previous year	48%	Community Survey
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RATIONALE: *There are no verbatim comments available from the survey to provide insight into this result.*

68 Overall satisfaction with services, infrastructure and facilities—respondents are satisfied or very satisfied

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
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81%	> previous year	58%	Community Survey
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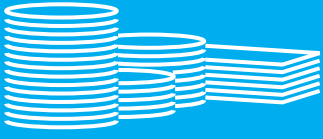
RATIONALE: *There are no verbatim comments available from the survey to provide insight into this result.*

69 Satisfaction with the overall performance of Mayor and Councillors—respondents are satisfied or very satisfied

19 – 20 RESULT	20 – 21 AIM	20 – 21 RESULT	DATA SOURCE
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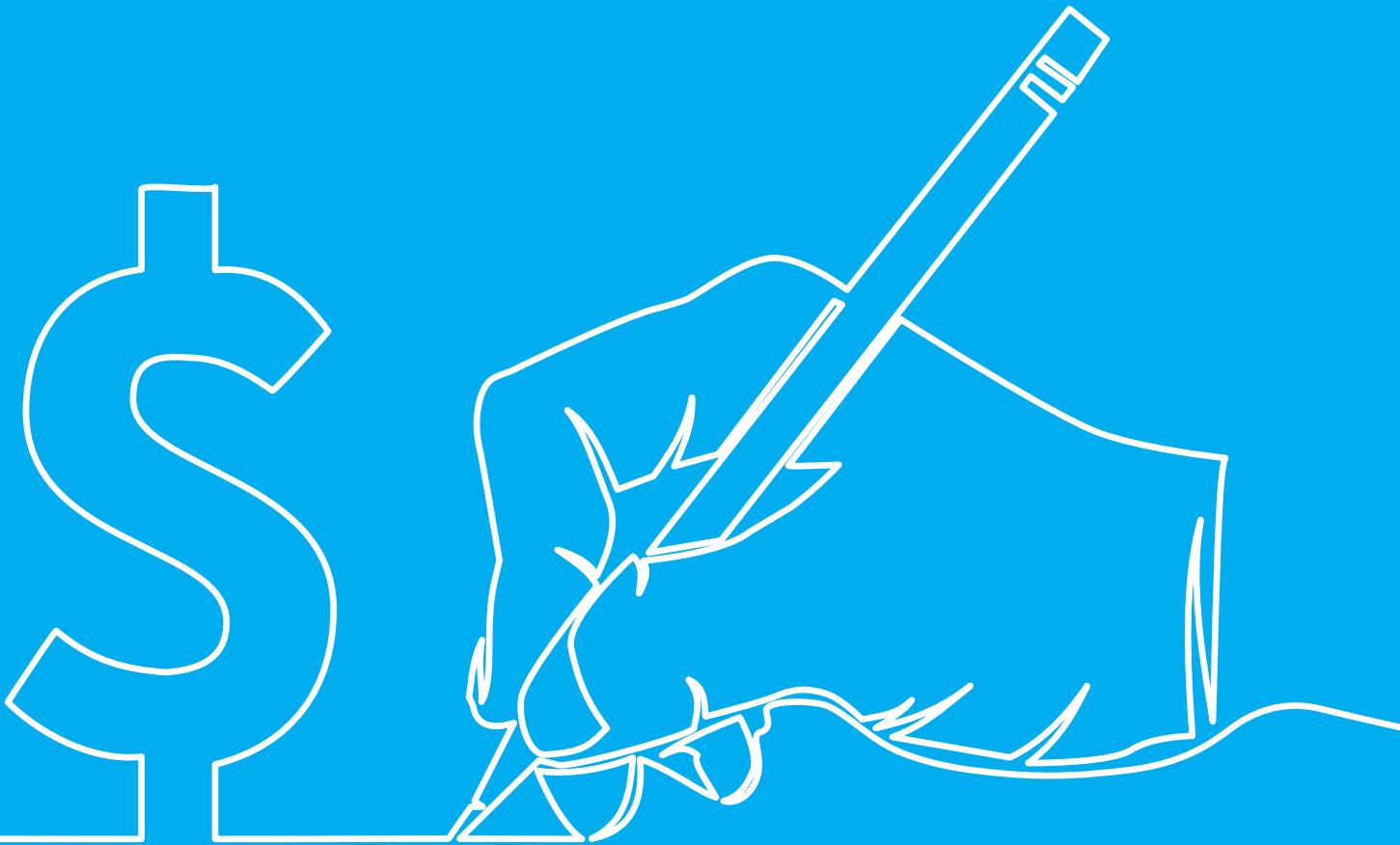
68%	85%	52%	Community Survey
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RATIONALE: *Verbatim comments from respondents of the community survey mentioned concerns with infrastructure which include walking and cycling safety. They also mention issues with main street and being able to be involved in public consultation outside of hours.*



Ahumoni

FINANCIALS



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Financial statistics

Five-year financial performance summary

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

Five-year Council financial statistics

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

Statement of accounting policies

YEAR ENDED 30 JUNE 2021

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 (Whirinaki Whare Taonga), which is 100% owned by Upper Hutt City Council. 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 services and maintenance and development of the *three waters* (water supply, wastewater, and stormwater) 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 2021. The Annual Report was adopted for issue by Council on 15 December 2021.

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.

Basis of consolidation

The consolidated financial statements comprise Council, together with Whirinaki Whare Taonga (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, Whirinaki Whare Taonga, 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).

Presentation currency and rounding

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

There are no changes in accounting policies this year.

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 payables and trade receivables, 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.

There were further Covid-19 resurgences in August 2020, February 2021 and June 2021 which saw Wellington move to Alert Level 2, requiring restricted access to Council facilities like the pool and library.

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; and
- 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 comprehensive revenue and expense for the year ended 30 June 2021

REVENUE	NOTE	ACTUAL PARENT	ACTUAL PARENT	BUDGET PARENT	ACTUAL GROUP	ACTUAL GROUP
		30 JUN 2021	30 JUN 2020	30 JUN 2021	30 JUN 2021	30 JUN 2020
		(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Rates (net)	2A	43,493	42,390	43,377	43,493	42,390
Fees and charges	2B	7,682	7,254	6,644	7,977	7,450
Reserve fund and financial contributions		1,662	2,149	1,518	1,662	2,149
Subsidies and grants	2C	7,155	5,611	8,483	7,238	5,693
Interest and dividends	2D	199	352	217	200	372
Gains on investment		1	0	0	1	0
Other Revenue	2E	8,525	11,006	7,741	8,525	11,006
Total revenue		68,717	68,762	67,980	69,096	69,060
EXPENDITURE						
Personnel costs and councillor remuneration	3A	13,657	13,734	14,583	14,305	14,278
Depreciation and amortisation expense	3B	17,653	16,414	15,632	17,675	16,431
Finance costs		1,710	1,763	2,571	1,710	1,763
Bulk drainage levy		2,472	2,607	2,671	3,910	2,607
Bulk water levy		3,910	3,686	3,934	2,472	3,686
Other expenses	3C	27,912	23,747	26,454	27,671	23,425
Total expenditure		67,314	61,951	65,845	67,743	62,190
SURPLUS/(DEFICIT) BEFORE AND AFTER TAX		1,403	6,811	2,135	1,353	6,870
OTHER COMPREHENSIVE REVENUE AND EXPENSE						
Gains/(losses) on infrastructural property assets revaluations	14C	24,528	44,622	15,666	24,528	44,622
Gains/(losses) on operational, restricted property and aquatic assets revaluations	14C	39,361	(370)	2,319	39,361	(370)
Total other comprehensive revenue and expense		63,889	44,252	17,985	63,889	44,252
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		65,292	51,063	20,120	65,242	51,122

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 financial position as at 30 June 2021

CURRENT ASSETS	NOTE	ACTUAL PARENT	ACTUAL PARENT	BUDGET PARENT	ACTUAL GROUP	ACTUAL GROUP
		30 JUN 2021 (\$000)	30 JUN 2020 (\$000)	30 JUN 2021 (\$000)	30 JUN 2021 (\$000)	30 JUN 2020 (\$000)
Cash and cash equivalents	4	9,933	4,934	4,868	10,151	5,299
Other financial assets	5	11,000	14,000	8,402	11,139	14,038
Receivables	7	8,796	5,612	3,197	8,871	5,669
Inventory		9	16	0	33	36
Non-current assets held for sale	8	206	206	333	206	206
Total current assets		29,944	24,768	16,800	30,400	25,248
NON-CURRENT ASSETS						
Other financial assets	5	1,428	907	1,129	1,428	907
Derivative financial instruments	6	2	0	0	2	0
Receivables	7	23	27	28	23	27
Permanent art collection	9D	0	0	0	90	53
Property, plant, and equipment	9A, 9B, 9C	154,436	103,636	122,888	154,563	103,717
Aquatic assets	9E	12,547	13,708	15,580	12,547	13,708
Infrastructure assets	9F	726,381	695,185	707,942	726,381	695,185
Intangible assets		7	47	0	7	47
Total non-current assets		894,824	813,510	847,567	895,041	813,644
TOTAL ASSETS		924,768	838,278	864,367	925,441	838,892
CURRENT LIABILITIES						
Payables and deferred revenue	10	13,659	8,129	9,353	13,898	8,299
Derivative financial instruments	6	217	49	0	217	49
Employee entitlements	11	1,343	1,128	684	1,382	1,163
Borrowings and other financial liabilities	12	4,000	8,000	5,189	4,000	8,000
Total current liabilities		19,219	17,306	15,226	19,497	17,511

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

NON-CURRENT LIABILITIES	NOTE	ACTUAL PARENT	ACTUAL PARENT	BUDGET PARENT	ACTUAL GROUP	ACTUAL GROUP
		30 JUN 2021	30 JUN 2020	30 JUN 2021	30 JUN 2021	30 JUN 2020
		(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Derivative financial instruments	6	2,457	4,613	1,812	2,457	4,613
Employee entitlements	11	310	308	314	310	308
Borrowings and other financial liabilities	12	62,311	41,000	90,249	62,311	41,000
Total non - current liabilities		65,078	45,921	92,375	65,078	45,921
TOTAL LIABILITIES		84,297	63,227	107,601	84,575	63,432
NET ASSETS		840,471	775,051	756,766	840,866	775,460
EQUITY						
Accumulated funds	14A	235,573	234,078	246,337	235,868	234,423
Restricted reserves	14B	19,867	19,831	15,253	19,905	19,870
Asset revaluation reserves	14C	585,031	521,142	495,176	585,093	521,167
TOTAL EQUITY		840,471	775,051	756,766	840,866	775,460

Statement of changes in equity for the year ended 30 June 2021

OPERATING ACTIVITIES	ACTUAL PARENT	ACTUAL PARENT	BUDGET PARENT	ACTUAL GROUP	ACTUAL GROUP
	30 JUN 2021	30 JUN 2020	30 JUN 2021	30 JUN 2021	30 JUN 2020
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Balance at 1 July	775,051	723,754	736,646	775,459	724,104
Transfer of revaluation reserve from asset revaluation reserve on disposal of property	128	234	0	165	234
Total comprehensive revenue and expense for the year	65,292	51,063	20,120	65,242	51,122
Balance at 30 June	840,471	775,051	756,766	840,866	775,460

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 2021

OPERATING ACTIVITIES	NOTE	ACTUAL PARENT	ACTUAL PARENT	BUDGET PARENT	ACTUAL GROUP	ACTUAL GROUP
		30 JUN 2021	30 JUN 2020	30 JUN 2021	30 JUN 2021	30 JUN 2020
		(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Cash was provided from:						
Rates		43,336	42,614	62,010	43,336	42,614
Other receipts		16,522	16,257	0	16,965	16,565
Interest received		199	362	217	200	382
Dividends received		0	0	0	0	0
Regional Council rates		11,611	11,655	0	11,611	11,655
		71,668	70,888	62,227	72,112	71,216
Cash was applied to:						
Payments to suppliers		(32,238)	(28,748)	(32,323)	(32,038)	(28,439)
Payments to employees		(13,440)	(13,429)	(14,583)	(14,065)	(13,969)
Interest paid		(1,665)	(1,736)	(2,571)	(1,665)	(1,736)
Goods and Services Tax (net)		(4)	(59)	0	(3)	(49)
Regional Council rates		(11,610)	(11,571)	0	(11,610)	(11,571)
		(58,957)	(55,543)	(49,477)	(59,381)	(55,764)
Net cash inflow (outflow) from operating activities	15	12,711	15,345	12,750	12,732	15,452
INVESTING ACTIVITIES						
Cash was provided from:						
Proceeds from sale of property, plant, and equipment		0	0	1,713	0	0
Maturity of investments		4,990	2,000	897	4,990	2,006
		4,990	2,000	2,610	4,990	2,006
Cash was applied to:						
Purchase of investments		0	(5,000)	0	0	(5,000)
Purchase of property, plant, and equipment		(30,013)	(19,474)	(39,685)	(30,139)	(19,511)
		(30,013)	(24,474)	(39,685)	(30,139)	(24,511)
Net cash inflow (outflow) from investing activities		(25,023)	(22,474)	(37,075)	(25,149)	(22,505)

FINANCING ACTIVITIES	NOTE	ACTUAL PARENT	ACTUAL PARENT	BUDGET PARENT	ACTUAL GROUP	ACTUAL GROUP
		30 JUN 2021	30 JUN 2020	30 JUN 2021	30 JUN 2021	30 JUN 2020
		(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Cash was provided from:						
Loan raised		21,311	7,000	25,478	21,311	7,000
Cash was applied to:						
Loan repayments		(4,000)	(1,000)	0	(4,000)	(1,000)
Net cash inflow (outflow) from financing activities		17,311	6,000	25,478	17,311	6,000
Net increase (decrease) in Cash, Cash Equivalents and Bank Overdrafts						
Cash and cash equivalents as at 01 July		4,934	6,063	3,715	5,299	6,352
Cash and cash equivalents as at 30 June		9,933	4,934	4,868	10,193	5,299

The forecast opening balance of budget year 2020 – 2021 may not agree to the closing balance of year 2019 – 2020 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.



Wayne Guppy | MAYOR



Peter Kelly | CHIEF EXECUTIVE

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 when each instalment is invoiced.

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 initially recognised at time of application with any additional charges being recognised prior to completion.

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.

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 FINANCIAL 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 2021 (\$000)	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)
General rates ¹⁵	26,366	26,711	26,366	26,711
Targeted water fire protection rates	1,899	1,316	1,899	1,316
Targeted Stormwater disposal rates	6,246	3,949	6,246	2,983
Targeted Wastewater pan charges	2,402	2,983	2,402	7,422
Rates penalties	6,593	7,422	6,593	250
Water—targeted rates	249	250	249	3,949
Total non-exchange gross rates revenue	43,755	42,631	43,755	42,631
LESS REMISSION				
Land used for sport (general rates)	108	112	108	112
Rates penalties remissions	46	33	46	33
Remission Economic Development Stimulus Policy	108	96	108	96
Total remission	262	241	262	241
TOTAL NON-EXCHANGE REVENUE NET OF REMISSION	43,493	42,390	43,493	42,390

The total amount of rates charged on Council-owned properties that have not been eliminated from revenue and expenditure is \$1,690,000 (2020: \$2,010,000). For the group, rates of \$1,690,000 (2020: \$2,010,000) have not been eliminated.

Rating information disclosure under Local Government Act 2002 ¹⁶

	AS AT 30 JUN 2021	AS AT 30 JUN 2020
Total land valuations of rateable properties for the city	\$5,941,566,100	\$5,871,009,100
Total capital valuation of rateable properties for the city	\$11,618,231,300	\$11,438,131,300
Total number of rateable properties	17,461	17,194

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

15. The general rates figure for 2019 – 2020 included a refund processed that year of \$527 K 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.

16. In last year's Annual Report, the figures for 30 June 2020 mistakenly included non-rateable properties. This has been corrected in the table above.

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.

Rates are 'written-off':

- when remitted in accordance with the Council's rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

In 2021 there were no rates written off under sections 90A or 90B.

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.

2B Fees and charges revenue

	ACTUAL PARENT 30 JUN 2021 (\$000)	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)
Permit and licence fees	2,136	2,121	2,136	2,121
Metered water charges ¹⁷	1,752	1,627	1,752	1,627
Property rentals ¹⁸	187	179	187	179
H ₂ O Xtream and Whirinaki Whare Taonga charges ¹⁸	1,058	904	1,370	1,100
Library, parks, and community charges ¹⁸	92	84	92	84
Other charges ¹⁷	932	876	915	876
Total non-exchange fees and charges revenue	6,157	5,791	6,452	5,987
Solid waste	671	656	671	656
Dog charges	456	429	456	429
Cemetery charges	398	378	398	378
Total exchange fees and charges revenue	1,525	1,463	1,525	1,463
TOTAL FEES AND CHARGES REVENUE	7,682	7,254	7,977	7,450

17. 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 \$56 K of water charges charged to Council properties from income and other operating expenses (2020: \$66 K). Under *Other charges*, Council has \$0 of other internal charges and other operating expenses (2020: \$0).

18. Council's fees and charges revenue for 2019 – 2020 was impacted by COVID-19 related restrictions in two ways: 1. directly due to closures (i.e. H₂O Xtream, Whirinaki Whare Taonga, 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*, *H₂O Xtream and Whirinaki Whare Taonga charges*, and the *Library, parks, and community charges* lines in the table above.

2c Non-exchange revenue subsidies and grants

	ACTUAL PARENT 30 JUN 2021 (\$000)	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)
Roading subsidies (Waka Kotahi)	5,654	2,969	5,654	2,969
Three Waters Stimulus funding (DIA)	761	0	761	0
Social community project grants	404	128	404	128
Crown Infrastructure	336	0	336	1,234
Donations from Whirinaki Whare Taonga for extension	0	1,234	0	1,280
Donation from Ministry of Culture and Heritage for Whirinaki Whare Taonga extension	0	1,280	0	0
Other grants and subsidies	0	0	83	82
Total non-exchange revenue subsidies and grants	7,155	5,611	7,238	5,693

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

2D Exchange revenue interest

	ACTUAL PARENT 30 JUN 2021 (\$000)	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)
Other financial assets	198	351	199	371
Trade receivables—Community loans	1	1	1	1
Total interest	199	352	200	372

2E Non-exchange other revenue

	ACTUAL PARENT 30 JUN 2021 (\$000)	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)
Cost reimbursement from other agencies	1,215	1,876	1,215	1,876
Insurance Recoveries	75	0	75	0
Petrol Tax Subsidies	170	160	170	160
Vested Assets	4,160	8,716	4,160	8,716
Parking & Vehicle Infringements	240	254	240	254
Profit On Disposal of Assets	15	0	15	0
Gain on remeasurement of derivatives	2,650	0	2,650	0
Total other revenue	8,525	11,006	8,525	11,006

2F Non-cancellable operating lease commitment as a lessor

Council 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 2021 (\$000)	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)
Not later than one year	270	310	270	310
Later than one year and not later than five years	767	817	767	817
Later than five years	1,881	1,935	1,881	1,935
Total non-cancellable operating leases	2,918	3,062	2,918	3,062

No contingent rents have been recognised in the Statement of comprehensive revenue and expense during the period (2020: \$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.

PERSONNEL COSTS

Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

Superannuation schemes

Employer contributions to KiwiSaver and the Government Superannuation Fund are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

3A Personnel costs and councillor remuneration

BREAKDOWN OF PERSONNEL COSTS AND COUNCILLOR REMUNERATION	ACTUAL PARENT	ACTUAL PARENT	ACTUAL GROUP	ACTUAL GROUP
	30 JUN 2021 (\$000)	30 JUN 2020 (\$000)	30 JUN 2021 (\$000)	30 JUN 2020 (\$000)
Salaries and wages	13,099	13,117	13,654	13,661
Defined contributions plan employee contributions	341	312	355	318
Increase/decrease employee entitlements	217	305	222	299
Other	0	0	74	0
Total personnel costs and councillor remuneration	13,657	13,734	14,305	14,278

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 2021 (\$)	30 JUN 2020 (\$)
Salary	298,440	283,299
Private use of a car	11,374	11,374
Total actual remuneration, including fringe benefit tax	309,814	294,673

Remuneration of elected representatives

During the year Upper Hutt City Council paid total costs, including meeting allowances of \$561,597 (2019: \$535,939) to elected representatives, as follows:

	30 JUN 2021 (\$)	30 JUN 2020 (\$)
His Worship the Mayor, Wayne Guppy	133,022	129,088
Deputy Mayor Hellen Swales (Deputy Mayor from 18/10/2019)	53,890	49,127
Cr. Blair Griffiths	46,705	44,053
Cr. Dave Wheeler	47,425	43,028
Cr. Chris Carson	46,705	41,983
Cr. Steve Taylor	43,268	39,780
Cr. Paul Lambert	35,927	35,282
Cr. Angela McLeod	36,647	35,223
Cr. Heather Newell	43,112	29,451

	30 JUN 2021 (\$)	30 JUN 2020 (\$)
Cr. Dylan Bentley	35,927	25,026
Cr. Tracey Ultra	35,927	25,026
Deputy Mayor John Gwilliam (resigned 17 October 2019)	0	15,128
Cr. Glenn McArthur (resigned 17 October 2019)	0	13,547
Cr. Ros Connelly (resigned 17 October 2019)	0	10,197
Total remuneration of elected representatives	558,555	535,939

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 2021 (\$)	30 JUN 2020 (\$)
His Worship the Mayor, Wayne Guppy	7,722	17
Deputy Mayor Hellen Swales	0	51
Cr. Blair Griffiths	0	43
Cr. Angela McLeod	720	0
Cr. Dave Wheeler	720	38
Total resource consent and liquor licencing hearing fees	9,162	149

Summary of employee levels

2020 – 2021	30 JUN 2021 EMPLOYEE NUMBERS	30 JUN 2021 FTE ¹⁹ EMPLOYEE NUMBERS
Total remuneration ≤ \$60,000		
Casual employees	55	5
Part-time employees	50	23
Full-time employees	41	39
	146	67
Total remuneration \$60,001 – \$80,000		
Part-time employees	1	1
Full-time employees	55	55
	56	56
Full-time employee total remuneration \$80,001 – \$100,000	29	29
Full-time employee total remuneration \$100,001 – \$120,000	13	13
Full-time employee total remuneration \$120,001 – \$160,000	12	12
Full-time employee total remuneration \$160,001 – \$310,000	7	7
Total employee numbers 2020 – 2021	263	184

19. FTE: Full-time equivalent employees

2019 – 2020	30 JUN 2020 EMPLOYEE NUMBERS	30 JUN 2020 FTE EMPLOYEE NUMBERS
Total remuneration ≤ \$60,000		
Casual employees	24	5
Part-time employees	57	28
Full-time employees	63	62
	144	95
Total remuneration \$60,001 – \$80,000		
Part-time employees	2	2
Full-time employees	39	39
	41	41
Total remuneration \$80,001 – \$100,000		
Part-time employees	1	1
Full-time employees	22	22
	23	23
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
Total employee numbers 2019 – 2020	233	184

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 2021, Council did not make any severance payment to employees (2020: \$20,000, one payment).

3B Depreciation and amortisation expense by group of activity

	ACTUAL PARENT 30 JUN 2021 (\$000)	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)
Leadership	0	0	0	0
Land transport	5,377	5,168	5,377	5,168
Water supply	2,213	2,007	2,213	2,007
Wastewater	4,124	3,889	4,124	3,889
Stormwater	2,220	2,149	2,220	2,149
Sustainability	18	18	18	18
Planning and regulatory services	2	2	2	2
Community and recreation	3,692	3,176	3,714	3,193
Economic development	7	5	7	5
Total depreciation and amortisation expenses	17,653	16,414	17,675	16,431

3C Other expenses

	ACTUAL PARENT 30 JUN 2021 (\$000)	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)
Audit NZ fees for audit of financial statements and performance information	150	135	164	148
Audit NZ fees for audit of Long Term Plan 2021 – 2031	100	0	100	0
Community grants	812	800	812	800
Consultants	1,383	1,237	1,383	1,259
Disaster Fund Insurance	470	316	470	316
Electricity and gas energy	367	329	367	334
Fringe benefit tax (FBT)	54	46	54	46
IT maintenance and support	1,330	1,381	1,330	1,381
Insurance	760	586	768	592
Land transport general maintenance	2,808	2,616	2,808	2,616
Loss on disposal of assets	339	318	339	318
Other operating expenses	10,762	8,027	10,380	7,659

	ACTUAL PARENT 30 JUN 2021 (\$000)	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)
Parks, reserves, and sportsground maintenance	2,069	1,733	2,069	1,733
Rates on Council properties	1,997	2,010	1,997	2,010
Rental charges	280	269	399	269
Stormwater (drain) maintenance	634	422	634	422
Wastewater (sewer) maintenance	647	453	647	453
Water (supply) maintenance	1,876	1,610	1,876	1,610
Wellington Water contract/management fees	1,074	1,459	1,074	1,459
Total other expenses	27,912	23,747	27,671	23,425

INTERNAL CHARGES

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

	ACTUAL PARENT 30 JUN 2021 (\$000)	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)
Upper Hut City Council rates on Council properties	1,690	1,645	1,690	1,645
Metered water charges on Council properties	56	66	56	66
Total internal charges	1,746	1,711	1,746	1,711

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 (2020: \$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:

NON-CANCELLABLE OPERATING LEASE COMMITMENT AS A LESSEE FOR PROPERTY, PLANT, AND EQUIPMENT	ACTUAL PARENT 30 JUN 2021 (\$000)	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)
Not later than one year	385	424	385	451
Later than one year and not later than five years	367	517	367	599
Later than five years	14	25	14	25
Total non-cancellable operating leases	766	966	766	1,075

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:

OTHER NON-CANCELLABLE CONTRACTS	ACTUAL PARENT 30 JUN 2021 (\$000)	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)
Not later than one year	8,305	8,097	8,455	8,097
Later than one year and not later than five years	3,703	2,458	3,703	2,458
Five years and later	1,009	0	1,009	0
Total non-cancellable contracts	13,017	10,555	13,167	10,555
TOTAL NON-CANCELLABLE COMMITMENTS	13,783	11,521	13,933	11,630

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*.

CASH AND CASH EQUIVALENTS	ACTUAL PARENT	ACTUAL PARENT	ACTUAL GROUP	ACTUAL GROUP
	30 JUN 2021	30 JUN 2020	30 JUN 2021	30 JUN 2020
	(\$000)	(\$000)	(\$000)	(\$000)
Cash on hand	2	3	2	3
Bank balances	2,931	1,731	3,149	2,095
Call account	7,000	3,200	7,000	3,201
Total cash and cash equivalents	9,933	4,934	10,151	5,299

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 assets are 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 2021 (\$000)	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)
CURRENT PORTION				
Loans and receivables				
Term deposits	11,000	14,000	11,139	14,038
Total current portion	11,000	14,000	11,139	14,038
NON-CURRENT PORTION				
Loans and receivables				
LGFA ²⁰ borrower notes	1,255	736	1,255	736
Fair value through Equity—unlisted shares:				
NZLG Insurance Corporation Ltd (trading as Civic Assurance)	50	48	50	48
Smartlinx3 Ltd	43	43	43	43
Wellington Water Ltd	80	80	80	80
Total non-current portion	1,428	907	1,428	907

Fair value

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

Impairment

There were no impairment provisions for other financial assets (2020: \$nil).

20. LGFA: Local Government Funding Agency.

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.

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 2021 is \$66.0 M (2020: \$44.0 M).

	ACTUAL PARENT 30 JUN 2021 (\$000)	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)
Current asset portion	0	0	0	0
Non-current asset portion	2	0	2	0
Current liability portion	(217)	(49)	(217)	(49)
Non-current liability portion	(2,457)	(4,613)	(2,457)	(4,613)

NOTE 7 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 \$27,000 (2020: \$31,000). Fair value has been determined using cash flows discounted at a rate of 1.00% to 3.00% (2020: 1.00% to 3.00%).

The face value of community loans is \$27,000 (2020: \$31,000).

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 2021 and 2020, 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 2021	30 JUN 2020	30 JUN 2021	30 JUN 2020
	(\$000)	(\$000)	(\$000)	(\$000)
Rates receivables	887	1,176	887	1,176
Sundry debtors	563	468	611	520
Community loans	27	31	27	31
GST	565	561	578	574
Related party receivables	63	44	0	0
Accrued revenue	3,692	1,423	3,692	1,423
Prepayments	3,072	1,986	3,149	2,021
	8,869	5,689	8,944	5,745

	ACTUAL PARENT 30 JUN 2021 (\$000)	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)
RECEIVABLES				
Less provision for impairment of receivables	(50)	(50)	(50)	(50)
TOTAL TRADE AND OTHER RECEIVABLES	8,819	5,639	8,894	5,695
Less non-current portion(s)—community loans	(23)	(27)	(23)	(27)
Total current portion	8,796	5,612	8,871	5,668
Receivables from non-exchange transactions:				
Includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	8,637	5,485	8,712	5,541
Receivables from exchange transactions:				
Includes outstanding dog charges, and cemetery and solid waste transactions	182	154	182	154
	8,819	5,639	8,894	5,695

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

	ACTUAL PARENT 30 JUN 2021 (\$000)	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)
PROVISION FOR IMPAIRMENT OF RECEIVABLES				
At 1 July	50	50	50	50
Additional provisions made during the year	13	52	13	52
Receivables written off during period	(13)	(52)	(13)	(52)
At 30 June	50	50	50	50

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

	ACTUAL PARENT 30 JUN 2021 (\$000)	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)
AGE OF RATES RECEIVABLES				
Current 90 days over	621	968	621	968
1 to 2 years old	88	77	88	77
2 to 3 years old	49	38	49	38
Greater than 3 years old	129	93	129	93
Carrying amount as at 30 June	887	1,176	887	1,176

The age of sundry debtors are as follows:

AGE OF SUNDRY DEBTORS	ACTUAL PARENT	ACTUAL PARENT	ACTUAL GROUP	ACTUAL GROUP
	30 JUN 2021	30 JUN 2020	30 JUN 2021	30 JUN 2020
	(\$000)	(\$000)	(\$000)	(\$000)
Past due 1 – 30 days	459	266	504	318
Past due 31 – 60 days	64	21	67	21
Past due 61 – 90 days	24	9	24	9
Past due greater than 90 days	16	172	16	172
Carrying amount as at 30 June	563	468	611	520

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.

NON-CURRENT ASSETS HELD FOR SALE	ACTUAL PARENT	ACTUAL PARENT	ACTUAL GROUP	ACTUAL GROUP
	30 JUN 2021	30 JUN 2020	30 JUN 2021	30 JUN 2020
	(\$000)	(\$000)	(\$000)	(\$000)
Land	206	206	206	206
Total non-current assets held for sale	206	206	206	206

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 H₂O 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 2021 by Chris McCashin MPINZ, a valuer at AON Valuation Services Ltd.

The land component of the valuation has been derived from market-based evidence based on its highest and best correlation with reference to sales of comparably zoned land in surrounding areas.

Adjustments have been made to land values where there is a designation against the land or the use of the land is restricted because of reserve status.

The revalued operational building assets were valued either on a depreciated replacement cost or optimised depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions used in the 30 June 2021 valuation include:

- The replacement costs of the specific assets are adjusted where appropriate for optimisation due to over-design or surplus capacity. There have been no optimisation adjustments for the most recent valuations.
- The replacement cost is derived from recent construction contracts of modern equivalent assets and Property Institute of New Zealand cost information. Construction costs range from \$350 to \$5,000 per square metre, depending on the nature of the specific asset valued.
- The remaining useful life of assets is estimated after considering factors such as the condition of the asset, future maintenance and replacement plans, and experience with similar buildings.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

INFRASTRUCTURE ASSETS

Roading assets were independently valued as at 30 June 2021 by WSP Opus. The asset valuation was completed using the RAMM Asset Valuation Module. Roothing assets were valued using the optimised depreciated replacement cost method. 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 2021 by Peter Erceg of AON Valuation Services Limited. These assets are valued under the depreciated replacement cost method.

Parks plant and equipment assets were revalued as at 30 June 2021 by Peter Erceg of AON Valuation Services Limited.

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 14 June 2021 by Suzanne Beere of Ngaio Fine Arts. 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:

OPERATIONAL ASSETS	YEARS
Buildings	10 – 100
Buildings fit-out and services	10 – 40
Furniture and office equipment	5 – 15
Library books	3 – 5
Motor Vehicles	5 – 10
Parks and reserves services	10 – 100
Plant and equipment	4 – 50

INFRASTRUCTURE ASSETS	YEARS
Roading	
Bridges	20 – 100
Car parks	50
Culverts	50 – 80
Footpaths/accessways	30 – 60
Roads (except land and formation)	4 – 30
Roundabouts	50
Stormwater channels	15 – 60
Street and traffic lights	5 – 50
Street furniture and other features	12 – 25
Subways	80
Sumps	60

INFRASTRUCTURE ASSETS	YEARS
Water supply	
Civil Works	80 – 100
Mechanical and electrical plant, outlets, pumps	20 – 50
Pipework, appurtenances, and associated structures	50 – 100
Reservoirs, intake structure	100

INFRASTRUCTURE ASSETS	YEARS
Wastewater	
Civil works	80 – 100
Electronic equipment	10 – 20
Mechanical and electrical plant, outlets, pumps	15 – 50
Pipework, wastewater mains	50 – 100

Stormwater	
Civil works	80 – 100
Mechanical and electrical plant, outlets, pumps	20 – 50
Pipe work, appurtenances, and associated structures	50 – 100

Telemetry	
Civil works	80 – 100
Electronic equipment	10 – 20
Mechanical and electrical plant, outlets, pumps	20 – 50
Pipework, appurtenances, and associated structures	50 – 100

DIMINISHING VALUE DEPRECIATION	YEARS
Furniture and office equipment	5
Plant and equipment	4 – 50

DIMINISHING VALUE DEPRECIATION	YEARS
Vehicles and plant	5 – 105

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 Parks and Land and Buildings assets as at 30 June 2021 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-revalued 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 STREET TREES (\$000)	BUILDINGS (\$000)	FURNITURE AND EQUIPMENT (\$000)	LIBRARY BOOKS (\$000)	MOTOR VEHICLES (\$000)	PLANT AND EQUIPMENT (\$000)	WORK IN PROGRESS (\$000)	TOTAL PROPERTY, PLANT, AND EQUIPMENT (\$000)
Cost or valuation								
Balance 1 July 2019	20,779	19,666	1,096	1,211	491	78	1,150	44,471
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)
Cost or valuation at 30 June 2020	20,776	20,519	1,156	1,423	765	542	4,617	49,798
Add 2020 – 2021 movements								
Additions	4	8,884	27	228	105	604	1,319	11,171
Revaluation increase/(decrease)	6,385	9,825	0	0	0	0	0	16,210
Disposals/write-offs	0	(28)	0	0	0	(2)	0	(30)
Transfers	0	0	0	0	0	0	(3,985)	(3,985)
Cost or valuation at 30 June 2021	27,165	39,200	1,183	1,651	870	1,144	1,951	73,164

Accumulated depreciation and impairment losses									
Balance 1 July 2019	0	(426)	(915)	0	(441)	(10)	0	(1,792)	
Depreciation expense	0	(618)	(53)	(254)	(47)	(35)	0	(1,007)	
Disposals/write-offs	0	0	0	0	17	0	0	17	
Transfers	0	0	0	0	0	0	0	0	
Revaluation increase/(decrease)	0	(370)	0	0	0	0	0	(370)	
Accumulated depreciation and impairment losses at 30 June 2020	0	(1,414)	(968)	(254)	(471)	(45)	0	(3,152)	
Add 2020 – 2021 movements									
Depreciation expense	0	(837)	(54)	(317)	(25)	(76)	0	(1,309)	
Disposals/write-offs	0	0	0	0	0	0	0	0	
Transfers	0	0	0	0	0	0	0	0	
Revaluation increase/(decrease)	0	1,864	0	0	0	0	0	1,864	
Accumulated depreciation and impairment losses at 30 June 2021	0	(387)	(1,022)	(571)	(496)	(121)	0	(2,597)	
CARRYING AMOUNTS PER ASSET CLASS									
At 30 June 2020	20,776	19,105	188	1,169	294	497	4,617	46,646	
At 30 June 2021	27,165	38,813	161	1,080	374	1,023	1,951	70,567	

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)
Cost or valuation					
Balance 1 July 2019	33,628	4,945	17,086	1,786	57,445
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)
Cost or valuation at 30 June 2020	33,628	4,950	20,015	467	59,060
Add 2020 – 2021 movements					
Additions	0	169	6,060	1,036	7,265
Revaluation increase/(decrease)	18,971	(929)	94	0	18,136
Disposals/write-offs	0	(33)	(264)	0	(297)
Transfers	0	0	0	(295)	(295)
Cost or valuation at 30 June 2021	52,599	4,157	25,905	1,208	83,869

Accumulated depreciation and impairment losses

Balance 1 July 2019	0	(97)	(982)	0	(1,079)
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
Accumulated depreciation and impairment losses at 30 June 2020	0	(194)	(1,877)	0	(2,071)

Add 2020 – 2021 movements

Depreciation expense	0	(98)	(1,098)	0	(1,196)
Disposals/write-offs	0	0	0	0	0
Transfers	0	0	0	0	0
Revaluation increase/(decrease)	0	292	2,975	0	3,267
Accumulated depreciation and impairment losses at 30 June 2021	0	0	0	0	0

CARRYING AMOUNTS PER ASSET CLASS

At 30 June 2020	33,628	4,756	18,138	467	56,989
At 30 June 2021	52,599	4,157	25,905	1,208	83,869

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)
Cost or valuation				
Balance 1 July 2019	44,471	57,445	168	102,084
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)
Cost or valuation at 30 June 2020	49,798	59,060	196	109,054
Add 2020 – 2021 movements				
Additions	11,171	7,265	68	18,504
Revaluation increase/(decrease)	16,210	18,136	0	34,346
Disposals/write-offs	(30)	(297)	0	(328)
Transfers	(3,985)	(295)	0	(4,280)
Cost or valuation at 30 June 2021	73,164	83,869	263	157,297

Accumulated depreciation and impairment losses

Balance 1 July 2019	(1,792)	(1,079)	(98)	(2,969)
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)
Accumulated depreciation and impairment losses at 30 June 2020	(3,152)	(2,071)	(115)	(5,338)

Add 2020 – 2021 movements

Depreciation expense	(1,309)	(1,196)	(22)	(2,527)
Disposals/write-offs	0	0	0	0
Transfers	0	0	0	0
Revaluation increase/(decrease)	1,864	3,267	0	5,131

Accumulated depreciation and impairment losses at 30 June 2021

	(2,597)	0	(137)	(2,734)
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CARRYING AMOUNTS PER ASSET CLASS

At 30 June 2020	46,646	56,989	81	103,716
At 30 June 2021	70,567	83,869	127	154,563

9D Permanent art collection ²¹

	ACTUAL PARENT 30 JUN 2021 (\$000)	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)
Pumpkin Cottage Art Collection	0	0	90	53

9E Aquatic assets (H₂O Xtream pool facility)

VALUATION	BUILDINGS (\$000)	PLANT (\$000)	TOTAL GROUP PROPERTY, PLANT, AND EQUIPMENT (\$000)
Cost or valuation			
Balance 1 July 2019	14,075	725	14,800
Additions	59	19	78
Revaluation increase/(decrease)	0	0	0
Disposals/write-offs	0	0	0
Transfers	0	0	0
Cost or valuation at 30 June 2020	14,134	744	14,878
Add 2020 – 2021 movements			
Additions	6	6	12
Revaluation increase/(decrease)	0	0	0
Disposals/write-offs	0	0	0
Transfers	0	0	0
Cost or valuation at 30 June 2021	14,140	750	14,890

Accumulated depreciation and impairment losses

Balance 1 July 2019	0	0	0
Depreciation expense	(1,076)	(94)	(1,170)
Disposals/write-offs	0	0	0
Transfers	0	0	0
Revaluation increase/(decrease)	0	0	0
Accumulated depreciation and impairment losses at 30 June 2020	(1,076)	(94)	(1,170)
Add 2020 – 2021 movements			
Depreciation expense	(1,080)	(95)	(1,173)
Disposals/write-offs	0	0	0
Transfers	0	0	0
Revaluation increase/(decrease)	0	0	0
Accumulated depreciation and impairment losses at 30 June 2021	(2,156)	(189)	(2,343)
CARRYING AMOUNTS PER ASSET CLASS			
At 30 June 2020	13,058	650	13,708
At 30 June 2021	11,984	561	12,547

21. Owned by Whirinaki Whare Taonga (Expressions Whirinaki Arts and Entertainment Trust).

9F 2021 Council infrastructure assets

VALUATION	LAND UNDER ROADS AND		STORMWATER		TELEMETRY	WASTEWATER	WATER	HUTT VALLEY		TOTAL PROPERTY,
	ROADS AT COST	ROADS AND FOOTPATHS	STORMWATER	STORMWATER	TELEMETRY	WASTEWATER	WATER	WASTEWATER ASSETS (NOTE 9G)	WORK IN PROGRESS	PLANT, AND EQUIPMENT
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Cost or valuation										
Balance 1 July 2019	98,225	218,750	110,943	86,573	466	94,462	41,153	5,374	655,946	
Additions	1,828 ²²	3,172 ²³	2,228 ²⁴	4,929 ²⁵	0	2,650 ²⁶	1,046	7,787	23,640	
Revaluation increase/(decrease)	0	0	22,462	9,812	(41)	(1,119)	(2,352)	0	28,762	
Disposals/write-offs	0	(18)	0	(175)	0	0	0	0	(193)	
Transfers	0	0	0	0	0	0	0	(2,914)	(2,914)	
Cost or valuation at 30 June 2020	100,053	221,904	135,633	101,139	425	95,993	39,847	10,247	705,241	
Add 2020 – 2021 movements										
Additions	1,102 ²⁷	5,301 ²⁸	382 ²⁹	1,774 ³⁰	0	1,678 ³¹	1,555	10,548	22,340	
Revaluation increase/(decrease)	0	9,144	0	0	0	0	0	0	9,144	
Disposals/write-offs	0	(12)	0	0	0	0	0	0	(12)	
Transfers	0	0	0	0	0	0	0	(1,739)	(1,739)	
Cost or valuation at 30 June 2021	101,155	236,337	136,015	102,913	425	97,671	41,402	19,056	734,974	

Accumulated depreciation and impairment losses										
Balance 1 July 2019	0	(4,852)	(1,816)	(35)	(1,959)	(1,862)	(2,411)	0	(12,935)	
Depreciation expense	0	(5,168)	(2,142)	(37)	(2,142)	(1,983)	(1,741)	0	(13,213)	
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	
Accumulated depreciation and impairment losses at 30 June 2020	0	(10,020)	(2)	0	(1)	(33)	1	0	(10,055)	
Add 2020 – 2021 movements										
Depreciation expense	0	(5,376)	(2,211)	(50)	(2,360)	(2,182)	(1,755)	0	(13,934)	
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	15,396	0	0	0	0	0	0	15,396	
Accumulated depreciation and impairment losses at 30 June 2021	0	0	(2,213)	(50)	(2,361)	(2,215)	(1,754)	0	(8,593)	
CARRYING AMOUNTS PER ASSET CLASS										
At 30 June 2020	100,053	211,884	135,631	425	101,138	95,960	39,848	10,247	695,186	
At 30 June 2021	101,155	236,337	133,802	375	100,552	95,456	39,648	19,056	726,381	

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

For year ended 30 June 2020

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

For year ended 30 June 2021

27. Additions include vested assets of \$1,101,975
28. Additions include vested assets of \$1,012,489
29. Additions include vested assets of \$170,612
30. Additions include vested assets of \$995,688
31. Additions include vested assets of \$79,015

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 Valuation Services Limited.

UHCC now has an interest in the total assets of \$39.647 M (2020: \$39.847 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 2021	30 JUN 2020	30 JUN 2021	30 JUN 2020
	(\$000)	(\$000)	(\$000)	(\$000)
Drainage levy	2,472	2,607	2,472	2,607
Capital contributions	2,444	1,046	2,444	1,046
Trade waste income	(213)	(211)	(213)	(211)

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 2021	30 JUN 2020	30 JUN 2021	30 JUN 2020
	(\$000)	(\$000)	(\$000)	(\$000)
Roading	1,776	5,139	1,776	5,139
Property	2,115	5,307	2,115	5,307
Capital commitments approved and contracted	3,891	10,446	3,891	10,446

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 \$159 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 \$566 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). The maximum available to Upper Hutt City Council is \$260 M split 60/40 between Central Government and commercial insurance.
- 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 2021:

	30 JUN 2021 (\$M)	30 JUN 2020 (\$M)
The total value of all Council assets covered by insurance contracts	725	700
• Above ground assets (excludes land and roads)	159	141
• Underground/infrastructure assets	566	559
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	5,057	4,832
Maximum amount available to Council under financial risk sharing arrangements	860	660
• Above ground assets	600	600
• Below ground assets	260	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 \$901,214 (2020: \$859,842).

NOTE 10 Payables and deferred revenue

Payables

Short-term creditors and other payables are measured at the amount payable.

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 2021	30 JUN 2020	30 JUN 2021	30 JUN 2020
	(\$000)	(\$000)	(\$000)	(\$000)
Trade payables	8,427	4,385	8,514	4,463
Rates in advance	992	1,438	992	1,438
Greater Wellington Regional Council Rates	460	459	460	459
Fees in advance	544	401	567	405
Amounts due to related parties	0	(1)	0	0
Accrued interest payable	153	108	153	108
Payroll liability	181	161	181	161
Other liabilities (see included provisions below)	340	242	359	316
Three Waters Stimulus funding	1,588	0	1,588	0
Deposits and trust accounts	974	936	1,084	949
Payables and deferred revenue	13,659	8,129	13,898	8,299
Payables and deferred revenue from non-exchange transactions	13,465	8,037	13,704	8,196
Payables and deferred revenue from exchange transactions	194	92	194	103
Payables and deferred revenue	13,659	8,129	13,898	8,299

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 2021	30 JUN 2020	30 JUN 2021	30 JUN 2020
	(\$000)	(\$000)	(\$000)	(\$000)
Provision for internal process	(62)	(62)	(62)	(62)
Provision for District Plan	0	0	0	0
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 2021 (2020: 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 employee 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 0.25% (2020: 1.5%) and an inflation factor of 3.3% (2020: 0.3%) 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 2021	30 JUN 2020	30 JUN 2021	30 JUN 2020
	(\$000)	(\$000)	(\$000)	(\$000)
Accrued pay	198	123	198	123
Annual leave	1,114	975	1,153	1009
Sick leave	31	31	31	31
Retirement and long service leave	310	308	310	308
Total employee benefit liabilities	1,653	1,437	1,692	1,471
Current	1,343	1,129	1,382	1,163
Non-current	310	308	310	308
Total employee benefit entitlements	1,653	1,437	1,692	1,471

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 \$7.0 M (2020: \$3.0 M) is issued at fixed rates of interest.

Floating-rate debt

Council's secured debt of \$58.0 M (2020: \$46.0 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 (2020: \$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 (2020: 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 (2020: \$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 \$103.200 M (2020: \$89.850 M), under its Debenture Trust Deed. This stock has been issued to five banking institutions as security for existing facilities totaling committed funds of

\$65.0 M (2020: \$49.0 M) and uncommitted facilities available to the value of \$nil (2020: \$3.506 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.

	ACTUAL PARENT 30 JUN 2021 (\$000)	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)
BREAKDOWN OF BORROWINGS				
Current				
Secured loans	4,000	8,000	4,000	8,000
Total current borrowings	4,000	8,000	4,000	8,000
Non-current				
Secured loans	62,311	41,000	62,311	41,000
Total non-current borrowings	62,311	41,000	62,311	41,000
TOTAL BORROWINGS	66,311	49,000	66,311	49,000

Interest rates

The weighted average effective interest rate on loans outstanding (current and non-current) at 30 June 2021 was 1.19% (30 June 2020: 1.22%). 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 2021 (\$000)	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)
LOANS AND RECEIVABLES				
Cash at bank and cash equivalents	9,933	4,934	10,151	5,299
Debtors and other receivables	8,796	5,640	8,934	5,696
Other financial assets				
Term deposits	11,000	14,000	11,139	14,038
Community loans	23	31	23	31
LGFA borrow notes	1,256	736	1,256	736
Total loans and receivables	31,008	25,341	31,503	25,800
FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE				
Other financial assets				
Unlisted shares	173	171	173	171
Total fair value through other comprehensive revenue and expense	173	171	173	171
FINANCIAL LIABILITIES				
Fair value through surplus and deficit	2,674	4,662	2,674	4,662
Derivative financial instrument	2,674	4,662	2,674	4,662
FINANCIAL LIABILITIES AT AMORTISED COST				
Creditors and other payables	13,659	8,129	13,898	8,299
Borrowings				
Secured loans	66,311	49,000	66,311	49,000
Total financial liabilities at amortised cost	79,970	57,129	80,209	57,299

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 2021	TOTAL (\$000)	VALUATION TECHNIQUE		
		QUOTED (\$000)	OBSERVABLE (\$000)	NON-OBSERVABLE (\$000)
Financial assets				
Derivatives	2	2	0	0
Shares	173	0	173	0
Financial liabilities				
Derivatives	2,674	0	2,674	0

GROUP 30 JUNE 2021

Financial assets				
Derivatives	2	2	0	0
Shares	173	0	173	0
Financial liabilities				
Derivatives	2,674	0	2,674	0

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	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

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 2021 (\$000)	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)
MAXIMUM EXPOSURE TO CREDIT RISK				
Cash at bank and term deposits	20,933	18,934	21,290	19,337
Debtors and other receivables	8,796	5,640	8,934	5,696
Community and related party loans	23	31	23	31
Derivative financial instrument assets	2	0	2	0
Total credit risk	29,754	24,605	30,249	25,064

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 2021 (\$000)	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)
COUNTERPARTIES WITH CREDIT RATINGS				
Cash at bank and term deposits				
AA+ (Standard and Poors)	1,256	736	1,256	736
AA (Standard and Poors)	0	0	0	0
AA- (Standard and Poors)	15,931	12,931	16,287	13,334
A (Standard and Poors)	5,000	6,000	5,000	6,000
Total cash at bank and term deposits	22,187	19,667	22,543	20,070

	ACTUAL PARENT 30 JUN 2021 (\$000)	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)
DERIVATIVE FINANCIAL INSTRUMENT ASSETS				
A+ (Standard and Poors)	2	0	2	0
Total derivative financial instrument assets	2	0	2	0
COUNTERPARTIES WITHOUT CREDIT RATINGS				
Community and related party loans				
Existing counterparty with defaults in past	0	0	0	0
Existing counterparty with no defaults in past	31	31	23	31
Total community and related party loans	31	31	23	31

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 (2020: \$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.

	CARRYING AMOUNT (\$000)	CONTRACTUAL CASH FLOWS (\$000)	< 1 YEAR (\$000)	1 – 2 YEARS (\$000)	2 – 5 YEARS (\$000)	> 5 YEARS (\$000)
COUNCIL 2021						
Creditors and other payables	13,659	13,659	13,659	0	0	0
Secured loans	66,311	68,805	4,754	6,702	25,082	32,267
Total	79,970	82,464	18,413	6,702	25,082	32,267
GROUP 2021						
Creditors and other payables	13,898	13,898	13,898	0	0	0
Secured loans	66,311	68,805	4,754	6,702	25,082	32,267
Total	80,209	82,703	18,652	6,702	25,082	32,267
COUNCIL 2020						
Secured loans	8,129	8,129	8,129	0	0	0
Total	49,000	52,454	8,561	4,507	20,259	19,127
Total	57,129	60,583	16,690	4,507	20,259	19,127
GROUP 2020						
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
Total	57,299	60,126	16,860	4,507	17,121	21,637

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.

COUNCIL 2021	CARRYING AMOUNT (\$000)	CONTRACTUAL CASH FLOWS (\$000)	< 1 YEAR (\$000)	1 – 2 YEARS (\$000)	2 – 5 YEARS (\$000)	> 5 YEARS (\$000)
Cash and cash equivalents	9,933	9,933	9,933	0	0	0
Debtors and other receivables	8,796	8,796	8,796	0	0	0
Other financial assets						
Term deposits	11,000	11,062	11,062	0	0	0
Community and related party loans	23	31	5	9	13	4
Total	29,752	29,822	29,796	9	13	4
GROUP 2021						
Cash and cash equivalents	10,151	10,151	10,151	0	0	0
Debtors and other receivables	8,934	8,934	8,934	0	0	0
Other financial assets						
Term deposits	11,139	11,204	11,204	0	0	0
Community and related party loans	23	31	5	9	13	4
Total	30,247	30,320	30,294	9	13	4
COUNCIL 2020						
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
Total	24,605	24,680	24,651	9	13	7
GROUP 2020						
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
Total	25,064	25,140	25,111	9	13	7

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	2021 (\$000)		2020 (\$000)		
	+100 BPS	-100 BPS	+100 BPS	-100 BPS	
Financial assets					
Cash and cash equivalents	A	70	-70	32	-32
Financial liabilities					
Term loans (floating rates)	B	580	-580	460	-460
Total sensitivity to interest rate risk		650	-650	492	-492

Explanation of sensitivity analysis—Council

- A Cash and cash equivalents** include deposits at call totalling \$7.0 M (2020: \$3.2 M) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$70,000 (2020: \$32,000).
- B Secured loans**—Council has floating rate debt with a principal amount of \$58.0 M (2020: \$46.0 M). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$580,000 (2020: \$460,000).

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 2021 (\$000)	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)
Opening balance 01 July	234,078	230,696	234,423	230,964
Net Surplus (deficit)	1,403	6,811	1,353	6,869
	235,481	237,507	235,776	237,833
TRANSFER TO				
Restricted reserves	(2,250)	(4,724)	(2,250)	(4,725)
Accounts restricted by law	(600)	(1,656)	(600)	(1,656)
Accumulated reserve transfer	0	0	0	0
Net revaluation gains and losses	0	0	0	0
Asset revaluation reserve on disposal of property, plant, and equipment	0	0	0	0
	(2,850)	(6,380)	(2,850)	(6,381)
TRANSFER FROM				
Restricted reserves	1,867	1,294	1,867	1,314
Accounts restricted by law	947	1,423	947	1,423
Accumulated reserve transfer	0	0	0	0
Asset revaluation reserve on disposal of property, plant, and equipment	128	234	128	234
	2,942	2,951	2,942	2,971
CLOSING BALANCE 30 JUNE	235,573	234,078	235,868	234,423

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.

RESTRICTED RESERVES	ACTUAL PARENT	ACTUAL PARENT	ACTUAL GROUP	ACTUAL GROUP
	30 JUN 2021	30 JUN 2020	30 JUN 2021	30 JUN 2020
	(\$000)	(\$000)	(\$000)	(\$000)
Reserve funds	11,041	10,658	11,079	10,698
Other accounts restricted by law	8,826	9,173	8,826	9,173
Closing balance 30 June	19,867	19,831	19,905	19,871

Special funds

SPECIAL FUNDS FOR 2020 – 2021	PURPOSE (REFER PAGE 143)	BALANCE 1 JULY 2020 (\$000)	TRANSFERS INTO FUND (\$000)	TRANSFERS OUT OF FUND (\$000)	BALANCE 30 JUNE 2021 (\$000)
Sierra Way subdivision	G	143	1	0	144
Civic amenities fund	B	1	0	0	1
Amenities fund	B	555	10	0	565
Plant renewal	C	534	41	(240)	335
Reserve fund contribution	D	5,559	1,674	(1,618)	5,615
Council property sales	F	50	1	0	51
Cash in lieu parking fund account	E	3	0	0	3
Harcourt Park maintenance fund	H	6	4	(9)	1
General reserve fund	A	1,962	1	0	1,963
Blue Mountains roading levy	G	64	1	0	65
Akatārawa roading levy	G	252	12	0	264
Kaitoke roading levy	G	30	0	0	30
Mangaroa roading levy	G	279	13	0	292

SPECIAL FUNDS FOR 2020 – 2021	PURPOSE (REFER PAGE 143)	BALANCE 1 JULY 2020 (\$000)	TRANSFERS INTO FUND (\$000)	TRANSFERS OUT OF FUND (\$000)	BALANCE 30 JUNE 2021 (\$000)
Katherine Mansfield roading levy	G	128	22	0	150
Moonshine Hill Road levy	G	25	0	0	25
Alexander Road levy	G	14	7	0	21
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
Kurth Crescent stormwater levy	K	49	1	0	50
H ₂ O plant renewal reserve	M	218	203	0	421
Maidstone turf renewal	N	774	259	0	1,033
Total special funds for 30 June Parent		10,658	2,250	(1,867)	11,041
Arts scholarship fund	L	40	0	(2)	38
Expressions building extension reserve	O	0	0	0	0
Total special funds for 30 June Group		10,698	2,250	(1,869)	11,079

SPECIAL FUNDS FOR 2019 – 2020	PURPOSE (REFER PAGE 143)	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

SPECIAL FUNDS FOR 2019 – 2020	PURPOSE (REFER PAGE 143)	BALANCE 1 JULY 2019 (\$000)	TRANSFERS INTO FUND (\$000)	TRANSFERS OUT OF FUND (\$000)	BALANCE 30 JUNE 2020 (\$000)
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
Kurth Crescent stormwater levy	K	48	1	0	49
H ₂ O plant renewal reserve	M	16	202	0	218
Maidstone turf renewal	N	511	263	0	774
Total special funds for 30 June Parent		7,228	4,724	(1,294)	10,658
Arts scholarship fund	L	39	1	0	40
Expressions building extension reserve	O	18	0	(18)	0
Total special funds for 30 June Group		7,285	4,725	(1,312)	10,698

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 H₂O plant renewal reserve**—funds allocated from rates to replace/upgrade H₂O 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

OTHER ACCOUNTS RESTRICTED BY LAW FOR 2020– 2021	ACTIVITIES WHICH THE RESERVE RELATES TO	BALANCE 1 JULY 2020 (\$000)	TRANSFERS INTO FUND (\$000)	TRANSFERS OUT OF FUND (\$000)	BALANCE 30 JUNE 2021 (\$000)
Dog control account	Dogs	0	0	0	0
Water rate account	Water	(48)	0	(189)	(237)
Water Rate Wellington Water Contingency Reserve	Water	7	0	0	7
Stormwater rate account	Stormwater	2,822	0	(703)	2,119
Stormwater Rate Wellington Water Contingency Reserve	Stormwater	0	0	0	0
Wastewater rate account	Wastewater	6,191	600	(55)	6,736
Wastewater Rate Wellington Water Contingency Reserve	Wastewater	201	0	0	201
Closing balance 30 June		9,173	600	(947)	8,826

OTHER ACCOUNTS RESTRICTED BY LAW FOR 2019– 2020	ACTIVITIES WHICH THE RESERVE RELATES TO	BALANCE 1 JULY 2019 (\$000)	TRANSFERS INTO FUND (\$000)	TRANSFERS OUT OF FUND (\$000)	BALANCE 30 JUNE 2020 (\$000)
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

OTHER ACCOUNTS RESTRICTED BY LAW FOR 2019– 2020	ACTIVITIES WHICH THE RESERVE RELATES TO	BALANCE 1 JULY 2019 (\$000)	TRANSFERS INTO FUND (\$000)	TRANSFERS OUT OF FUND (\$000)	BALANCE 30 JUNE 2020 (\$000)
Wastewater rate account	Wastewater	5,872	709	(390)	6,191
Wastewater Rate Wellington Water Contingency Reserve	Wastewater	201	0	0	201
Closing balance 30 June		8,940	1,656	(1,423)	9,173

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 30 JUN 2021 (\$000)	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)
Opening balance 01 July	521,141	476,890	521,167	476,915
Revaluation gains (losses)	64,018	44,486	64,054	44,486
Transfer of revaluation reserve to/from accumulated reserve on disposal of property, plant, and equipment	(128)	(234)	(128)	(234)
Closing balance 30 June	585,031	521,142	585,093	521,167
CONSISTS OF				
General asset revaluation reserve	51,303	37,298	51,365	37,323
Land and street trees asset revaluation reserve	63,338	37,982	63,338	37,982
Roading asset revaluation reserve	153,679	129,151	153,679	129,151
Stormwater asset revaluation reserve	124,927	124,927	124,927	124,927
Hutt Valley Wastewater Scheme revaluation reserve	30,756	30,756	30,756	30,756
Wastewater asset revaluation reserve	88,108	88,108	88,108	88,108
Water asset revaluation reserve	72,920	72,920	72,920	72,920
	585,031	521,142	585,093	521,167

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

	ACTUAL PARENT 30 JUN 2021 (\$000)	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)
BREAKDOWN OF ASSET REVALUATION RESERVES				
Surplus/(deficit) after tax	1,403	6,811	1,353	6,870
ADD/(LESS) NON-CASH ITEMS				
Depreciation	17,653	16,414	17,675	16,427
Amortisation of intangible	0	0	0	0
Vested assets	(4,160)	(8,716)	(4,160)	(8,716)
Impairment of receivables	0	52	0	52
Loss (profit) on derivative	(1,988)	1,395	(1,988)	1,395
Rates remission	0	241	0	241
Potential weathertightness claims	0	0	0	0
	11,505	9,386	11,527	9,399
ADD/(LESS) ITEMS CLASSIFIED AS INVESTING OR FINANCING ACTIVITIES				
Impairment of investments	0	35	0	35
Loss on disposal of property, plant, and equipment	0	380	0	380
Gain/(loss) in fair value of financial assets	(1,991)	0	(1,991)	0
	(1,991)	415	(1,991)	415
MOVEMENTS IN WORKING CAPITAL ITEMS				
(Increase)/decrease in trade receivable	(3,184)	(1,468)	(3,202)	(1,415)
(Increase)/decrease in inventories	7	3	3	4
Increase/(decrease) in trade and other payables	4,754	(107)	4,823	(100)
Increase/(decrease) in employee benefits	217	305	219	299
	1,794	(1,267)	1,843	(1,232)
Net cash inflow/(outflow) from operating activities	12,711	15,345	12,732	15,452

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 63 local authority guarantors of the LGFA.

The uncalled capital of shareholders is \$20 M (2021: \$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 2021, the LGFA had borrowings totalling \$13.610 billion (2020: \$11.908 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 one outstanding claim or proceeding issued on it. (2020: three 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. The Paine versus Carter Holt Harvey claim is now settled and closed.

	ACTUAL PARENT 30 JUN 2021 (\$000)	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)
CONTINGENT LIABILITIES				
Other legal unqualified claims	0	893	0	893
Total contingent liabilities	0	893	0	893

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 2021, there are 33 facilities, having an approximate value of \$7.033 M (2020: 33 facilities—\$7.053 M). This estimate has been based on government valuations for the area.

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 (2020: \$nil).

17A Whirinaki Whare Taonga

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

	ACTUAL 30 JUN 2021 (\$000)	ACTUAL 30 JUN 2020 (\$000)
Grants	689	672
Maintenance Management Fee	22	22
Other	47	5
Total with Expressions Whirinaki	758	699

- 2 At year-end 2021, \$63,482 (2020: \$47,369) was owed by Expressions to Council. Also, Council owed \$161 to Expressions (2020: \$2,400).
- 3 Council received discounted or free venue hire and related service from the Trust.
- 4 Whirinaki Whare Taonga has entered into a 3-year operating lease with Council for the building that they operate from. The lease agreement expires on 30 June 2024. The lease payments incurred by Whirinaki Whare Taonga for the building are \$1 per annum, which is well below market related rate.

17B Related parties

	ACTUAL PARENT 30 JUN 2021 (\$000)	ACTUAL PARENT 30 JUN 2020 (\$000)	ACTUAL GROUP 30 JUN 2021 (\$000)	ACTUAL GROUP 30 JUN 2020 (\$000)
Upper Hutt Concert Grand Piano Trust (Net)	0	0	3,200	3,200
Total	0	0	3,200	3,200

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 2021 was \$nil (2020: \$nil). The group was \$nil (2020: \$nil).

There was no related party transactions by senior staff for this year for Expressions (2020: \$nil).

Expressions paid piano rental of \$3,200 (2020: \$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 2021	ACTUAL PARENT 30 JUN 2020	ACTUAL GROUP 30 JUN 2021	ACTUAL GROUP 30 JUN 2020
The Mayor and Councillors				
Remuneration	\$558,555	\$535,939	\$558,555	\$535,939
Full-time equivalent members	11	11	11	11
Senior Management Team, including the Chief Executive				
Remuneration	\$1,376,911	\$1,349,671	\$1,483,669	\$1,456,109
Full-time equivalent members	7	7	8	8
Total key management personnel compensation	\$1,935,466	\$1,885,610	\$2,042,224	\$1,992,048
Total full-time equivalent personnel	18	18	19	19

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 2020 – 2021 Annual Plan.

Statement of comprehensive revenue and expense

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

REVENUE

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

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

OPERATING EXPENDITURE

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

- Depreciation was \$ 2.02 M above budget. This reflects the impact of asset revaluations as well as a general increase in the council's total assets.

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

Statement of financial position

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

CURRENT ASSETS

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

NON-CURRENT ASSETS

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

CURRENT LIABILITIES

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

NON-CURRENT LIABILITIES

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

Statement of changes in equity

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

NOTE 19

Discontinued activities

2021 nil (2020: 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.

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.

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

Accounting policy—judgement

Following the reform announcement by the Local Government Minister in October 2021, Council continues to recognise its three waters assets at 30 June 2021 in accordance the accounting policies set out on pages 106 to 124. There has been no adjustment in these financial statements to reflect the expected future transfer of assets to the new water entity. It is expected Central Government will develop details around the mechanism for the transfer of the water assets and this will be completed prior to 1 July 2024. As further details are established this may require adjustments to Council’s three water assets either in respect of disclosure or measurement.

COVID-19 DELTA VARIANT LOCKDOWN

On 17 August 2021 New Zealand went into Alert Level 4 lockdown due to the emergence of the Delta variant of COVID-19 in the community.

Wellington moved to Alert Level 3 on 31 August and then to Alert Level 2 on 7 September.

At Alert Levels 4 and 3, Council was closed, and staff worked from home where they were able to, with community services such as the Pool and the Library being closed to the public.

At Alert Level 2 services resumed in a reduced capacity.

Funding impact statement (\$'000)

Funding impact statement for 30 June 2021 for **all of Council** (See pages 18 – 59 for individual activity statements).

	2019 – 2020	2019 – 2020	2020 – 2021	2020 – 2021
SOURCES OF OPERATING FUNDING	AP	ACTUAL	AP	ACTUAL
General rates, uniform annual general charges, rates penalties	27,222	26,711	26,343	26,353
Targeted rates	15,540	15,670	17,035	17,140
Subsidies and grants for operating purposes	1,847	679	1,826	1,002
Fees, charges	10,032	9,129	9,769	9,234
Interest and dividends from investments	326	351	219	199
Local authority fuel tax, fines, infringement fees, and other receipts	427	414	379	410
Total operating funding (A)	55,394	52,954	55,571	54,338
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	44,430	42,655	45,952	46,183
Finance costs	2,541	1,763	2,572	1,710
Other operating funding applications	38	0	41	0
Total applications of operating funding (B)	47,009	44,418	48,565	47,893
Surplus (deficit) of operating funding (A – B)	8,385	8,536	7,006	6,445
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	5,557	4,932	6,692	5,391
Development and financial contributions	1,868	2,149	1,518	1,662
Increase(decrease) in debt	19,104	6,000	25,479	17,312
Gross proceeds from sale of assets	1,713	0	0	0
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding (C)	28,242	13,081	33,689	24,365
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
to meet additional demand	10,968	5,771	8,634	8,641
to improve the level of service	17,691	7,755	19,169	14,504
to replace existing assets	6,826	5,701	11,882	7,543
Increase (decrease) in reserves	816	1,765	791	3,056
Increase (decrease) of investments	326	625	219	(2,934)
Total applications of capital funding (D)	36,627	21,617	40,695	30,810
Surplus (deficit) of capital funding (C – D)	(8,385)	(8,536)	(7,006)	(6,445)
FUNDING BALANCE ((A – B) + (C – D))	0	0	0	0

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 ³²	90% – 100%	57%			0% – 10%	43%
Land Transport ³³	37% – 70%	31%			30% – 60%	69%
Water Supply ³⁴			70% – 82%	62%	20% – 30%	38%
Wastewater ³⁴			90% – 100%	57%	0% – 10%	43%
Stormwater ³⁴			90% – 100%	41%	0% – 10%	59%
Sustainability	0% – 100%	17%			0% – 100%	83%
Planning and Regulatory Services						
City Planning ³⁵	65% – 90%	53%			10% – 35%	47%
Building and Compliance Services						
Dog Control	0% – 25%	16%			75% – 100%	84%
Building Control	0% – 40%	28%			60% – 100%	72%
Environmental Health	70% – 90%	74%			10% – 25%	26%
Parking Enforcement	0% – 15%	15%			85% – 100%	85%
Liquor Licensing	0% – 45%	30%			55% – 100%	70%
Community and recreation						
Community Development	0% – 100%	89%			0 – 100%	11%
Activation	0% – 100%	71%			20% – 86%	29%
Emergency Management	85% – 100%	100%			0% – 15%	0%
Parks and Reserves ³⁶	80% – 100%	30%			0% – 20%	70%
H ₂ O Xtream ³⁷	60% – 100%	53%			0% – 40%	47%
Library ³⁸	85% – 100%	82%			0% – 15%	18%
Whirinaki Whare Taonga	0% – 100%	14%			0% – 100%	86%
Property	0% – 100%	31%			0% – 100%	69%
Akatarawa Cemetery	0% – 40%	21%			0% – 100%	79%
Economic Development ³⁹	95% – 100%	65%			0% – 5%	35%

32. Rates funding lower than policy due to an unrealised gain on interest rate swaps, due to the interest rate drop as a result of the Covid response.

33. Rates funding lower than policy due to timing of works being delayed, primarily due to the impacts of COVID-19.

34. Targeted Rates funding lower than policy due to timing of works being delayed, primarily due to the impacts of COVID-19.

35. Rates funding lower than policy, mainly due to higher than expected income from reserve fund contributions, building and resource consents.

36. Rates funding lower than policy due to increased loan funded spend on capital projects such as Maidstone Max.

37. Rates funding lower than policy due to higher proportion of revenue from user charges and loan funded capital works.

38. Rates revenue slightly lower than policy due to external funding received for NZ Library Partnership Programme, and funding to cover the library's membership through COVID-19.

39. Rates funding lower than policy due to the business stimulus and economic stimulus policy grants being loan funded.

Benchmarks

The following benchmarks serve as Council’s Annual Report disclosure statement for year ending 30 June 2021. Council is required to include this statement in the 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.

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.

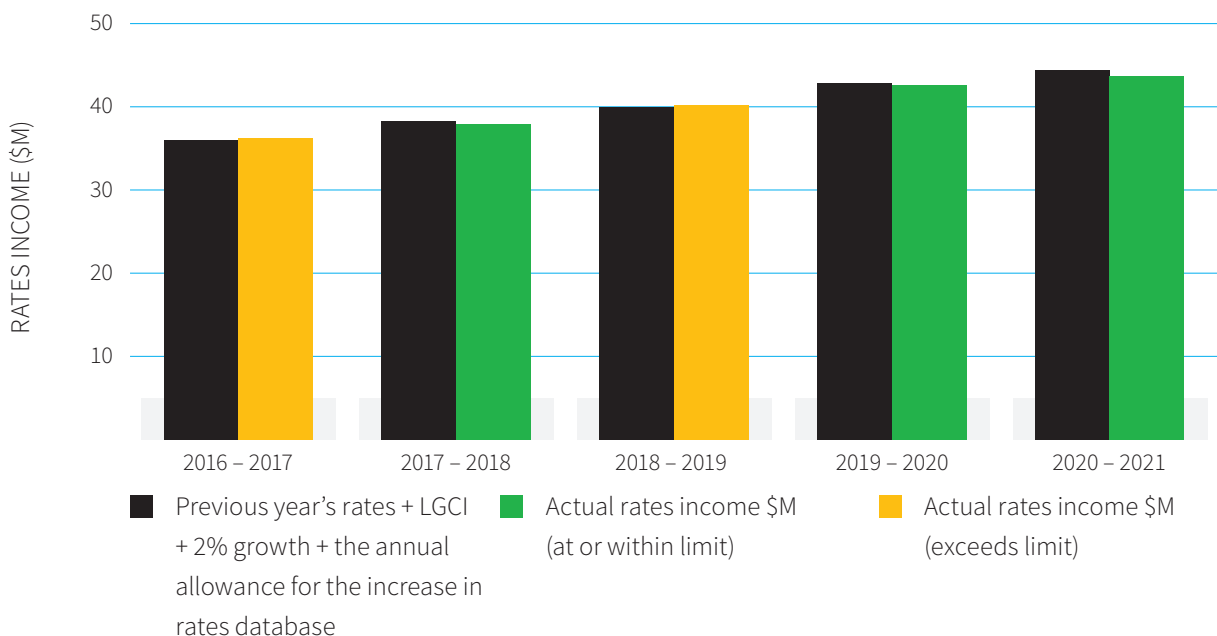
Rates affordability benchmark

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.

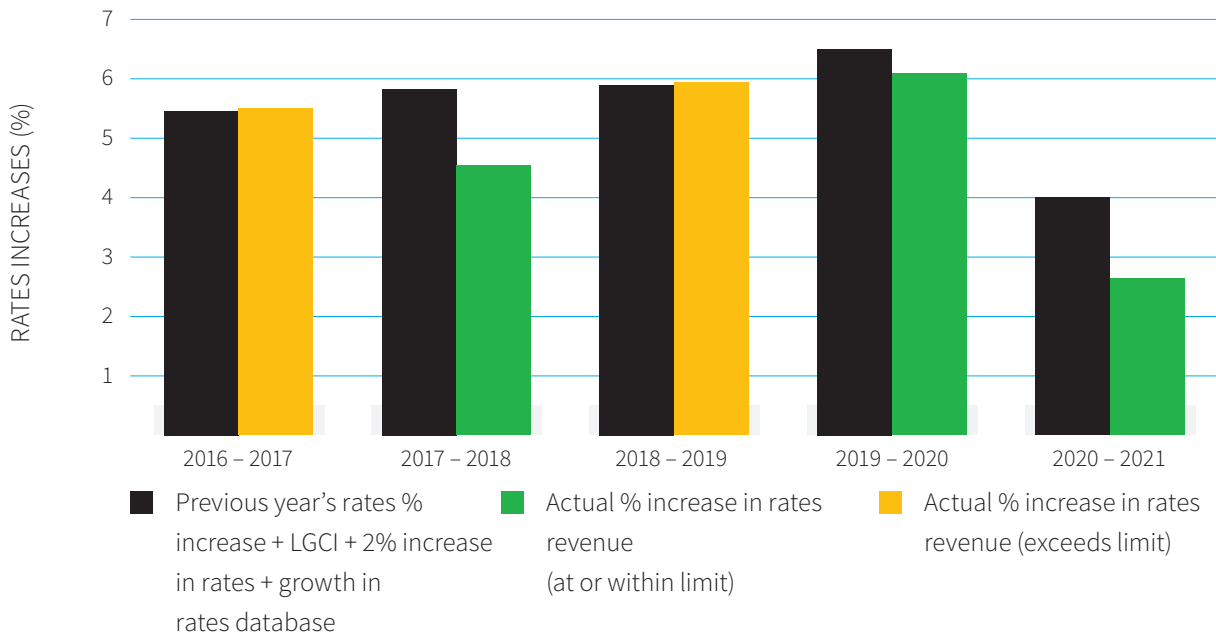
Rates (income) affordability

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.

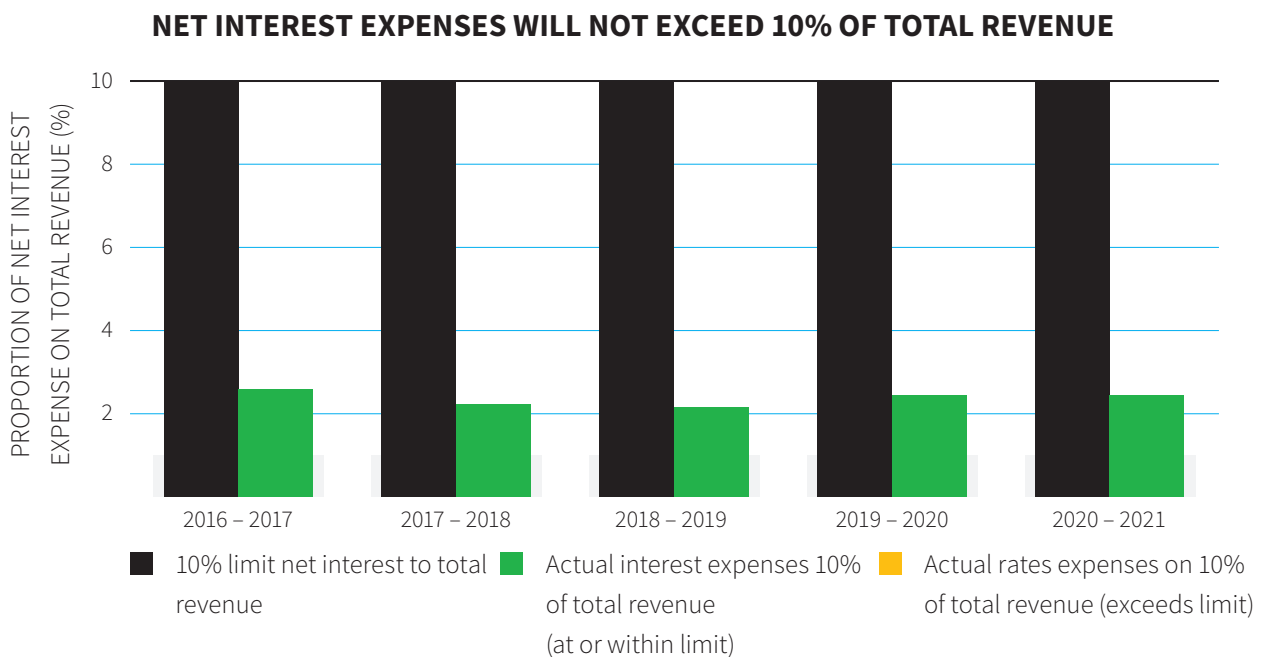


Debt affordability benchmark

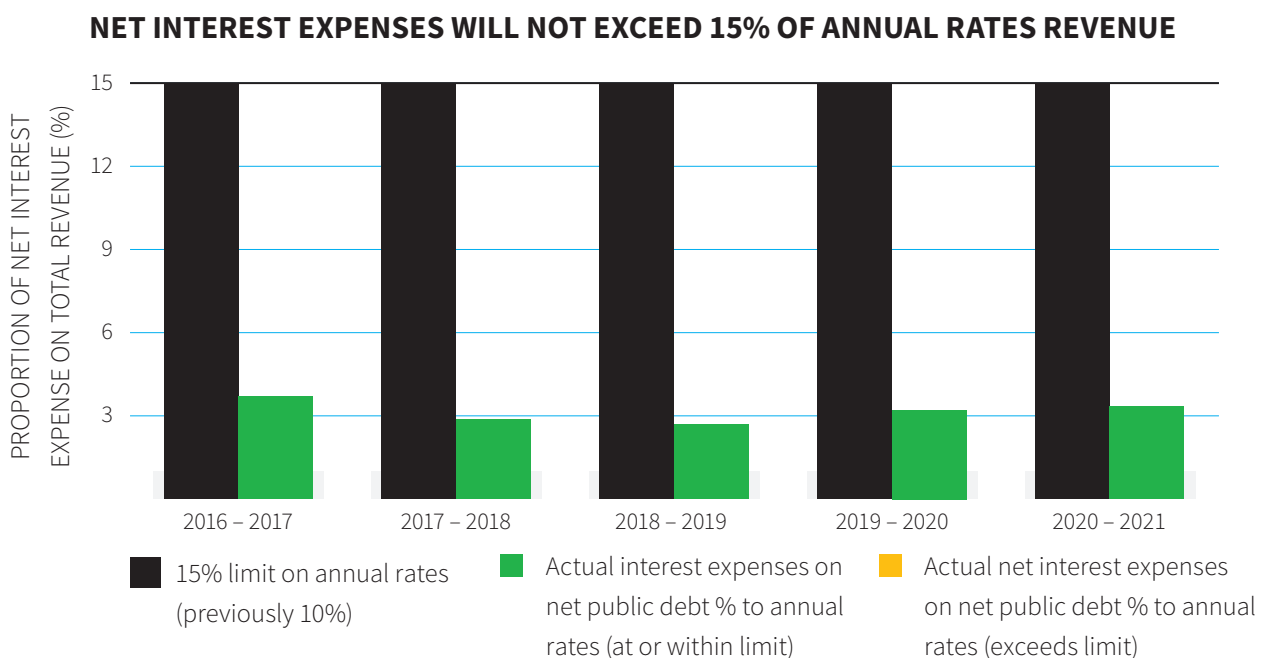
The council meets the debt affordability benchmark if its actual borrowing is within the following limits on borrowing:

- ⦿ 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.

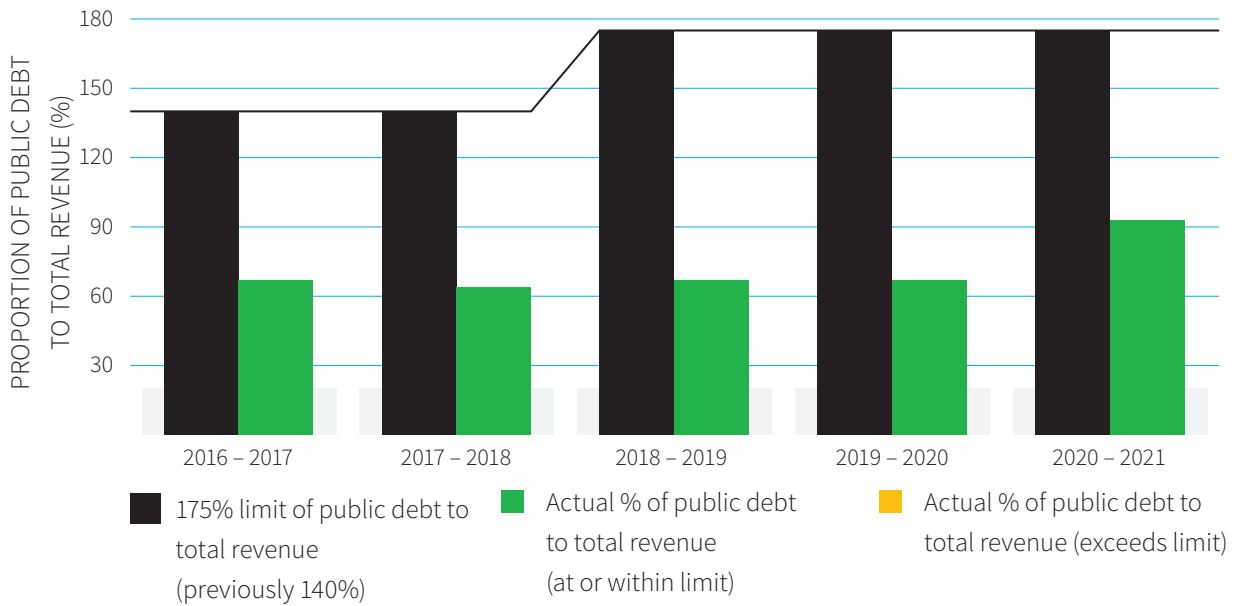


The following graph compares Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the LTP. The quantified limit is interest expense on public debt will not exceed 15% of the annual rates revenue. Previously this limit was 10%.



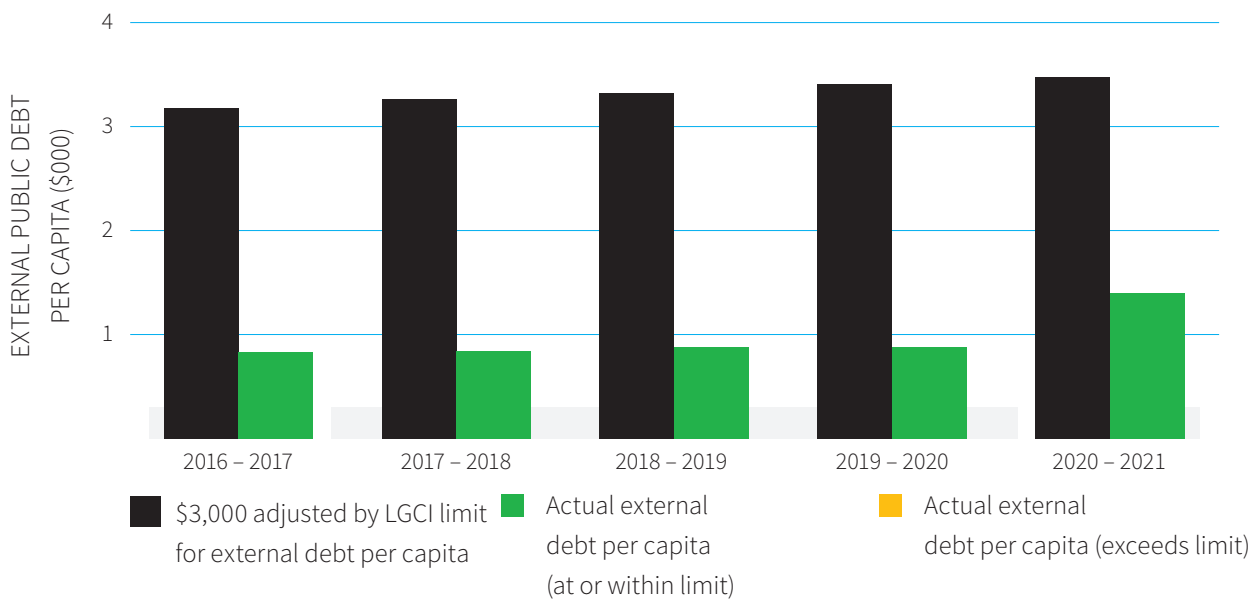
The following graph compares Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the LTP. The quantified limit is net external public debt will not exceed 175% of annual rates and levies. Previously this limit was 140%. In the Long Term Plan 2018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

NET EXTERNAL DEBT WILL NOT EXCEED 175% OF TOTAL REVENUE

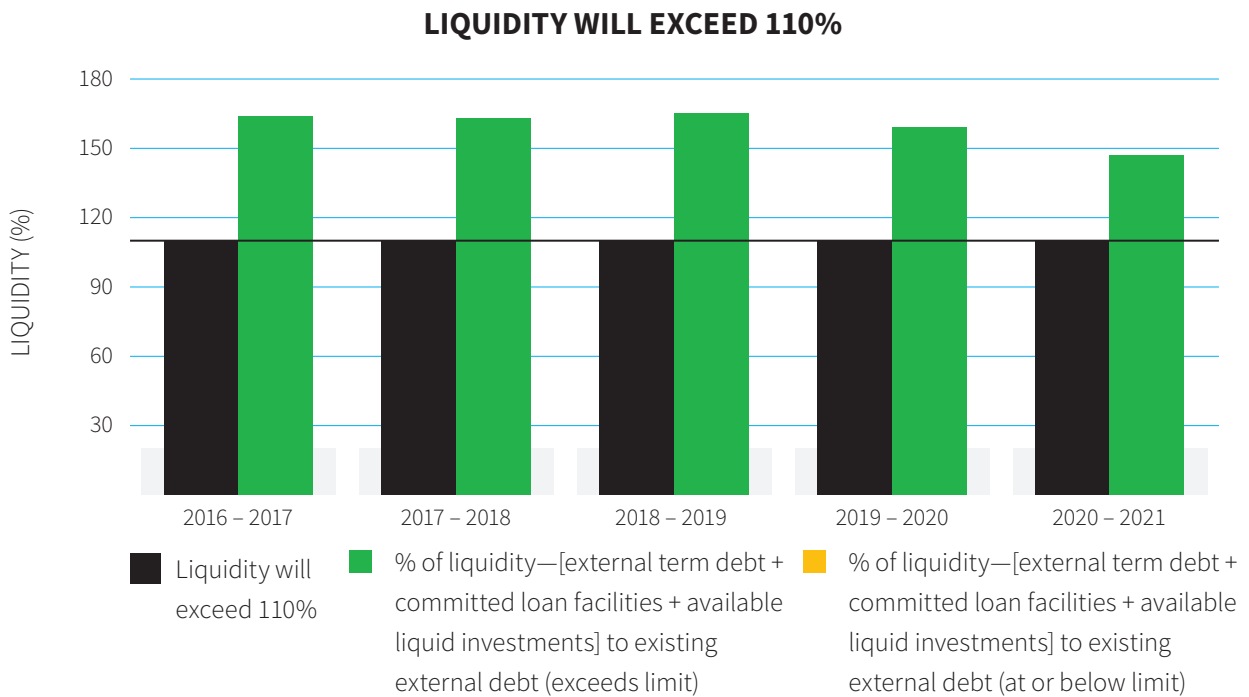


The following graph compares Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in LTP. The quantified limit is external public debt per capita in LTP will not exceed \$3,000 adjusted by the LGCI.

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

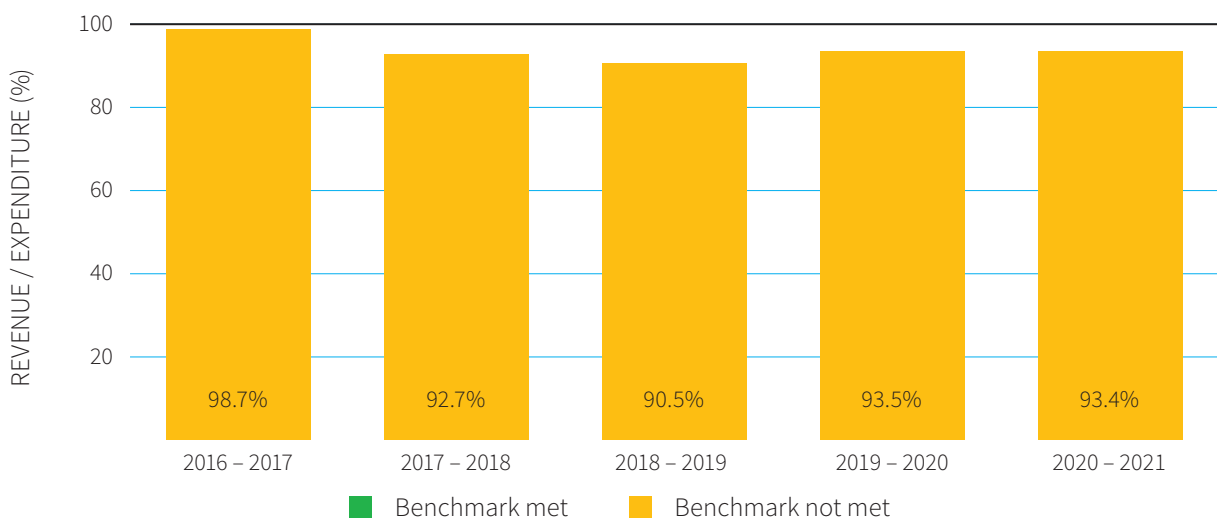


The following graph compares Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the LTP. The quantified limit is liquidity (external term debt + committed loan facilities + available liquid investments to existing external debt) will exceed 110%.



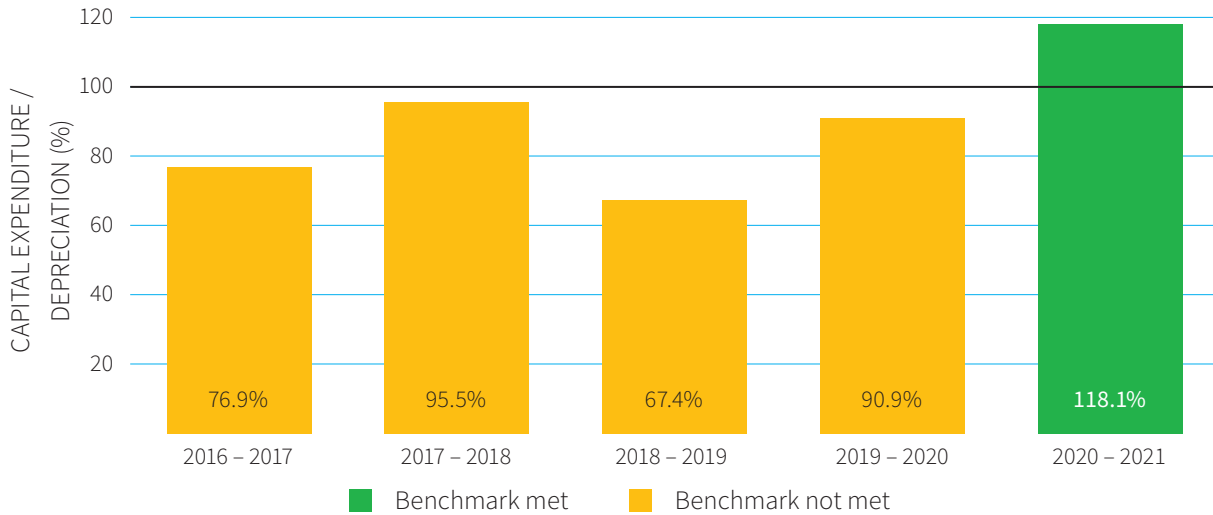
Balanced budget benchmark

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

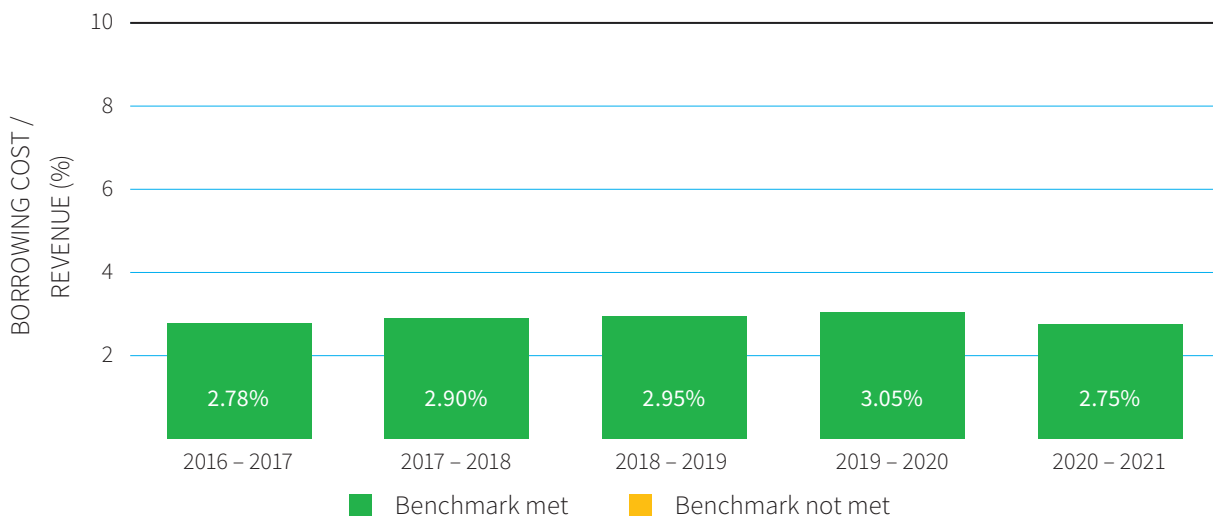
The following graph displays Council’s capital expenditure on network services as a proportion of depreciation on network services. Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



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).

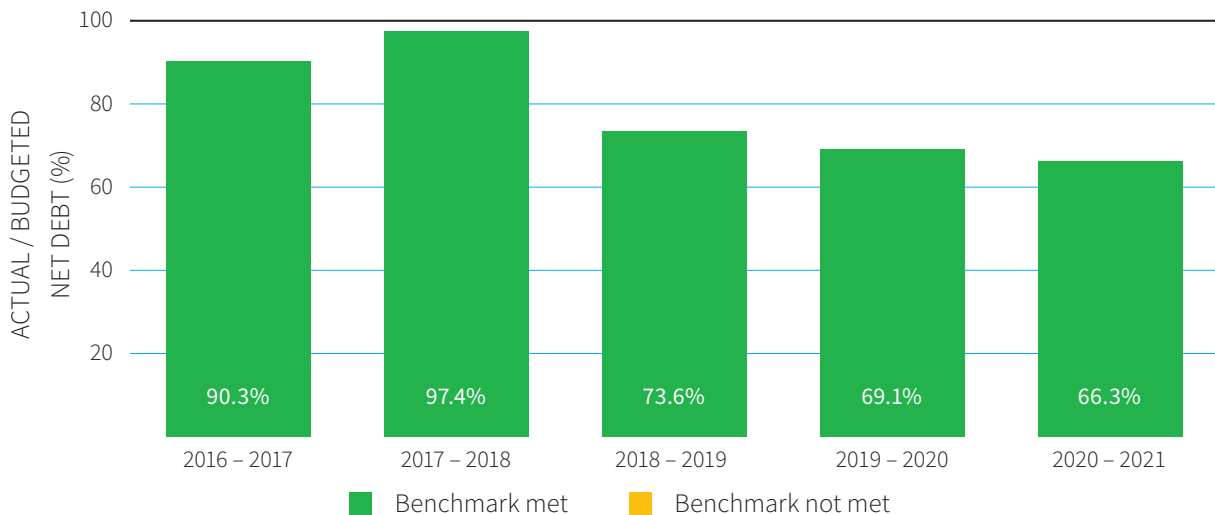
Because Statistics New Zealand projects Council’s population will grow as fast as the national population is projected to grow, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



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).

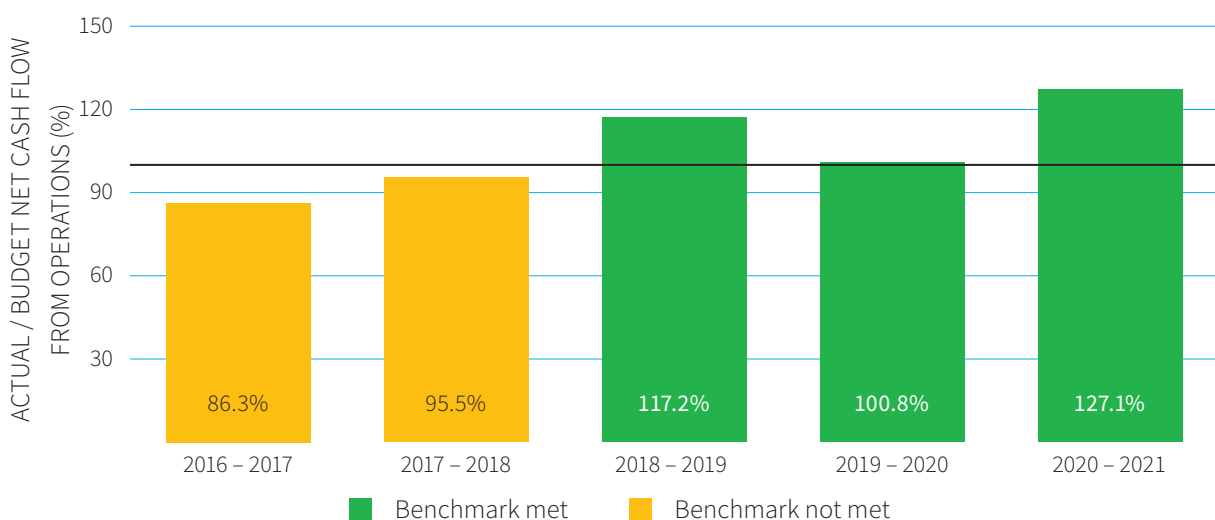
Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



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



W N Guppy
MAYOR

P Kelly
CHIEF EXECUTIVE

K Thomson
DIRECTOR, FINANCE

Further disclosure on three waters performance

Wellington Water Limited (WWL) has not been able to verify their results on some DIA mandatory measures to the auditor's standards, which equate to four measures (numbered 35, 40, 50, and 58, on pages 68, 69, and 71) in this Annual Report. As our service provider for the three waters (water supply, wastewater, and stormwater) in Upper Hutt, WWL continues to work with DIA to develop new methods to more accurately measure these results.

ISSUE

① **Maintenance of the reticulation network—water supply** (performance measure 35—page 68)

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

② **Total number of complaints received—water supply, wastewater, and stormwater**

(performance measures 40, 50, and 58—pages 69 and 71)

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

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



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Legal services
Insurances
Finance



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Water supply, wastewater, stormwater
Solid waste and waste minimisation
Land development and engineering
Roads, footpaths, street lights
Asset management
Parks and reserves
Fleet management
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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 2021

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 15 December 2021. 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 78 to 152:
 - present fairly, in all material respects:
 - the City Council and Group's financial position as at 30 June 2021;
 - 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 153, 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 15 to 59 presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council’s Long Term Plan; and
- the funding impact statement for each group of activities on pages 15 to 59 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 62 to 73, and 163:

- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2021, 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 155 to 161, 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 significant issues with some of these performance measures as described below. As a result of these issues, our work was limited and there were no practicable audit procedures we could apply to obtain assurance over the reported results for these performance measures. Our opinion on these performance measures was also qualified for the 2020 performance year.

Maintenance of the reticulation network – Water supply

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

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

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

Reliability of other performance measures in the prior year

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

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

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 opinion on the audited information

Emphasis of matter – The Government’s three waters reform programme announcement

Without modifying our opinion, we draw attention to note 20 on page 152, which outlines that subsequent to year-end, the Government announced it will introduce legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities from 1 July 2024. The impact of these reforms, once legislated, will mean that the City Council will no longer deliver three waters services.

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 Long Term Plan and 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 1 to 166, 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 audited the City Council's 2021 – 2031 Long Term Plan and performed a limited assurance engagement related to the City Council's debenture trust deed. These engagements are compatible with those independence requirements.

Other than these engagements, we have no relationship with or interests in the City Council or its subsidiaries and controlled entities.



Andrew Clark

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand